

CIRCULAR DATED 31 MARCH 2021

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of Sunpower Group Ltd. ("**Company**"), you should immediately inform the purchaser or transferee or bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of SGM and the accompanying Depositor Proxy Form) may be accessed on SGXNET and the Company's website at <http://www.sunpower.com.cn>.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements or opinions made or reports contained in this Circular.

This Circular has been made available on SGXNET and the Company's website and may be accessed at the URL <http://www.sunpower.com.cn>. A printed copy of this Circular will NOT be despatched to Shareholders.

Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the SGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the SGM by (a) watching the SGM proceedings via "live" audio-and-video webcast or listening to the SGM proceedings via "live" audio-only feed, (b) submitting questions in advance of the SGM, and/or (c) voting by appointing the Chairman of the SGM as proxy at the SGM.

Please refer to Paragraph 17.1 of this Circular for further information, including the steps to be taken by Shareholders to participate at the SGM.

Shareholders should note that the Company may make further changes to its SGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNET.



SUNPOWER GROUP LTD.

(Company Registration No. 35230)

(Incorporated in Bermuda with limited liability)

CIRCULAR TO SHAREHOLDERS

in relation to

- (1) **THE PROPOSED DISPOSAL OF THE ENTIRE MANUFACTURING AND SERVICES (M&S) BUSINESS OF THE COMPANY AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION AND THE TRANSACTION IPTS AS INTERESTED PERSON TRANSACTIONS;**
- (2) **THE PROPOSED SPECIAL DIVIDEND;**

- (3) THE PROPOSED AMENDMENTS TO THE CONVERTIBLE BOND PURCHASE AGREEMENTS; AND
- (4) THE PROPOSED ADOPTION OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

Financial Adviser to the Company



STIRLING COLEMAN CAPITAL LIMITED

(Company Registration No. 20010504N)
(Incorporated in the Republic of Singapore)

Independent Financial Adviser



W CAPITAL MARKETS PTE. LTD.

(Company Registration No. 201813207E)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Depositor Proxy Form : 14 April 2021 at 9.00 a.m.

Last date and time to pre-register online to attend the Special General Meeting : 14 April 2021 at 9.00 a.m.

Date and time of Special General Meeting : 16 April 2021 at 9.00 a.m.

Place of Special General Meeting : The Special General Meeting will be convened and held by way of electronic means.

Please refer to Paragraphs 15 and 17 of this Circular for further details.

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

- "Adjustment Target A"** : In respect of a Bondholder, under the Amended Terms, means:
- (a) if on or before 3 March 2022, an amount equal to 2.0 times the principal amount of the Tranche 1 Convertible Bonds held by such Bondholder; and
 - (b) if after 3 March 2022, the greater of (i) an amount equal to 2.0 times the principal amount of the Tranche 1 Convertible Bonds held by such Bondholder and (ii) an amount which would generate an IRR of 20% on such Bondholder's Tranche 1 Convertible Bonds
- "Adjustment Target B"** : In respect of a Bondholder, under the Amended Terms, means:
- (a) if on or before 3 March 2022, an amount equal to 3.0 times the principal amount of the Tranche 1 Convertible Bonds held by such Bondholder; and
 - (b) if after 3 March 2022, the greater of (i) an amount equal to 3.0 times the principal amount of the Tranche 1 Convertible Bonds held by such Bondholder and (ii) an amount which would generate an IRR of 25% on such Bondholder's Tranche 1 Convertible Bonds
- "Adjustment Waiver"** : Has the meaning ascribed to it in Paragraph 8.3(e) of this Circular
- "Advance Payment"** : Has the meaning ascribed to it in Paragraph 3.1(a)(iii) of this Circular
- "Advance Payment Date"** : Has the meaning ascribed to it in Paragraph 3.1(a)(iii) of this Circular
- "Amended Terms"** : The Existing Terms as amended pursuant to the Proposed Amendments
- "Amendment Agreement"** : The amendment agreement dated 31 December 2020 entered into between the Company and the Bondholders to amend certain terms of the Convertible Bond Purchase Agreements
- "Associate"** : (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;

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- (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; and
 - (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
- "Associated Company"** : a company in which at least 20.0% but not more than 50.0% of its shares are held by the Company
- "Auction"** : Has the meaning ascribed to it in Paragraph 2.1 of this Circular
- "Audit Committee"** : The audit committee of the Company, being as at the Latest Practicable Date, Mr. Chin Sek Peng, Mr. Lau Ping Sum Pearce and Mr. Yang Zheng
- "Audited Group FY2019 Results"** : The latest audited consolidated financial statements of the Group for the financial year ended 31 December 2019
- "Balance Amount"** **Consideration** : Has the meaning ascribed to it in Paragraph 3.1(a)(iii) of this Circular
- "Board" or "Board of Directors"** : The board of directors of the Company as at the date of this Circular
- "Bondholder's Securities"** : In respect of a Bondholder, means the Tranche 1 Convertible Bonds, Tranche 2 Convertible Bonds, and Conversion Shares converted, exercised, redeemed or sold (as applicable) while held by such Bondholder
- "Bondholders"** : The holders of the Convertible Bonds of the Company at the relevant time, and as at the Latest Practicable Date, being Glory Sky Vision Limited (an affiliate of CDH) and Blue Starry Energy Limited (an affiliate of DCP)
- "Bondholders' Convertible Bonds Investments"** : At any time, collectively, the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds, in each case that are outstanding at such time
- "Bondholders' Convertible Investments"** **Original Bonds** : Collectively, (a) the Tranche 1 Convertible Bonds that have been issued to CDH pursuant to the Tranche 1 Convertible Bond Purchase Agreement; and (b) the Tranche 2 Convertible

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		Bonds that have been issued to the Bondholders pursuant to the Tranche 2 Convertible Bond Purchase Agreement, in each case that are outstanding at such time
"Bondholders' Dividend"	Special	: Has the meaning ascribed to it in Paragraph 4.1 of this Circular
"Business Day"		: 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
"Bye-laws"		: The bye-laws of the Company as at the date of this Circular
"CDH"		: CDH China Management Company Limited
"CDP"		: The Central Depository (Pte) Limited
"CICC"		: China International Capital Corporation Limited
"CICC Alpha"		: CICC Alpha (Beijing) Investment Fund Management Co., Ltd. (中金甲子(北京)投资基金管理有限公司)
"Circular"		: This circular to Shareholders dated 31 March 2021
"Companies Act"		: Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"Company"		: Sunpower Group Ltd.
"Competing Business"		: Has the meaning ascribed to it in Paragraph 3.1(h) of this Circular
"Consideration"		: Has the meaning ascribed to it in Paragraph 1.1 of this Circular
"controlling shareholder"		: A person who: (a) holds directly or indirectly 15.0% or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this definition is not a controlling shareholder; or (b) in fact exercises control over the Company
"Convertible Bond Purchase Agreements"		: The Tranche 1 Convertible Bond Purchase Agreement and the Tranche 2 Convertible Bond Purchase Agreement
"Convertible Bonds"		: The total convertible bonds of an aggregate principal amount of up to US\$180 million, which is made up of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds
"Conversion Shares"		: The new fully paid Shares to be allotted and issued by the

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	Company following the conversion of the Tranche 1 Convertible Bonds and/or the Tranche 2 Convertible Bonds from time to time in accordance with the Convertible Bond Purchase Agreements
"Convertible Shares"	: Has the meaning ascribed to it in Paragraph 4.1 of this Circular
"COVID-19 Act"	: The COVID-19 (Temporary Measures) Act 2020, as amended, modified or supplemented from time to time, which, <i>inter alia</i> , enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to conduct general meetings, either wholly or partly, by electronic communication, video conferencing, tele-conferencing or other electronic means
"COVID-19 Order"	: The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as amended, modified or supplemented from time to time, which sets out the alternative arrangements in respect of, <i>inter alia</i> , general meetings of companies
"CSTC"	: Guangdong China Science and Tech-innovation Capital Management Co, Ltd. (广东中科科创创业投资管理有限责任公司)
"DCP"	: DCP Capital Partners L.P.
"Directors"	: Directors of the Company as at the date of this Circular
"EAR Group"	: The Company, its subsidiaries and associated companies that are considered to be "entities at risk" within the meaning of Chapter 9 of the Listing Manual
"EBITDA"	: Earnings before interest, tax, depreciation and amortisation
"Effective Date"	: The later date of (a) Shareholders' approval of the Proposed Disposal and the Proposed Special Dividend, which shall be no less than RMB1,340,000,000 in aggregate, with (i) a Tranche 1 Special Dividend of an aggregate amount of not less than RMB783 million (inclusive of the corresponding tranche of the Bondholders' Special Dividend); and (ii) a Tranche 2 Special Dividend of an aggregate amount of not less than RMB557 million (inclusive of the corresponding tranche of the Bondholders' Special Dividend); and (b) the receipt by the Bondholders of the applicable portions of the tranche 1 payment of the Bondholders' Special Dividend
"EPC"	: Engineering, procurement and construction services
"EPC Contracts"	: Contracts relating to the provision of engineering, procurement

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- and construction services
- "EPS" : Earnings per Share
- "ESOS" : The Sunpower Employee Share Option Scheme 2015
- "Excess Cash Dividend" : The USD equivalent of any cash dividend to Shareholders together with all other cash dividends in respect of the same financial year previously paid to Shareholders
- "Excess Cash Dividend Amount" : In respect of any financial year, the USD equivalent of an amount equal to the total amount of all cash dividends paid per Share in such financial year minus (a) the Per Share Interest Amount for such financial year and (b) any Excess Cash Dividend Amount in respect of which a payment has been made to the Bondholders previously in such financial year pursuant to Condition 5(D) of the Existing Terms
- "Excess Performance Adjustment Sharing" : The mechanism under the Convertible Bond Purchase Agreements whereby if an adjustment has been applied to reduce the conversion price due to the Company not meeting the prescribed performance targets thereunder in connection with a conversion of any Tranche 1 Convertible Bonds or Tranche 2 Convertible Bonds issued to a Bondholder, and upon a Final Exit such Bondholder, after deducting any amounts paid by such Bondholder before its Final Exit in relation to Excess Return Sharing, following such adjustment has received such proceeds from the Tranche 1 Convertible Bonds, Tranche 2 Convertible Bonds and Conversion Shares that are in excess of the Target Return, such Bondholder shall, upon its Final Exit, pay to the Company an amount equal to the lesser of (a) the amount of such excess and (b) the amount of proceeds that such Bondholder has received solely as a result of such adjustment as set out under **Appendix I** to this Circular
- "Excess Return Sharing" : The mechanism under the Convertible Bond Purchase Agreements whereby the Bondholders will return a portion of their investment returns when they enjoy certain stipulated investment returns as set out under **Appendices J** and **K** to this Circular
- "Exchange Rate" : The exchange rate of S\$1.00 to RMB4.8483 published by Bloomberg L.P. as at the Latest Practicable Date
- "Existing Terms" : The existing terms of the Convertible Bond Purchase Agreements, which were approved by the Shareholders at a special general meeting of the Company held on 6 September 2018
- "Final Exit" : In respect of a Bondholder, means a sale or redemption of any of the Bondholder's Securities, following which the Bondholder does not hold any Tranche 1 Convertible Bonds, Tranche 2

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	Convertible Bonds, or Conversion Shares
"Foreign Exchange Registration Certificate"	: A certificate of change of foreign exchange registration of foreign invested enterprise to be obtained for Sunpower Technology by Sunpower International prior to the Tranche 1 Completion Date
"Framework Agreement"	: A framework agreement governing Utility Facilities EPC Contracts
"Full Dilution Scenario"	: Has the meaning ascribed to it in Paragraph 6 of this Circular
"Fully Diluted Total Shares"	: 1,152,523,142 Shares, which comprises (a) the total number of issued Shares as at the Latest Practicable Date; (b) 358,188,000 Shares, assuming full conversion of the total number of Issued Bonds as at the Latest Practicable Date (being an aggregate principal amount of US\$130 million); (c) assuming all share options which have been granted as part of the ESOS have been fully exercised and issued (including 2,529,000 share options which have not been fully exercised and issued as at the Latest Practicable Date); and (d) excluding 2,542,000 Shares which are held in treasury
"FY"	: Financial year ending or ended 31 December
"GI Business"	: Has the meaning ascribed to it in Paragraph 2.2(b) of this Circular
"GI Group"	: The entities within the Group engaged in the GI Business
"GI Projects"	: Green investment projects
"Group"	: The Company and its subsidiaries
"IFA"	: W Capital Markets Pte. Ltd., the independent financial adviser to the Recommending Directors in relation to the Proposed Disposal
"IFA Letter"	: The IFA's letter to the Recommending Directors, as set out in Appendix A to this Circular
"IMD"	: Investment Management Department
"Independent Committee"	: The Audit Committee from time to time (being as at the Latest Practicable Date, Mr. Chin Sek Peng, Mr. Lau Ping Sum Pearce and Mr. Yang Zheng) and Mr. Wang Dao Fu
"Independent Valuation"	: The market value of the M&S Group as at 30 September 2020 of between RMB1,726 million to RMB1,890 million (equivalent to approximately S\$356 million to S\$390million based on the Exchange Rate), based on the Independent Valuation Report issued by the Independent Valuer

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"Independent Report"	Valuation	: The independent valuation report by the Independent Valuer dated 24 December 2020 that was commissioned by the Company in relation to the independent valuation of the M&S Group as at 30 September 2020
"Independent Summary Letter"	Valuation	: The independent valuation summary letter by the Independent Valuer dated 24 December 2020 setting out a summary of the information contained in the Independent Valuation Report, as set out in Appendix B to this Circular
"Independent Valuer"		: EY Corporate Advisors Pte. Ltd.
"IPT Register"		: Has the meaning ascribed to it in Paragraph 9.7(b) of this Circular
"IRR"		: In respect of any Bondholder's Securities held by a Bondholder, the annual rate based on a 365-day period used to discount each cash flow in respect of such Tranche 1 Convertible Bond or, as the case may be, Tranche 2 Convertible Bond (such cash flow to include subscription or purchase consideration, cash dividends, interest and distributions received, and net cash received from sale or redemption of the Conversion Shares) to the original issuance date such that the present value of the aggregate cash flow equals zero. The IRR will be calculated with reference to the period from the relevant acquisition dates of such Convertible Bonds under the Convertible Bond Purchase Agreements to the date on which such payment is made in full
"Issued Bonds"		: Such portion of the total Convertible Bonds issued by the Company to various Bondholders that have been issued at the relevant time (being, as at the Latest Practicable Date, US\$130 million in principal amount)
"Last Trading Day"		: 30 December 2020, being the last market day preceding the date of the SPA
"Latest Practicable Date"		: 24 March 2021, being the latest practicable date prior to the printing of this Circular
"Listing Manual"		: The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
"LOI"		: Has the meaning ascribed to it in Paragraph 2.1 of this Circular
"Long-Stop Date"		: Has the meaning ascribed to it in Paragraph 3.1(f)(ii) of this Circular
"Majority Bondholders"		: The Bondholders of at least a majority in principal amount of the outstanding Convertible Bonds at any time

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- "Mandated Interested Persons"** : The Purchaser and its subsidiaries (which shall include the M&S Group), immediately following completion of the Proposed Disposal (and each entity, a **"Mandated Interested Person"**)
- "Mandated Transactions"** : Transactions proposed to be entered into by the EAR Group and the Mandated Interested Persons under the Proposed IPT Mandate
- "Material Adverse Effect"** : An overall material adverse effect on the business, results of operations or financial condition of the M&S Group as a whole that is detrimental to the continued stability of Sunpower Technology's operations which (a) cannot be remedied by any effective ways and means or otherwise results in the non-realisation of the contractual purpose under the SPA or (b) actually caused a loss to the M&S Group in an amount of more than 5.0% of the latest audited net asset value in the consolidated financial statements of the M&S Group, provided, however, that none of the following (individually or in combination) shall be deemed to constitute a material adverse effect in any circumstances, nor shall any event relating to or arising out of any of the following be taken into account in determining whether a material adverse effect has occurred or would be caused: (i) general economic conditions (including financial, banking, credit, currency and capital markets) in the global or the PRC markets; (ii) currency exchange rate fluctuations; (iii) conditions having a general impact on the industry in which the Group operates; (iv) changes in laws or the generally accepted accounting principles (GAAP) of the PRC; (v) any act or omission under the SPA or at the Purchaser's request; (vi) the outbreak or serious deterioration of war or armed hostilities or other national or international disasters, or the occurrence of any military or terrorist attack; (vii) acts of God or natural disasters or epidemics; (viii) announcements of the SPA and the transactions contemplated herein, including announcements made as a result of the Purchaser's identity; (ix) resignation of any officer or employee of the M&S Group; and (x) any event of which the Purchaser is aware as at the date of the SPA.
- "M&S Business"** : Has the meaning ascribed to it in Paragraph 2.2(a) of this Circular
- "M&S Business Assets"** : Has the meaning ascribed to it in Paragraph 2.2 of this Circular
- "M&S Corporate Guarantees"** : Has the meaning ascribed to it in Paragraph 1.2 of this Circular
- "M&S Group"** : Sunpower Technology and its subsidiaries (and each entity, a **"M&S Group Company"**)
- "M&S Payables"** : Has the meaning ascribed to it in Paragraph 5.2(c) of this Circular

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"M&S Trademarks"	:	Has the meaning ascribed to it in Paragraph 3.1(i)(i) of this Circular
"Mr. Guo"	:	Mr. Guo Hong Xin, the Executive Chairman of the Company
"Mr. Ma"	:	Mr. Ma Ming, the Executive Director of the Company
"NAV"	:	Net asset value
"Net Proceeds"	:	Has the meaning ascribed to it in Paragraph 5.1 of this Circular
"Net Proceeds per Share"	:	Has the meaning ascribed to it in Paragraph 3.1(a)(i) of this Circular
"next annual general meeting"	:	the next annual general meeting to be held in the calendar year 2022, or the date on which the annual general meeting in respect of the financial year ended 2021 is required by law to be held, whichever is earlier
"Non-Competition Agreements"	:	Has the meaning ascribed to it in Paragraph 3.1(c)(i) of this Circular
"Non-Conversion Scenario"	:	Has the meaning ascribed to it in Paragraph 6(a) of this Circular
"Notice of SGM"	:	The notice of the SGM as set out on pages N-1 to N-5 of this Circular
"NTA"	:	Net tangible assets attributable to Shareholders excluding intangible assets and goodwill but including land use rights and concession service arrangements which are capitalised, unless specified elsewhere
"Onshore Escrow Account"	:	An interest-bearing escrow account in the PRC established with the Onshore Escrow Agent pursuant to the terms of the Onshore Escrow Agreement, under the joint supervision of Sunpower International and the Purchaser
"Onshore Escrow Agent"	:	Shanghai Pudong Development Bank Co. Ltd.
"Onshore Escrow Agreement"	:	An agreement entered into in January 2021 between Sunpower International, the Purchaser and the Onshore Escrow Agent in respect of the terms and conditions relating to the Onshore Escrow Account
"Ordinary Resolution 1"	:	Has the meaning ascribed to it in Paragraph 1.6(a) of this Circular
"Ordinary Resolution 2"	:	Has the meaning ascribed to it in Paragraph 1.6(b) of this Circular
"Ordinary Resolution 3"	:	Has the meaning ascribed to it in Paragraph 1.6(c) of this Circular

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"Ordinary Resolution 4"	:	Has the meaning ascribed to it in Paragraph 1.6(d) of this Circular
"Parties"	:	The Parties to the SPA, being either the Purchaser or Sunpower International (and each, a "Party")
"Per Share Interest Amount"	:	In respect of any financial year, an amount equal to (a) the amount of interest that has accrued and will accrue on the then outstanding Convertible Bonds in such financial year divided by (b) the number of Shares into which the then outstanding Convertible Bonds are convertible at the Conversion Price then in effect
"PRC"	:	The People's Republic of China, and for the purpose of this Circular, excluding Hong Kong SAR, Taiwan, and Macau SAR
"Pre-Exit Proceeds"		Has the meaning ascribed to it in Appendix E to this Circular
"Proposed Amendments"	:	Has the meaning ascribed to it in Paragraph 1.4 of this Circular
"Proposed Disposal"	:	Has the meaning ascribed to it in Paragraph 1.1 of this Circular
"Proposed IPT Mandate"	:	The general mandate from the Shareholders pursuant to Chapter 9 of the Listing Manual to enable any or all members of the Group, in the ordinary course of their business, to enter into Mandated Transactions with the Mandated Interested Persons which are necessary for the day-to-day operations of the Group, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders
"Proposed Special Dividend"	:	Has the meaning ascribed to it in Paragraph 4.1 of this Circular
"Proposed Transactions"	:	Collectively, the Proposed Disposal and the Transaction IPTs, the Proposed Special Dividend, the Proposed Amendments and the Proposed IPT Mandate
"Purchaser"	:	Nanjing Sunpower Holdings Co., Ltd. (南京中圣控股有限责任公司)
"Relevant Banks"	:	Has the meaning ascribed to it in Paragraph 1.2 of this Circular
"Relevant Loan Facilities"	:	Has the meaning ascribed to it in Paragraph 1.2 of this Circular
"Relevant Shareholders"	:	Has the meaning ascribed to it in Paragraph 3.1(a)(iii) of this Circular
"Recommending Directors"	:	The directors who are considered independent in relation to the Proposed Transactions, being as at the Latest Practicable Date, Mr. Yang Zheng, Mr. Lau Ping Sum Pearce, Mr. Chin Sek Peng and Mr. Wang Dao Fu

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"Sale Shares"	:	All of the shares in Sunpower Technology as held by Sunpower International, which are the subject of the SPA
"Securities Account"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"SFA"	:	Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
"SGM"	:	The special general meeting of the Company to be held on 16 April 2021 at 9.00 a.m., notice of which is set out on pages N-1 to N-5 of this Circular
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	The registered holders of the Shares in the register of members of the Company, except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the issued and paid-up capital of the Company
"SPA"	:	The sale and purchase agreement dated 31 December 2020 entered into between Sunpower International and the Purchaser in relation to the Proposed Disposal, as amended by way of the supplemental agreement dated 28 March 2021
"Special Dividend Conditions"	:	Has the meaning ascribed to it in Paragraph 4.2 of this Circular
"substantial shareholder"	:	A person who has an interest in not less than 5.0% of the total votes attached to all the voting Shares (excluding treasury Shares) in the Company
"Sunpower Clean Energy"	:	Sunpower Clean Energy Investment (Jiangsu) Co., Ltd. (中圣清洁能源投资(江苏)有限公司), a wholly-owned subsidiary of the Company
"Sunpower International"	:	Sunpower International Holding (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company
"Sunpower Technology"	:	Sunpower Technology (Jiangsu) Co., Ltd. (中圣科技(江苏)有限公司), an indirect wholly-owned subsidiary of the Company
"Target Return"	:	In respect of a Bondholder, means an amount which would generate a total IRR of 20.0% on the Bondholder's Securities
"Tax Assessment Notice"	:	The final tax assessment notice or similar document issued by

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	the PRC tax authority determining the tax payable in respect of the Proposed Disposal to be provided by Sunpower International to the Purchaser prior to the Tranche 1 Completion Date
"Trademark Assignments"	: Has the meaning ascribed to it in Paragraph 1.2 of this Circular
"Tranche 1 Completion Date"	: Has the meaning ascribed to it in Paragraph 3.1(a)(ii) of this Circular
"Tranche 1 Conditions"	: Has the meaning ascribed to it in Paragraph 3.1(c)(i) of this Circular
"Tranche 1 Consideration"	: Has the meaning ascribed to it in Paragraph 3.1(a)(ii) of this Circular
"Tranche 1 Convertible Bonds"	: Has the meaning ascribed to it in Paragraph 8.1(a) of this Circular
"Tranche 1 Convertible Bond Purchase Agreement"	: Has the meaning ascribed to it in Paragraph 8.1(a) of this Circular
"Tranche 1 Special Dividend"	: Has the meaning ascribed to it in Paragraph 4.1 of this Circular
"Tranche 2 Completion Date"	: Has the meaning ascribed to it in Paragraph 3.1(a)(ii) of this Circular
"Tranche 2 Conditions"	: Has the meaning ascribed to it in Paragraph 3.1(c)(ii) of this Circular
"Tranche 2 Consideration"	: Has the meaning ascribed to it in Paragraph 3.1(a)(ii) of this Circular
"Tranche 2 Convertible Bonds"	: Has the meaning ascribed to it in Paragraph 8.1(c) of this Circular
"Tranche 2 Convertible Bond Purchase Agreement"	: Has the meaning ascribed to it in Paragraph 8.1(c) of this Circular
"Tranche 2 Special Dividend"	: Has the meaning ascribed to it in Paragraph 4.1 of this Circular
"Transaction Expenses"	: The expenses incurred by the Company in connection with the Proposed Disposal of approximately RMB269,000,000, including the capital gain taxes and stamp duties of RMB209,000,000 and the fees payable to the Company's professional advisers of RMB60,000,000
"Transaction IPTs"	: The M&S Corporate Guarantees and the Trademark Assignments
"Trigger Threshold"	: In respect of a Bondholder, 2.0 times the total principal amount of the Issued Bonds held by, or converted, redeemed or sold

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(as applicable) while held by, such Bondholder and/or its affiliates. For the avoidance of doubt, as of the Latest Practicable Date, the aggregate principal amounts of the total issued Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds are US\$130 million, consisting of (a) US\$110 million, being the aggregate principal amounts of the Tranche 1 Convertible Bonds that have been issued and (b) US\$20 million, being the aggregate principal amounts of the Tranche 2 Convertible Bonds that have been issued.

"Unaudited Group Results"	FY2020	:	The unaudited consolidated financial statements of the Group for the financial year ended 31 December 2020
"Utility Facilities Contracts"	EPC	:	The provision of equipment and/or engineering, procurement and construction (EPC) services, such as pipeline and pipeline EPC and other small-scale EPC, to the GI Business
"VWAP"		:	Volume weighted average price
"%" or "per cent."		:	Percentage or per centum
"S\$" or "SGD"		:	Singapore dollars, the lawful currency of the Republic of Singapore
"RMB"		:	Renminbi, the lawful currency of the People's Republic of China
"US\$" or "USD"		:	United States dollars, the lawful currency of the United States of America

Unless otherwise stated, the SGD equivalent of the RMB figures in this Circular have been arrived at based on the Exchange Rate of SGD1.00:RMB4.8483 as at the Latest Practicable Date.

The term "**subsidiary**" shall have the meaning ascribed to it in the Companies Act.

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Listing Manual, the Companies Act, the SFA or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall have the meaning ascribed to it under the Listing Manual, the Companies Act, the SFA or any statutory or regulatory modification, unless the context otherwise requires.

Any reference to a time of day or date in this Circular is made by reference to a time of date or date, as the case may be, in Singapore, unless otherwise stated.

Any discrepancies in tables included herein (if any) between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic

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aggregation of the figures that preceded them.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "**expect**", "**anticipate**", "**believe**", "**estimate**", "**intend**", "**project**", "**plan**", "**strategy**", "**forecast**" and similar expressions or future or conditional verbs such as "**if**", "**will**", "**would**", "**should**", "**could**", "**may**" and "**might**". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

SUNPOWER GROUP LTD.

(Company Registration No. 35230)
(Incorporated in Bermuda with limited liability)

Board of Directors:

Mr. Guo Hong Xin (Executive Chairman)
Mr. Ma Ming (Executive Director)
Mr. Yang Zheng (Lead Independent Director)
Mr. Lau Ping Sum Pearce (Independent Director)
Mr. Chin Sek Peng (Independent Director)
Mr. Wang Dao Fu (Independent Director)
Mr. Li Lei (Non-Executive and Non-Independent Director)
Mr. Liu Haifeng David (Non-Executive and Non-Independent Director)

Registered Office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

31 March 2021

To: The Shareholders of Sunpower Group Ltd.

Dear Sir/Madam,

- (1) **THE PROPOSED DISPOSAL OF THE ENTIRE MANUFACTURING AND SERVICES (M&S) BUSINESS OF THE COMPANY AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION AND THE TRANSACTION IPTS AS INTERESTED PERSON TRANSACTIONS;**
- (2) **THE PROPOSED SPECIAL DIVIDEND;**
- (3) **THE PROPOSED AMENDMENTS TO THE CONVERTIBLE BOND PURCHASE AGREEMENTS; AND**
- (4) **THE PROPOSED ADOPTION OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

1. INTRODUCTION

1.1. The Proposed Disposal

Reference is made to the announcement made by the Company on 31 December 2020 in relation to the entry by Sunpower International, a wholly-owned subsidiary of the Company, into the SPA with the Purchaser, pursuant to which Sunpower International has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares, being the entire issued and paid-up share capital of Sunpower Technology, an indirect wholly-owned subsidiary of the Company, for an aggregate consideration of RMB2,290,000,000 ("**Consideration**"), upon the terms and

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subject to the conditions of the SPA (the "**Proposed Disposal**").

By disposing of the Sale Shares, it is intended that the Group will dispose of (a) the entire M&S Business as a going concern; and (b) all of the M&S Business Assets, which includes the Group's legal and beneficial interest in the M&S Group. The Group's remaining core business will be the GI Business.

The salient terms of the Proposed Disposal are as follows:

Term	Description
Consideration	RMB2,290,000,000 , which is payable in two (2) tranches with the Tranche 1 Consideration and the Tranche 2 Consideration being 70% and 30% of the aggregate Consideration amount, respectively. Please refer to Section 3.1(a)(ii) of this Circular for further details.
Financial Evaluation of Consideration	<p>The Consideration represents a historical FY2020 price-earnings ratio of 9.5 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. For the avoidance of doubt, the valuation of the M&S Group takes into account the M&S Payables (further details of which are set out in Paragraph 5 of this Circular).</p> <p>The Consideration also represents a premium of 81.7% and 94.5% over the unaudited pro forma NAV and NTA of the M&S Group as at 31 December 2020 of RMB1,260 million and RMB1,177 million, respectively.</p>
Use of Proceeds	<p>In connection with the Proposed Disposal, the Company intends to declare the Proposed Special Dividend to the Shareholders and the Bondholders' Special Dividend to the Bondholders of an approximate aggregate amount of RMB1,340,000,000 in two (2) tranches. The Proposed Special Dividend amounts to approximately RMB1.1627 per Share (approximately S\$0.2398 per Share), on a fully-diluted basis¹.</p> <p>The balance of the Net Proceeds (being approximately RMB2,021,000,000 after deducting the Transaction Expenses of</p>

¹ For the purposes of the Proposed Special Dividend, the total number of Shares of the Company are computed based on 1,152,523,142 Fully Diluted Total Shares, which is based on (a) the total number of issued Shares as at the Latest Practicable Date; (b) 358,188,000 Shares, assuming full conversion of the total number of Issued Bonds as at the Latest Practicable Date (being an aggregate principal amount of US\$130 million); (c) assuming all of the share options which have been granted as part of the ESOS have been fully exercised and issued (including 2,529,000 share options which have not been fully exercised and issued as at the Latest Practicable Date); 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. **On 29 March 2021, the Company announced a proposed placement ("Proposed Placement") of 2,542,000 Treasury Shares ("Placement Shares") to certain key employees of the GI Business at an issue price of S\$0.368 per Placement Share. The Proposed Placement is subject to conditions, including, *inter alia*, approval-in-principle of the SGX-ST and the Shareholders. The Company will distribute special dividend in excess of RMB1,340,000,000, should these Placement Shares be entitled to the Proposed Special Dividend as at the relevant record date(s), such that the total Proposed Special Dividend per Share of RMB1.1627 per Share payable to Shareholders and Bondholders will remain unchanged.**

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	<p>approximately RMB269,000,000) will be used for (a) undertaking the existing GI Projects and general working capital purposes; and (b) repaying approximately RMB130,000,000 of the M&S Payables.</p> <p>Please refer to Paragraphs 1.3 and 4 of this Circular for further details on the two (2) tranches of the Proposed Special Dividend and the Bondholders' Special Dividend and Paragraph 5 of this Circular for further details on the use of proceeds from the Proposed Disposal.</p>
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The Purchaser is a company in which Mr. Guo and Mr. Ma (being the Executive Chairman and Executive Director of the Company, respectively) have an interest in approximately 14.9% each and 29.8% in aggregate of the total equity interest of the Purchaser. In view of the participation of both Mr. Guo and Mr. Ma in the Purchaser (both being interested persons as defined under Chapter 9 of the Listing Manual), 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, has deemed the Purchaser to be an interested person as defined under Chapter 9 of the Listing Manual.

The Proposed Disposal constitutes:

- (a) a major transaction under Chapter 10 of the Listing Manual; and
- (b) a deemed interested person transaction under Chapter 9 of the Listing Manual.

Accordingly, it is subject to the approval of Shareholders.

1.2. The Transaction IPTs

In connection with the Proposed Disposal, it is envisaged that the Company will be engaged in the following Transaction IPTs with certain M&S Group Companies. Following the Tranche 1 Completion Date, given that the Group would have transferred the title to the Sale Shares to the Purchaser and each of the M&S Group Companies would be wholly owned, either directly or indirectly, by the Purchaser, the Board has deemed each of the entities within the divested M&S Group to be interested persons as defined under Chapter 9 of the Listing Manual and accordingly, the Transaction IPTs will constitute deemed interested person transactions under Chapter 9 of the Listing Manual.

Such Transaction IPTs would only be in place between the Tranche 1 Completion Date and the Tranche 2 Completion Date and shall cease to be in place on or prior to the Tranche 2 Completion Date:

M&S Trademark Assignments

The M&S Trademarks, details of which are set out in **Appendix L** to this Circular, are trademarks used in connection with the business operations and marketing of the M&S Group, including without limitation in advertisements, promotional materials and bidding proposals. Certain M&S Trademarks which are necessary for the M&S Group's conduct of the M&S Business 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. The GI Group does not currently use, and does not intend to use in the future, any of the M&S Trademarks as part of the GI Business.

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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 date of 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. Given that the Trademark Assignments will take place following the Tranche 1 Completion Date where the transfer of title to the Sale Shares from Sunpower International to the Purchaser would have been completed, the Trademark Assignments constitute a deemed interested person transaction under Chapter 9 of the Listing Manual and is accordingly subject to the approval of Shareholders.

M&S Corporate Guarantees

Certain M&S Group Companies have, in the past, 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 entities within the GI Group for an outstanding amount of approximately RMB1.72 billion in aggregate as at the Latest Practicable Date (the "**M&S Corporate Guarantees**" and each, a "**M&S Corporate Guarantee**"). In order for the Group to maintain the existing loan agreements with the Relevant Banks and to facilitate the continued development of the GI Business, it is contemplated that, following the Tranche 1 Completion Date, the M&S Group Companies will continue to provide the M&S Corporate Guarantees in favour of the Group until procedures to discharge the M&S Corporate Guarantees with Relevant Banks are completed. As such, the M&S Corporate Guarantees constitute a deemed interested person transaction under Chapter 9 of the Listing Manual and is accordingly subject to the approval of Shareholders.

1.3. The Proposed Special Dividend and the Bondholders' Special Dividend

In connection with the Proposed Disposal, the Company intends to distribute an aggregate amount of approximately RMB1,340,000,000 out of the Net Proceeds to the Shareholders and the Bondholders by way of the Proposed Special Dividend and the Bondholders' Special Dividend respectively, in two (2) tranches. The Bondholders are entitled under the Existing Terms to be paid an additional amount equal to the Excess Cash Dividend Amount whenever the Company pays an Excess Cash Dividend to its Shareholders. The Proposed Special Dividend amounts to approximately RMB1.1627 per Share (approximately S\$0.2398 per Share based on the Exchange Rate), on a fully-diluted basis. Further details of the Proposed Special Dividend and the Bondholders' Special Dividend are set out in Paragraph 4 of this Circular.

1.4. The Proposed Amendments to the Convertible Bond Purchase Agreements

In connection with the Proposed Disposal, the Company and the Bondholders have on 31 December 2020 entered into the Amendment Agreement to amend the relevant terms of the Convertible Bond Purchase Agreements (the "**Proposed Amendments**"), a summary of which is set out in Paragraph 8.3 of this Circular. Accordingly, the Board proposes to seek the approval of Shareholders for the Proposed Amendments. Under the terms of the Amendment Agreement, the Proposed Amendments will take effect on the Effective Date.

For the avoidance of doubt, the Proposed Amendments, if approved by Shareholders, are not intended to vitiate Shareholders' previous approval of the issue of the US\$50 million Tranche

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2 Convertible Bonds, which remain unissued as at the Latest Practicable Date, pursuant to the special general meeting of the Company held on 6 September 2018. In the event the Proposed Amendments are approved by the Shareholders at the SGM, the Company shall be authorised to issue such Tranche 2 Convertible Bonds in accordance with the Tranche 2 Convertible Bond Purchase Agreements, as amended by the Proposed Amendments. However, in the event the Proposed Amendments are not approved by the Shareholders at the SGM, the Company shall remain authorised to issue such Tranche 2 Convertible Bonds in accordance with the Existing Terms of the Tranche 2 Convertible Bond Purchase Agreements.

1.5. The Proposed IPT Mandate

In connection with the Proposed Disposal, the Company is also proposing to adopt the Proposed IPT Mandate in relation to future transactions to be entered into between (a) the EAR Group; and (b) the Mandated Interested Persons. The Board proposes to seek the approval of Shareholders for the Proposed IPT Mandate.

1.6. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Transactions, including the rationale for each of the Proposed Transactions and the financial effects of the Proposed Disposal, and to seek the approval of Shareholders for the following resolutions to be tabled at the forthcoming SGM, and to give the Shareholders notice of the SGM:

- (a) the Proposed Disposal and the Transaction IPTs as an ordinary resolution ("**Ordinary Resolution 1**");
- (b) the Proposed Special Dividend as an ordinary resolution ("**Ordinary Resolution 2**");
- (c) the Proposed Amendments to the Convertible Bond Purchase Agreements as an ordinary resolution ("**Ordinary Resolution 3**"); and
- (d) the Proposed IPT Mandate as an ordinary resolution ("**Ordinary Resolution 4**").

The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy of any of the statements or opinions made or reports contained in this Circular. If any Shareholder is in any doubt as to the action he should take, he should consult his bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

1.7. Inter-conditionality of the Resolutions

Shareholders should note that **Ordinary Resolution 1** relating to the Proposed Disposal and the Transaction IPTs, **Ordinary Resolution 2** relating to the Proposed Special Dividend, **Ordinary Resolution 3** relating to the Proposed Amendments to the Convertible Bond Purchase Agreements and **Ordinary Resolution 4** relating to the adoption of the Proposed IPT Mandate are inter-conditional upon one another. Accordingly, in the event that any of **Ordinary Resolution 1**, **Ordinary Resolution 2**, **Ordinary Resolution 3** or **Ordinary Resolution 4** is not approved, the other resolutions will not be proceeded with.

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1.8. Legal Adviser

Rajah & Tann Singapore LLP is the legal adviser to the Company as to Singapore law in relation to the Proposed Transactions.

2. BACKGROUND INFORMATION

2.1. Background

Auction Process and LOIs

The Company had appointed a leading Chinese investment bank to carry out a formal auction process in relation to the Proposed Disposal of the M&S Business from September 2019 ("**Auction**"). During the Auction process, the Company received two other non-binding letters of intent ("**LOIs**") from third parties, in addition to the offer from the Purchaser. Both the independent third parties are PRC listed companies.

However, the two LOIs are not entirely directly comparable with the Proposed Disposal, as they differ in their proposed terms and conditions. In particular:

- (a) one of the LOIs proposed an indicative consideration range of between RMB1.3 billion and RMB2.2 billion (based on an acquisition of 100% of the target) and proposed to acquire only 66.0% of the equity interest of the target, which is lower than the current Consideration; and
- (b) although the other LOI proposed an indicative consideration of approximately RMB2.815 billion for an acquisition of 100% of the target, the preliminary indicative consideration was stated to be based on the audited financial results **excluding** non-recurring income and subject to other conditions, and accordingly, it can be reasonably expected that the actual consideration would be lower than the indicative non-binding offer.

Additionally, only 80.0% of such consideration would be payable upfront and the balance 20.0% would be conditional upon the fulfilment of certain performance targets of the M&S Group in the next three (3) financial years. It is noted that after legal title of the shares of the target are transferred to the Purchaser, the Company would no longer have control over the M&S Group, including control over its future performance and accordingly, no control over the satisfaction of such performance targets and no assurance that the balance 20.0% would be paid.

In view of the foregoing, the proposed LOIs are not entirely directly comparable with the Proposed Disposal and differ in detailed terms and conditions, including but not limited to upfront or deferred progress payment, performance guarantees required of the Group and partial or complete acquisition of the M&S Group.

Further, both of the LOIs are not commercially viable, given that one of the conditions under the two LOIs is that the M&S Corporate Guarantees should be fully discharged prior to the legal completion of any sale and purchase agreement. The Company discussed with the major Relevant Banks, and the majority of the Relevant Banks formally expressed that they would agree to restructure of M&S Group and to discharge the M&S Corporate Guarantees **only if there are no changes of the de facto controllers of the M&S Group and the GI Group.** Given that the disposal of the M&S Business to independent third parties would result

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in changes of *de facto* controllers of the M&S Group, the release of M&S Group Companies as guarantors for the Relevant Loan Facilities as a condition precedent could not be met.

Should the Company proceed to divest the M&S Group to the independent third parties prior to or without the consent from the Relevant Banks, it will be compelled to immediately repay the Relevant Loan Facilities (outstanding amount totalled RMB1.72 billion as at 31 December 2020) and prior to the Company receiving net proceeds from the independent third party. The Company does not have sufficient cash flow to make such immediate repayment prior to the Company receiving the net proceeds from the independent third party. Even if the Company was able to repay the Relevant Loan Facilities (significant outstanding amount of RMB1.72 billion as at 31 December 2020) in order to discharge the M&S Corporate Guarantees, the Shareholders and the Company would be left with little monies for the Proposed Special Dividend and working capital. This would not be in the commercial interest of the Company or in the interest of Shareholders, including the minority Shareholders.

This is contrasted with the Proposed Disposal, where the majority of the Relevant Banks have indicated that they are agreeable to the discharge of the M&S Corporate Guarantees. As such, under the terms of the Proposed Disposal, the Company would have the benefit of the Relevant Loan Facilities being unsecured by the M&S Corporate Guarantees and accordingly full ability to utilise the proceeds from the Proposed Disposal for either working capital or capital distribution (and not for debt repayment).

Accordingly, both the LOIs from independent third parties are not commercially viable, without the blessings of the Relevant Banks to discharge the M&S Corporate Guarantees prior to the legal completion of a sale and purchase agreement.

The Recommending Directors have evaluated the LOIs that the Company received. The overriding condition that the Recommending Directors has considered is the viability of the offers, the interest of the Company and the interest of minority Shareholders. The Recommending Director are of the view that the abovementioned LOIs are not viable, due to the reasons mentioned in the foregoing paragraphs.

Direct Spin-Off to PRC for Listing

The Recommending Directors have also considered the option of a direct spin-off listing of the M&S Group by the Company on a PRC stock exchange as an alternative to a sale of the M&S Group to unlock shareholders' value, and are of the view that the Proposed Disposal of the M&S Group should be put forth to the Shareholders for consideration instead, given the following:

- (a) No Deal Certainty: there is no certainty as to whether a spin-off listing in the PRC will succeed and if so, the duration required for a successful PRC listing, which is subject to various uncertainties including the conduct of due diligence exercise for a PRC listing pursuant to requirements of the PRC listing requirements, regulatory clearance, stock market and general economic conditions and the performance of the M&S Group vis-à-vis PRC listing requirements. In particular, in respect of regulatory clearance, based on the legal advice sought by the Company from its PRC counsel, although there is no express prohibition against a spin-off listing of foreign-owned PRC-established companies in the PRC, there is a scarcity of precedents in this regard and as such, there is considerable uncertainty on the regulatory approvals and clearances which may be required from the PRC stock exchange for such a spin-off listing. On the other

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hand, the Proposed Disposal is an immediate viable avenue for the Company to unlock value for Shareholders from the proceeds of such sale as the shareholder of the M&S Group. As such, although a spin-off listing of the M&S Group in the PRC may be undertaken, the Company and in this regard, any party (including, for instance, the Purchaser in the event that the Proposed Disposal is completed) undertaking such spin-off listing would be subject to risks of uncertainty and timing considerations associated therewith, which may in turn render a spin-off listing not to be an immediately viable for the Shareholders; and

- (b) Long Lock-up Period: even if a spin-off listing of the M&S Group in the PRC proceeds to completion, according to the legal advice sought by the Company from its PRC counsel, (i) the Company as the *de facto* controller of the M&S Group will usually not be able to dispose of its pre-listing shares in the listed entity for a considerable lock-up period of 36 months under PRC listing rules; and (ii) thereafter, the Company will only be able to dispose of such shares on a piecemeal basis, for example, up to 1.0% over a consecutive 90-day period through a competitive bidding process, or up to 2.0% through block trades, until such time that the Company owns less than 5.0% of the total issued shares of the listed entity. The foregoing is a considerable timeframe for the realisation of shareholders' value in the M&S Group, when compared with the timeframe pursuant to the Proposed Disposal, which would enable the Shareholders to receive returns by way of the Proposed Special Dividend, in tranches, upon completion of the Proposed Disposal within the currently contemplated Long-Stop Date of 30 September 2021, being nine (9) months from the date of the SPA.

In view of the above, the Recommending Directors are of the view that it should put forth the Proposed Disposal of the M&S Group to the Shareholders for consideration, as compared with the undertaking of a PRC listing of the M&S Group by the Company, which is subject to uncertainty and timing considerations as described above including the conduct of due diligence exercise, obtaining of regulatory approvals and lock-up requirements, among others, which will take a considerable length of time before realisation of shareholders' value in the M&S Group would occur.

2.2. Information on the Group

The Group 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 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 main transactions entered into between the GI Business and the M&S Business in the past three (3) financial years are mainly EPC Contracts. The aggregate value of such transactions

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in each financial year is as follows:

Transaction	FY2018 (RMB'000)	FY2019 (RMB'000)	FY2020 (RMB'000)
Provision of EPC services	458,708	331,475	377,745

The Group's M&S Business and GI Business are distinct, separate and independent business segments which do not overlap or compete with each other, each 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 office premises and staff for the M&S Business and the GI Business are segregated and distinct from one another.

In view of the reasons below, the Board is of the view that the GI Business is not dependent on the M&S Business:

- (i) the Group's M&S Business and GI Business are distinct, separate and independent business segments. The M&S Business and the GI Business have different business models, cover different customer base and serve different industries;
- (ii) each of the M&S Business and the GI Business has its own sets of suppliers, manpower and facilities, and is each run by its own management teams; and
- (iii) given that the construction of plants for the GI Business require EPC services and the M&S Business has the capacity to provide such services, the M&S Business, being part of the Group prior to the Proposed Disposal, has undertaken to provide EPC services for the GI Business's plants with the guidance of the benchmark analysis report issued by an independent professional firm over the past years.

Notwithstanding this, there are other EPC service providers who provide comparable EPC services and products as the M&S Business. Given the GI Business's sizeable portfolio growth and strong track record, the Board believes that the GI Business is well-positioned to capitalise on future growth opportunities and procure further GI Projects, following which it would be able to call for a tender for the supply of EPC Contracts required, which may be obtained through a third party EPC service provider and provision of EPC services by the M&S Business is not a must.

Pursuant to the Proposed Disposal, through the sale and purchase of the Sale Shares, the Group will dispose of, and the Purchaser will acquire, (a) the entire M&S Business as a going concern; and (b) all of the property, assets, rights, undertakings and liabilities of the Group pertaining to the M&S Business and existing on the Group's consolidated balance sheet as at completion of the Proposed Disposal (the "**M&S Business Assets**"), which includes the Group's legal and beneficial interest in the M&S Group.

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, and the Group's remaining core business will be the GI Business.

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2.3. 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 PRC.

In contemplation of the Proposed Disposal, the Group recently conducted an internal restructuring exercise, pursuant to which the entire M&S Business segment of the Group is currently held by Sunpower International. Sunpower International holds 100% of the issued and paid-up capital of Sunpower Technology, which in turn holds the M&S Group Companies, being subsidiaries which undertake the M&S Business, as set out below:

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 552,720,000	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 182,720,000	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% ⁽¹⁾⁽²⁾
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% ⁽¹⁾
Nanjing Shengnuo Heat Pipe Co., Ltd (南京圣诺热管有限公司) (Incorporated in the PRC)	RMB30,000,000	70% ⁽¹⁾
Sunpower (Tianjin) New Energy Technology Co., Ltd. (中圣(天津)新能源科技有限公司) (incorporated in the PRC)	RMB10,000,000 (registered capital) NIL (paid-up capital)	100%

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Notes:

- (1) The remaining shares are held by independent third parties.
- (2) The remaining 10% shares in Shandong Yangguang Engineering Design Institute Co., Ltd. (山东省阳光工程设计院有限公司) which are currently independently held are expected to be acquired by the M&S Group in the near future, thus for the purposes of the Independent Valuation, the fair market value of 100% of the equity interest in Shandong Yangguang Engineering Design Institute Co., Ltd. (山东省阳光工程设计院有限公司) has been reflected in the Independent Valuation Report and the Independent Valuation Summary Letter. Further details of the Independent Valuation are set out in Paragraph 3.3 of this Circular.

Please refer to **Appendix C** to this Circular for the corporate structure of the M&S Group Companies involved in the Group's M&S Business segment.

Certain key financial information with respect to the M&S Group as at 31 December 2018, 31 December 2019 and 31 December 2020, based on the unaudited pro forma management accounts for the M&S Group for FY2018, FY2019 and FY2020, respectively, are set out as follows:

Profit or Loss	FY2018 RMB'000	FY2019 RMB'000	FY2020 RMB'000
Gross profit	460,097	549,071	597,710
Profit before income tax	195,836	225,591	288,477
Net profit attributed to equity holders	159,838	187,202	242,055
Financial Position	FY2018 RMB'000	FY2019 RMB'000	FY2020 RMB'000
Total assets	3,248,257	3,433,555	3,452,351
Total liabilities	2,188,677	2,295,556	2,133,410
Equity holders of the Company	977,851	1,060,047	1,260,102
Total equity	1,059,580	1,137,999	1,318,941

As at 31 December 2018, 31 December 2019 and 31 December 2020, the Group recognised the following impairment losses in respect of the M&S Group which have been reviewed by the auditors of the Company, arising from write-downs on trade and other receivables and inventory:

Impairment losses to be disposed of (RMB'000)	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020
Trade receivables	45,942	89,033	111,604
Other receivables	2,197	1,748	1,611
Inventory	16,216	17,675	15,047
Total	64,355	108,456	128,262

The impairment losses had been recognised in compliance with requirements of the Singapore Financial Reporting Standards (International) and in accordance to historical accounting practices.

The M&S Group recognises a loss allowance for expected credit losses on trade receivables and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the

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forecast direction of conditions at the reporting date, including time value of money where appropriate.

The M&S Group uses net realisable value to recognise an inventory allowance. This is followed by an assessment of sales or usage prospects and a comparison of estimated net realisable values with carrying cost. Allowance is made for cost of inventories which are not expected to be recovered through usage or sales. Physical counts of inventories are carried out on a periodic basis and any identified defective inventory are written off.

The Board, having discussed with management on its assessment of recoverability of trade and other receivables and obsolescence provision for inventories and contract assets, as well as with the auditors on the results of their review of management judgement in these areas, is satisfied with the reasonableness of the impairment losses recognised in the financial statements at reporting date.

2.4. Information on the Purchaser

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, for the purposes of undertaking the proposed acquisition of the M&S Group. Its principal activities are those of an investment holding company. The Purchaser has not carried on any business since its incorporation, except in relation to matters in connection with the Proposed Disposal.

Directors and Legal Representative of the Purchaser

The directors of the Purchaser are Mr. Guo, Mr. Ma, Ms. Ge Cui Ping, Mr. Huang Jian Xin and Mr. Xiong Bin. The legal representative of the Purchaser is Mr. Guo.

Shareholders of the Purchaser

The shareholders of the Purchaser are as follows:

- (a) CSTC and its related entities (13.28%), CICC Alpha and its related entities (6.4%) and other PRC funds and independent minority investors (each holding less than 5.0%) led by CSTC and CICC Alpha, who hold an aggregate of approximately 64.05% of the total equity interest in the Purchaser; and
- (b) Mr. Guo, Mr. Ma and other employees of the M&S Group, who hold approximately 35.95% of the total equity interest in the Purchaser, of which Mr. Guo and Mr. Ma hold approximately 29.8% in aggregate and each of them holding approximately 14.9%. The other employees consist of approximately 140 employees who are or will be employed by M&S Group Companies and will not continue to be employed by the Group on or around the Tranche 1 Completion Date, given that such employees are not involved in the operations of GI Business.

The lead investors in the Purchaser are CSTC and CICC Alpha.

CSTC is an asset management institution engaged in private equity investment and venture capital investment management businesses established since 2009. Over the past 10 years, CSTC has invested in more than 100 companies of which more than 30 were listed as IPOs.

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At present, the assets under management of private equity funds managed by CSTC has reached more than RMB15 billion. More information on CSTC may be found on <http://www.gdcsm.com/>.

CICC Alpha is a subsidiary of CICC established in 2014 and is one of CICC's direct investment platforms. CICC is one of China's leading investment banking firms that engages in investment banking, securities, investment management, and other financial services primarily with institutional clients, established since 1995. Over the past 6 years, CICC Alpha has invested in more than 50 companies. At present, the assets under management of CICC Alpha is more than RMB15 billion. More information may be found on <http://www.ciccalpha.com>.

The Company has specially performed due diligence on CSTC, CICC Alpha and their related entities, including:

- (a) making due enquiry and evaluating publicly available information of CSTC and CICC Alpha in respect of their credentials, history, track record, past investments and assets under management;
- (b) cross-checking the funds' registration information, including the date of establishment, registered capital and shareholders against the National Enterprise Credit Information Publicity System, a Chinese governmental credit information agency (国家企业信用信息公示系统); and
- (c) cross-checking the funds' registration information, including the date of establishment and nature of funds against the website of the Asset Management Association of China (AMAC) (中国证券投资基金业协会), a self-regulatory association of fund management companies in the PRC.

Save for the Proposed Disposal and Mr. Guo, Mr. Ma and certain employees who will be investing in the Purchaser, the Purchaser, the Purchaser's directors and the substantial shareholders of the Purchaser do not have any connection (including any business relationship) with the Company, the Directors and/or the substantial shareholders of the Company.

Introducer

The Purchaser engaged Jadestone Development Ltd. as the introducer to source for and recommend additional investors to participate in the Proposed Disposal. Jadestone Development Ltd. is a company registered in Seychelles with its principal business being corporate strategy, as well as investment and financing planning and consulting services.

Purchaser's Intentions for the M&S Group

Post-completion of the Proposed Disposal, subject to favourable stock market and general economic conditions, one of the proposals that the Purchaser has for the M&S Group going forward include working towards a possible listing of the M&S Group on a stock exchange in the PRC in the future. Given that, *inter alia*, the M&S Group operates and generates the majority of its revenue in the PRC and has an extensive network in the PRC, the Purchaser believes that the investors in the PRC may be better attuned to the business of the M&S Group and with such knowledge, may generate greater trading interest which would in turn better reflect the value of the M&S Group. There is, however, no certainty that a listing of the M&S Group on a stock exchange in the PRC will materialise and if so, when the Purchaser would be entitled to explore such other strategic options for the M&S Group.

2.5. Key Management of the M&S Group following Completion of the Proposed Disposal

In connection with the Proposed Disposal, it is also intended that, on or 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 will be re-designated as a Non-Executive and Non-Independent Director of the Company.

In addition, Ms. Ge Cui Ping, the Chief Financial Officer of the Group, Ms. Jiang Yanyun, the Senior Vice President of the Group and Mr. Chen Kai, the Chief Investment Officer 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 also be joining the Purchaser on or around the Tranche 1 Completion Date.

The Company plans to replace its Chief Financial Officer prior to the departure of Ms. Ge Cui Ping on or around the Tranche 1 Completion Date.

The Company has an IMD, as further described in Paragraph 2.6 of this Circular below, and accordingly, the Company is of view that there is currently no need to find a replacement for Chief Investment Officer.

In respect of Ms. Jiang Yanyun and the other five (5) general managers who are primarily involved in the M&S Business, there is no intention of replacing them, as they are only primarily involved in the M&S Business (and not the GI Business) and given the Proposed Disposal of the M&S Business, there would not be a need to replace them for the purposes of undertaking the GI Business, which is currently operating with its own general manager personnel. Taking into account the foregoing and the fact that the two businesses, the M&S Business and GI Business, operate independently from each other, the Company does not expect that there will be any material impact on the Group's operations arising from the above departures.

As at the Latest Practicable Date, the terms of the service agreements to be entered into between each of Mr. Guo, Mr. Ma and the other management personnel with the Purchaser have yet to be finalised and such terms are being negotiated.

2.6. 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

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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 the following key management of the Group, who have many years of experience and expertise in managing the GI Business, upon the completion of the internal restructuring of the Group's management structure on or around the Tranche 1 Completion Date:

Name	Designation
Tang Hao (唐浩)	General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.
Shi Shaolin (施绍林)	Financial Director of the GI Business and Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.
Sha Jianhua (沙建华)	Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.
Zheng Xiaodong (郑小东)	Deputy General Manager and Director of Engineering Construction Management Department of Jiangsu Sunpower Clean Energy Co., Ltd.

Mr. Tang Hao joined the Group in April 2017 to serve the GI Business. Since 2017, Mr. Tang has served in several roles within Jiangsu Sunpower Clean Energy Co., Ltd., including Assistant General Manager, Director of Project Support Department, Director of Investment Development Department, Deputy General Manager and General Manager. He is currently General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.. Prior to joining the Group, Mr. Tang worked for BR Energy Environment Engineering Co., Ltd. as Deputy Director of Regional Investment and Deputy Manager of Platform Support Department. From 2014 to 2016, he worked at Huadian Electric Power Research Institute as Regional Project Manager of Environmental Technology Department. From 2010 to 2014, he held various positions at Hangzhou Environment Group Co., Ltd., including Deputy Manager. Mr. Tang graduated from Huazhong University of Science and Technology and obtained a bachelor's degree and a master's degree in environmental engineering respectively in 2005 and 2007, respectively. From 2010 to 2013, he published four professional papers, all of which were included in the Chinese science and technology core journal titled "Environmental Sanitation Engineering".

Mr. Shi Shaolin joined the Group in July 2018 and currently serves as Financial Director of the GI Business and Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.. Mr. Shi started his career in 1995 and has decades of experience of financial work in diverse industries. From 2016 to 2017, he worked in State Power Investment Corporation Limited as Assistant General Manager of State Power Investment Corporation Logistics Co., Ltd., Xi'an Branch and as Deputy Director of Finance Department of State Power Investment Corporation Guangdong Electric Power Co., Ltd. (in charge of the financial work). From 2014 to 2016, Mr. Shi was Deputy Director of Finance Department of China Power Investment Corporation International Mining Co., Ltd.. From 1995 to 2014, Mr. Shi worked as Deputy General Manager and Financial Director of Jiangxi Electric Power Fuel Co., Ltd., Financial Director of Jiangxi Sanhe Electric Power Co., Ltd. and Chief of Financial Section of Jiangkou Waterpower Factory.

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Mr. Sha Jianhua joined Sunpower Group in March 2017 and currently serves as Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.. Since 2018, he has been serving as General Manager of Zhangjiagang Yongxing Thermal Power Co., Ltd., Jiangsu Sunpower Electricity Sales Co., Ltd. and Changshu Suyuan Thermal Power Co., Ltd. to enhance the post-investment operation of the Group's project companies. Mr. Sha started his career from 1986 and has been working in the electric power and thermal power industry for decades. From 1986 to 2008, he served in several power plants and thermal power companies, and was responsible for operation, business planning, production, etc. From 2008 to 2016, he worked as General Manager of Jiangsu Huaxia Environmental Protection Energy Sources Co., Ltd., Jiangsu Skyrun International Co., Ltd. and Caoxian Huaheng Thermal Power Co., Ltd.. From 2016 to 2017, he served as Director of Strategic Investment Department of BR Energy Environment Engineering Co., Ltd.

Mr Zheng Xiaodong joined Sunpower Group in July 2019 to serve in the GI Business. He is currently Deputy General Manager and Director of Engineering Construction Management Department of Jiangsu Sunpower Clean Energy Co., Ltd.. Mr. Zheng started his career in 1992 and once worked in CSEEC and Zhejiang Bochen Huineng Technology Co., Ltd. as Assistant to President and Deputy General Manager successively. From 2004 to 2014, he served as Chief Engineer and General Manager of Hangzhou Bluesky Natural Gas Power Generation Co., Ltd., and as Chief Engineer and Deputy General Manager of Amber International Investment Co., Ltd. and Amber Energy. From 2001 to 2004, he worked in the GCL Group as Manager and Director of the Power Generation Department of GCL Dongtai Suzhong Environmental Protection and Thermoelectricity Co., Ltd. and Deputy Chief Engineer of GCL Hangzhou Office. From 1992 to 2001, he served in Nanjing Port Administration Bureau and Dongtai Thermal Power Plant. Mr. Zheng graduated from Nantong Textile Engineering Institute in 1992 and graduated with a major in Electrical Power Engineering and Automation from Hohai University in 2003.

As seasoned individuals in the GI Business, the key management of the Group possess specialised skills and have well-established procedures and extensive experience in place to ensure that the GI Business is managed sufficiently and independently. Mr. Ma, together with the key management, have a proven track record in managing the GI Business, as demonstrated by the rapid expansion and strong growth of the Group's GI Business in the past few financial years. The Board is of the view that the Proposed Disposal will enable the management and the Board to fully direct and concentrate their efforts into growing and developing the GI Business, and to oversee the strategies and operations of the GI Business more effectively.

In addition, the GI Group has formed (a) a Business Development Department; and (b) the IMD, for the purposes of growing and developing the GI Business further.

Business Development Department

The GI Group has a Business Development Department for the development of the GI Business. The Business Development Department is responsible for marketing, developing and identifying potential greenfield and brownfield GI Projects and establishing a pipeline of potential projects for evaluation in order to support the continuous development of the GI Business. The Business Development Department will recommend projects which they believe meet the Company's investment criteria to the management of the GI Business for in-depth research, evaluation and analysis. After selection and evaluation, the management of the GI Group will recommend the projects to the IMD of the Company. The IMD will then verify,

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investigate and evaluate the projects again and then recommend the projects which have been determined to meet the investment criteria of the Company to the management of the Company. The management of the Company will then evaluate and recommend suitable projects to be submitted to the Board for approval.

The IMD

The IMD is independent from the business units of the GI Group and Chief Investment Officer, for the purposes of evaluating potential investments into GI Projects and providing investment advice since the strategic expansion of the Group into the GI Business. The IMD comprises professional individuals who have extensive experience in the field of the GI Business and has established a disciplined and robust system in place for the evaluation of investments into GI Projects over the past years. It is capable of operating independently for the purposes of providing investment evaluation and advice for GI Projects. Mr. Ma, who is the Executive Director of the Company, has overseen this department over the past years and will continue to oversee it in the future. The IMD is currently led by Ms. Yang Yuanyuan for more than three (3) years and she has worked in the Company for over nine (9) years. In addition to Ms. Yang, the IMD currently has five (5) other experienced personnel, a majority of whom have been with the Company and have worked in the IMD for more than four (4) years. Ms. Yang and the IMD personnel will remain in the employment of the Company after the completion of the Proposed Disposal.

Ms. Yang reports to Mr. Ma. Ms. Yang joined the Group in July 2012 and worked in the finance team, responsible for taxation when she initially joined. Subsequently, in 2015, when the Group strategically expanded into the GI Business, Ms Yang started to participate in investment matters and jointly took charge of the investment evaluation aspects of the GI projects. In view of her good performance, she was promoted to the Head of IMD in 2018 and has led the IMD team since then. Ms. Yang graduated from Suzhou University with a Bachelor of Accountancy in 1999.

3. THE PROPOSED DISPOSAL

3.1. Material Terms of the Proposed Disposal

(a) Consideration and Payment Terms

(i) Consideration Price

The Consideration for the Proposed Disposal is RMB2,290,000,000 (inclusive of all taxes payable in respect of the Proposed Disposal, including non-resident withholding taxes and the stamp duty payable in respect of the Proposed Disposal), which is payable in two (2) tranches in the manner as set out under Paragraph 3.1(a)(ii) of this Circular.

It is envisaged that the full Consideration amount will be escrowed on or prior to the Tranche 1 Completion Date, being the date on which the full legal title to the Sale Shares will be registered in the name of the Purchaser.

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:

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- (1) the unaudited pro forma NAV and NTA attributable to the M&S Group as at 30 September 2020; and
- (2) 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.

For the avoidance of doubt, the valuation of the M&S Group takes into account the M&S Payables (further details of which are set out in Paragraph 5 of this Circular). There are no receivables due from the M&S Group to the GI Group as at the Latest Practicable Date.

Please find in the table below the excess of the gross proceeds from the Proposed Disposal over the NTA and NAV attributable to the M&S Group as at 31 December 2019 and 31 December 2020:

	As at 31 December 2019	As at 31 December 2020
Consideration (RMB'000)	2,290,000	2,290,000
NTA attributable to the M&S Group (RMB'000)	977,279	1,177,112
Excess of Gross Proceeds over NTA (RMB'000)	1,312,721	1,112,888
Excess of Gross Proceeds over NTA (%)	134%	95%
NAV attributable to the M&S Group (RMB'000)	1,060,047	1,260,102
Excess of Gross Proceeds over NAV (RMB'000)	1,229,953	1,029,898
Excess of Gross Proceeds over NAV (%)	116%	82%

The Consideration, after taking into account the Transaction Expenses, represents approximately S\$0.3617 on a per Share basis ("**Net Proceeds per Share**"), based on 1,152,523,142 Fully Diluted Total Shares and illustrated based on the Exchange Rate. The Consideration per Share and Net Proceeds per Share represents 50.8% and 44.8% of the volume weighted average share price of the Company of S\$0.8066, respectively, on 30 December 2020, being the Last Trading Day.

The estimated gain on the Proposed Disposal is approximately RMB760,000,000 based on the Consideration, after adjustment for the Transaction Expenses, and the book value of the M&S Group as at 31 December 2020.

The rationale for the Proposed Disposal is set out at Paragraph 3.2 of this Circular.

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(ii) Payment Terms

The Consideration for the Proposed Disposal shall be payable by the Purchaser to Sunpower International in two (2) tranches as follows:

- (1) Tranche 1 Consideration – 70% of Consideration: 70% of the Consideration, being RMB1,603,000,000 (before deducting such amount of withholding tax payable by Sunpower International in respect of the Proposed Disposal as specified in the Tax Assessment Notice) (the "**Tranche 1 Consideration**") shall be paid to Sunpower International on the Tranche 1 Completion Date, which shall be within 20 Business Days of the Tranche 1 Conditions (as set out in Paragraph 3.1(c)(i) of this Circular) being satisfied or waived by the Purchaser, or such other date as may be mutually agreed between the Parties (the "**Tranche 1 Completion Date**").
- (2) Tranche 2 Consideration – Remaining 30% of Consideration: 30% of the Consideration, being 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 Tranche 2 Conditions (as set out in Paragraph 3.1(c)(ii) of this Circular) being satisfied or waived by the Purchaser, or such other date as may be mutually agreed between the Parties (the "**Tranche 2 Completion Date**").

(iii) Escrow Arrangements in respect of the Consideration

It is intended that the following portions of the Consideration amount will be escrowed on or prior to the Tranche 1 Completion Date by the Purchaser (or its designated nominee(s)) into the Onshore Escrow Account under the direct joint supervision and operation of the Parties (or their designated nominee(s)) only and in the following manner:

- (1) Escrow of 10% of Consideration following Signing: An amount equal to 10% of the Consideration, being RMB229,000,000 (the "**Advance Payment**") will be escrowed into the Onshore Escrow Account within 22 Business Days from the date of the SPA, or such other date as the Parties may mutually agree (the "**Advance Payment Date**").

The Advance Payment has been escrowed into the Onshore Escrow Account in accordance with the terms of the Onshore Escrow Agreement and the SPA.

- (2) Escrow of 85.63% of Consideration prior to Change of Business Registration: An amount equal to 85.63% of the Consideration, being RMB1,961,000,000, will be escrowed into the Onshore Escrow Account prior to the filing of the change of business registration in respect of the Proposed Disposal with the State Administration for Market Supervision and Regulation Department of the PRC.

In addition, the Purchaser is obliged to escrow the remaining 4.37% of the Consideration, being RMB100,000,000 (the "**Balance Consideration Amount**") into the Onshore Escrow Account prior to the Tranche 2 Completion Date.

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The escrowed monies will be released to Sunpower International in two (2) tranches, being the Tranche 1 Consideration (representing 70% of the aggregate Consideration) and the Tranche 2 Consideration (representing 30% of the aggregate Consideration), on the Tranche 1 Completion Date and the Tranche 2 Completion Date respectively (further details of which are set out in Paragraph 3.1(d) of this Circular).

The Purchaser (or its designated nominee(s)) is obliged to escrow the requisite portions of the Consideration amount in accordance with the terms of the SPA and the Onshore Escrow Agreement, failing which, Sunpower International would be entitled to recourse against the Purchaser, including termination of the SPA for material breach (set out in Paragraph 3.1(f)(iv) of this Circular) and indemnification against any costs and losses actually incurred by Sunpower International in carrying out the Proposed Disposal (set out in Paragraph 3.1(g) of this Circular). In addition, to provide added security for the Purchaser's obligation to pay the Balance Consideration Amount, Allgreat Pacific Limited, Sunpower Business Group Pte. Ltd., Claremont Consultancy Limited and Tournan Trading Pte. Ltd., being entities holding Shares in the Company which are wholly owned by Mr. Guo or Mr. Ma (the "**Relevant Shareholders**"), have provided a letter of undertaking to the Company and Sunpower International to acknowledge that the Company will withhold an amount equivalent to the Balance Consideration Amount (being RMB100,000,000) from the Tranche 1 Special Dividend payable to the Relevant Shareholders, until such time that Sunpower International receives the total Consideration (inclusive of the Balance Consideration Amount) in full by the Tranche 2 Completion Date. The Company will be obliged to pay such withheld amount to the Relevant Shareholders only when the Company declares and pays the Tranche 2 Special Dividend. This foregoing arrangement seeks to ensure that the Group will have, either in escrow (pursuant to the Purchaser escrowing the Balance Consideration Amount to the Onshore Escrow Account) or in the sum so withheld from the Tranche 1 Special Dividend, the full amount of the total Consideration as at Tranche 1 Completion Date. Please refer to Paragraph 4 of this Circular for further details on the Proposed Special Dividend.

In selecting the Onshore Escrow Agent, the Company considered various factors, including the track record, international reputation, size and experience in acting as escrow agent of the Onshore Escrow Agent.

Under the terms of the Onshore Escrow Agreement, the escrowed amounts may only be released upon the provision of a transfer instruction from both the Purchaser and Sunpower International to the Onshore Escrow Agent, instructing it to release the amounts agreed upon under the SPA.

(b) **The Transaction IPTs**

In connection with the Proposed Disposal, it is envisaged that the Company will be engaged in the following Transaction IPTs which will constitute deemed interested person transactions under Chapter 9 of the Listing Manual, which arise because after Tranche 1 Completion Date the Group would have transferred the title to the Sale Shares to the Purchaser and would therefore have disposed of the M&S Group at such point in time. Such Transaction IPTs would only be in place between the Tranche 1

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Completion Date and the Tranche 2 Completion Date and shall cease to be in place on or prior to the Tranche 2 Completion Date:

M&S Trademark Assignments

The M&S Trademarks, details of which are set out in **Appendix L** to this Circular, are trademarks used in connection with the business operations and marketing of the M&S Group, including without limitation in advertisements, promotional materials and bidding proposals. Certain M&S Trademarks which are necessary for the M&S Group's conduct of the M&S Business 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. The GI Group does not currently use, and does not intend to use in the future, any of the M&S Trademarks as part of the GI Business.

Under the terms of the SPA, the M&S Trademarks are to be transferred by the GI Group to the M&S Group. However, as the completion of 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, pursuant to the Trademark Assignments, the GI Group will assign such M&S Trademarks that have not been transferred as at the date of the Tranche 1 Completion Date to the M&S Group for no consideration as the consideration for the M&S Trademarks has already been taken into account in the Consideration for the Proposed Disposal.

M&S Corporate Guarantees

Certain M&S Group Companies have, in the past, provided the M&S Corporate Guarantees in respect of the Relevant Loan Facilities to the Relevant Banks in favour of certain entities within the GI Group for an outstanding amount of approximately RMB1.72 billion in aggregate, details of which are set out in **Appendix D** to this Circular. The range of interest rates for the Relevant Loan Facilities is between 4.9% to 8.0%, and the weighted average effective interest rate in respect of all the Relevant Loan Facilities is 5.71% annually. In order for the Group to maintain the existing loan agreements with the Relevant Banks and to facilitate the continued development of the GI Business, under the terms of the SPA, Sunpower Technology has undertaken that it and its subsidiaries will 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 Relevant Banks. Notwithstanding such undertaking from Sunpower Technology, it is a Tranche 2 Condition that all of such M&S Corporate Guarantees be discharged.

Accordingly, the Group has engaged with the Relevant Banks to 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.

As at the Latest Practicable Date, the Company has entered into the following arrangements to discharge all of the M&S Corporate Guarantees under the Relevant Loan Facilities:

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- (a) entered into amendment agreements with seven (7) of the Relevant Banks to replace the relevant M&S Corporate Guarantees with corporate guarantees from entities within the GI Group;
- (b) obtained alternative debt financing from two (2) new banks in replacement of two (2) Relevant Loan Facilities, which have been terminated and the corresponding M&S Corporate Guarantee discharged. Under the terms of such new financing, no M&S Group Company will be acting as a guarantor; and
- (c) obtained confirmation from one (1) Relevant Bank to discharge and replace the relevant M&S Corporate Guarantee with corporate guarantees from entities within the GI Group, and is in the process of entering into the relevant amendment agreements in respect of the same.

The Company will provide an update to its shareholders through further announcements on SGXNET, in compliance with the requirements of the Listing Manual, as and when all the M&S Corporate Guarantees have been fully discharged.

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 Bank. 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.

Pursuant to the SPA, it is envisaged that prior to the discharge of the M&S Corporate Guarantees, Sunpower International will provide Sunpower Technology with back-to-back undertakings in respect of the M&S Corporate Guarantees, pursuant to which Sunpower International will indemnify Sunpower Technology against any losses suffered by Sunpower Technology, to the extent that such losses are in connection with or arise out of the M&S Corporate Guarantees due to a default by a GI Group entity under the Relevant Loan Facilities. For the avoidance of doubt, Sunpower International will not be providing any guarantee in respect of any of the M&S Group's loan facilities.

For the avoidance of doubt, there will be no impact on the remaining GI Group's bank covenants arising from the Proposed Disposal.

For completeness, we would also highlight that there is an existing corporate guarantee granted by the Company in respect of a facility agreement for an outstanding amount of approximately RMB133,000,000 issued by a bank in favour of Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. and Jiangsu Sunpower Pipeline Engineering Technology Co., Ltd., entities within the M&S Group. As at the Latest Practicable Date, the Company has entered into an amendment agreement with the relevant bank to discharge the corporate guarantee granted by the Company and the replacement of the same with an equivalent guarantee from an M&S Group Company.

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(c) **Conditions Precedent**

(i) Tranche 1 Conditions: 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, *inter alia*, the following conditions (the "**Tranche 1 Conditions**"):

- (1) Warranties: 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;
- (2) Performance: 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.

Such obligations relate to, amongst others, (A) the satisfaction of the Tranche 1 Conditions which Sunpower International is responsible for; (B) compliance with the pre-closing restrictions set out in Paragraph 3.1(i)(vi) of this Circular; (C) filing of applications for change of business registration, change or cancellation of foreign exchange registration of foreign invested enterprise and tax returns in relation to the Proposed Disposal; and (D) customary obligations such as those relating to confidentiality and further assurances;

- (3) 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 of the Proposed Disposal or makes the consummation of the Proposed Disposal unlawful;
- (4) Regulatory Approvals: approval from the SGX-ST in respect of this Circular to be despatched to the Shareholders in relation to the Proposed Disposal;
- (5) 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) 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;
- (6) Transaction Documents: Sunpower International having completed the signing of each of the transaction documents in relation to the Proposed

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- Disposal, including the SPA and the other documents in the form annexed to the SPA (including the Non-Competition Agreements and the Onshore Escrow Agreement);
- (7) Approval by shareholders of Sunpower Technology: approval of the Proposed Disposal by the shareholders of Sunpower Technology in a general meeting;
 - (8) 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;
 - (9) Approval by shareholders and bondholders of the Company: 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 by the Bondholders in relation to the Proposed Disposal pursuant to the Convertible Bond Purchase Agreements;
 - (10) Formulation of a Guarantee Discharge Plan: The relevant parties having formulated a practicable plan for the discharge of the M&S Corporate Guarantees (further details of which are set out in Paragraph 3.1(b) of this Circular) provided by the M&S Group for the benefit of the GI Group and having submitted such plan to the Purchaser. Prior to the discharge of the M&S Corporate Guarantees, Sunpower International shall provide Sunpower Technology with back-to-back undertakings to Sunpower International, solely in respect of the M&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&S Corporate Guarantees due to a default by a GI Group entity under the Relevant Loan Facilities;
 - (11) Key Employees' Non-Competition: the key employees as specified under the SPA having signed non-competition agreements in the form and content set out in the SPA (the "**Non-Competition Agreements**");
 - (12) No Material Adverse Effect: 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 (A) Sunpower International and the Purchaser have entered into a new arrangement with respect to the Material Adverse Effect; or (B) the Purchaser has waived the liability of Sunpower International and Sunpower Technology in respect of such Material Adverse Effect;
 - (13) Sunpower International's Non 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, and there being no competition between Sunpower International and other business entities controlled or owned by Sunpower International on one hand, and the M&S Group on the other hand;

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- (14) No Material Event: unless otherwise agreed by the Purchaser or agreed between the Purchaser 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 with respect to, the matters set out in Paragraph 3.1(i)(vi) of this Circular; and
 - (15) 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, and having provided the relevant documents certifying satisfaction of such conditions precedent, save for conditions which have been waived in writing by the Purchaser.
- (ii) Tranche 2 Conditions: 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, *inter alia*, the following conditions (the "**Tranche 2 Conditions**"):
- (1) Discharge of Guarantees or Repayment of Loan: The discharge of all of the M&S Corporate Guarantees or the repayment of all outstanding amounts (including accrued interest) under the Relevant Loan Facilities (further details of which are set out in Paragraph 3.1(b) of this Circular); and
 - (2) 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 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.

As at the Latest Practicable Date, save for (a) receipt of the SGX-ST's clearance of this Circular (under Paragraph 3.1(c)(i)(4) of this Circular); and (b) the Onshore Escrow Agreement being executed pursuant to the SPA (under Paragraph 3.1(c)(i)(6) of this Circular), none of the other Tranche 1 Conditions or Tranche 2 Conditions have been fulfilled. The Company will provide an update to its shareholders through further announcements on SGXNET, in compliance with the requirements of the Listing Manual, as and when there are material updates in respect of fulfilment of the Tranche 1 Conditions and/or the Tranche 2 Conditions.

(d) **Tranche 1 Completion Date**

On the Tranche 1 Completion Date, the following shall occur:

- (i) the Purchaser shall pay the Tranche 1 Consideration in accordance with the arrangements set out under Paragraph 3.1(a)(ii)(1) of this Circular to the bank account designated by Sunpower International; and
- (ii) Sunpower International shall, and shall cause Sunpower Technology to, deliver or provide to the Purchaser (1) a register of shareholders and a certificate of capital contribution issued by Sunpower Technology reflecting that the Purchaser holds 100% of the Sale Shares; and (2) a receipt of remittance of the

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Tranche 1 Consideration to the bank account designated by Sunpower International.

Two (2) Business Days after the Tranche 1 Completion Date, Sunpower International shall provide the Purchaser with a list of the inventory items of each M&S Group Company, including the relevant company seals, articles of association, business licences and bank account particulars (including bank names, account numbers and authorized signatories) of each M&S Group Company.

(e) **Tranche 2 Completion Date**

On the Tranche 2 Completion Date, the following shall occur:

- (i) the Purchaser shall pay the Tranche 2 Consideration in accordance with the arrangements set out under Paragraph 3.1(a)(ii)(2) of this Circular to the bank account designated by Sunpower International; and
- (ii) Sunpower International shall provide the Purchaser with a receipt of remittance of the Tranche 2 Consideration to the bank account designated by Sunpower International.

(f) **Termination**

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

- (i) by mutual written consent of the Parties prior to the Advance Payment Date or the Tranche 1 Completion Date;
- (ii) 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, 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;
- (iii) 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;
- (iv) 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;

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- (v) 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;
- (vi) 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
- (vii) 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.

In the event that the SPA is terminated in accordance with Paragraph 3.1(f)(v) of this Circular, or for reasons attributable solely to Sunpower International, including due to reasons set out in Paragraph 3.1(f)(iv) (where Sunpower International is in breach), 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, including due to reasons set out in Paragraph 3.1(f)(iv) (where the Purchaser is in breach) or Paragraph 3.1(f)(vi) of this Circular, 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 amount of compensation payable under Paragraph 3.1(g) of this Circular, and the remainder of the Consideration which is escrowed (and the interest accrued thereon) shall be released and returned to the Purchaser.

(g) **Indemnity and Costs**

In the event that the SPA is terminated for reasons attributable to the Purchaser, including due to reasons set out in Paragraph 3.1(f)(iv) (where the Purchaser is in breach) or Paragraph 3.1(f)(vi) of this Circular, the Purchaser shall bear and indemnify Sunpower International and the M&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.

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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.

(h) **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 twenty percent (20%) of the voting rights in any entity whose business constitutes a Competing Business shall not be deemed a violation of this undertaking.

(i) **Other Material Terms**

(i) Brand Use: With respect to the trademarks that are necessary for the M&S Group's conduct of the M&S Business and which are not used by the remaining GI Business of the Group (the "**M&S Trademarks**"), the Parties have agreed to the following arrangements under the SPA:

- (1) the M&S Group will continue to hold M&S Trademarks used by the M&S Group and which are not used by other business segments of the Group, such as the GI Business;
- (2) Sunpower International shall cause its affiliates to transfer the ownership of the M&S Trademarks listed in the SPA to Sunpower Technology for no consideration within eight (8) months after the Tranche 1 Completion Date. Before completion of such transfer, Sunpower Technology and its subsidiaries shall be entitled to use such M&S Trademarks without incurring any fees;
- (3) in respect of the M&S Trademarks for which the registered trademark owner cannot be changed, such M&S Trademarks will not continue to be used by any entity and will be deregistered; and
- (4) Sunpower Technology shall design new M&S Trademarks as soon as possible and complete the relevant trademark registration procedures and obtain the trademark certification as soon as possible after the Tranche 1 Completion Date.

Further details of the M&S Trademarks are found in **Appendix L** to this Circular.

(ii) Independence: In order to ensure the independent operation of Sunpower Technology after completion of the Proposed Disposal, the Parties will, subject to applicable laws, regulations and regulatory policies, jointly resolve the material transactions affecting the independence of Sunpower Technology between the M&S Group and the other entities controlled or owned by Sunpower International

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or Mr. Guo and Mr. Ma, including but not limited to any transactions relating to (1) money lending; (2) ongoing sale and purchase agreements; (3) expense sharing arrangements; (4) key executives and core employees serving in multiple entities; (5) joint research and development projects; or (6) leasing of properties.

For the avoidance of doubt, following the Tranche 1 Completion Date, the entire M&S Business, including its assets, business, operations and employees, will be segregated and distinct from the Group's remaining GI Business. To the extent there are any remaining transactions between the M&S Group and the GI Group and/or any transactions to be entered into in the future, such transactions will (a) be approved by the Shareholders as part of the Proposed Transactions (being the Transaction IPTs); (b) (if such transaction is a Mandated Transaction) be subject to the Proposed IPT Mandate (further details of which are set out in Paragraph 9 of this Circular); or (c) (if such transaction is not a Mandated Transaction and Shareholders' approval has not been obtained upfront) be reviewed and approved in accordance with the threshold limits as set out under Chapter 9 of the Listing Manual, as long as the M&S Group remains a deemed interested person of the Group.

In view of the foregoing, the Audit Committee confirms that there is a proper segregation of the assets, business, operations and employees between the M&S Business and the GI Business.

- (iii) Procurement: Subject to applicable laws and regulations of the SGX-ST, Sunpower International and entities owned or controlled by it will consider and procure products and services from Sunpower Technology on a priority basis on the same terms as independent third parties. Following the Tranche 1 Completion Date, any such agreements entered into between Sunpower Technology and the Group would, in any event, be made subject to the terms of the Proposed IPT Mandate, as further described in Paragraph 9 of this Circular.
- (iv) Business Collaboration: Sunpower International and the Purchaser shall, subject to applicable laws, regulations and policies, use their best efforts to provide any support and assistance as may be required by the other Party after the Tranche 1 Completion Date, and such business cooperation shall be on no less favourable terms than those offered to third parties. Following completion of the Proposed Disposal, any such agreements or arrangements entered into between Sunpower International and the Purchaser would also be subject to the terms of the Proposed IPT Mandate, as further described in Paragraph 9 of this Circular.
- (v) Liquidated Damages: if the Purchaser fails to pay the Tranche 1 Consideration or the Tranche 2 Consideration on time in accordance with the provisions of the SPA, the Purchaser shall pay Sunpower International liquidated damages for late payment at the rate of 5/10,000 per day on the amount of the late payment until the date of termination of the SPA or the date on which the Purchaser actually pays in full the Tranche 1 Consideration and the Tranche 2 Consideration.
- (vi) Pre-Closing Restrictions: Sunpower International covenants and agrees that, except as otherwise provided therein, from the date of the SPA until the Tranche

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1 Completion Date, no M&S Group Company or its branch (if any) shall engage in or enter into a legally binding contract or make a legally binding resolution or decision on the following matters, unless the Purchaser agrees or the Parties agree otherwise:

- (1) distribution of cash dividends (except for distributions made within the M&S Group);
- (2) financing activities that are expected to have a material adverse effect on the financial conditions;
- (3) investments or disposals of assets that are expected to have a material adverse effect on the asset structure, ongoing operation or profitability; or
- (4) significant adjustments to the key executives and core technical personnel and their positions and remuneration (except for any restructuring or adjustments made for the purposes of independent operation of the M&S Group).

As at the Latest Practicable Date, Sunpower International is in compliance with all of the pre-closing restrictions under this Paragraph 3.1(i)(vi) of this Circular.

3.2. Rationale for the Proposed Disposal

In deciding to undertake the Proposed Disposal of the Group's M&S Business instead of the GI Business, the Board took into account, *inter alia*, the following:

- (i) the M&S Business is a manufacturing and services-based, one-off order book-driven business, providing customized services and products for customers. Hence, the M&S Business is "volatile" in nature with limited visibility to future earnings and dependent on the capital expenditure plans of its customers or downstream industries such as petrochemical, chemical and solar industries;
- (ii) the building of a solid business and financial profile for the Group. The Company will strategically focus on the GI Business after the Proposed Disposal, which is attractive in the following manner: (i) it generates sizeable income and cash flow; (ii) it generates long-term recurring income and cash flows, with diverse and captive industrial customers through typically exclusive long-term concessions of approximately 30 years; and (iii) the GI Business presents high barriers to entry for new entrants; and
- (iii) there are increased business opportunities in the PRC anti-smog sector, due to (i) the PRC government having placed increasing focus on environmental policies and the regulatory shifts to environmental-friendly facilities and practices and (ii) the organic expansion of customers and industrial parks served by the GI Projects, which the Board believes that the GI Group is well positioned to capitalise on.

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:

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(a) **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, the Company intends to distribute a portion of the net proceeds arising from the Proposed Disposal to the Shareholders 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 as well as to make a cash payment to the Bondholders in accordance with the Existing Terms. Further details of the Proposed Special Dividend are set out in Paragraph 4 of this Circular.

(b) **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 Latest Practicable Date, the details of the Group's current GI Projects are set out below:

Details of the Group's current GI Projects as at the Latest Practicable Date

No.	GI Project	Status	Commencement of operations (for new built projects) or first recognition of results (for acquired projects)	Conditions to becoming operational	Type of service concession arrangement (SCA) ⁽⁴⁾	Service concession tenure	Exclusive right to supply in the coverage area
1	Changrun Project (Phase 1)	Operational	3Q FY2017	N/A	BOT	30 years	Yes
2	Quanjiao Project	Operational	4Q FY2017	N/A	BOT	30 years	Yes
3	Lianshui Project	Operational	4Q FY2017	N/A	BOT	Up to 30 years	Yes
4	Xinyuan Project	Operational	4Q FY2017	N/A	Nil	De facto long-term supplier ⁽¹⁾	Yes
5	Yongxing Plant	Operational	3Q FY2018	N/A	Nil	De facto long-term supplier ⁽¹⁾	Yes
6	Suyuan Plant	Operational	3Q FY2019	N/A	Nil	De facto long-term supplier ⁽¹⁾	Yes
7	Jining Project	Operational	1Q FY2018	N/A	BOT	30 years	Yes
8	Part of Xintai Zhengda (new plant) ⁽²⁾	Operational	4Q FY2020	N/A	BOT	30 years	Yes
9	Shantou Project (phase 1)	Operational	4Q FY2020	N/A	BOT	38.5 years	Yes
	Shantou Project (phase 2)	Under construction	Expected to complete construction in FY2021	Completion of construction and trial production stages	BOT	38.5 years	Yes
10	Tongshan Project (phase 1)	Under construction	Expected to complete construction in FY2021	Completion of construction and trial production stages	BOT	30 years	Yes
11	Shanxi Xinjiang Project (phase 1)	Under construction	Expected to complete construction in FY2022	Completion of construction and trial production stages	BOT	Under negotiation ⁽³⁾	Yes

Notes:

- (1) De facto exclusive suppliers in the coverage areas with government permits. Further, these plants comprise extensive steam pipeline network within cities, which also creates de facto exclusivity for the supply of steam in long term as no other steam pipelines would be permitted to be constructed in the same area by the government, which is common practice in China.
- (2) The old plant of Xintai Zhengda, acquisition of which, was complete in 3Q FY2018, will cease operation after the construction of the new plant is complete and commissioned. Part of Xintai Zhengda Project's new facility commenced commercial operations in 4Q FY2020 and part of the facility is under construction.
- (3) Entered into an investment agreement with the local government through which, Shanxi Xinjiang obtained exclusive right. The details are under negotiation.
- (4) Service concessions under Build-Operate-Transfer ("BOT") arrangements involve the Group constructing infrastructure in exchange for the right to operate the infrastructure and to charge for utilities generated at the infrastructure for finite periods in the future, based on consumption of utilities by end-users in future. The Group has entered into BOT arrangements in respect of construction and operation of centralised steam and electricity facilities with the local government authorities. Under the terms of the arrangement, upon expiry of the respective BOT arrangements, the infrastructure is transferrable to the local government if requested by the local government.

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. The key attractive features of the GI Business are summarised below:

(i) Generate Sizable Income and Cash Flow

Since the commencement of the Group's GI Business segment in end-2015, the Group has successfully procured and built a sizeable number of high-quality GI Projects, each project having an exclusive long-term concession of approximately 30 years. The GI Projects which are currently operational and/or have commenced trial operations as disclosed under Paragraph 3.2(b) of this Circular have generated an aggregate revenue of RMB1,335.2 million and EBITDA of RMB488.7 million as at FY2020 and, barring unforeseen circumstances, are expected to continue generating cash flows over the typical concession period of approximately 30 years.

The aggregate revenue and EBITDA of the Group's GI Business segment, and the year-on-year increase in the revenue and EBITDA of the GI Business segment, for FY2018, FY2019 and FY2020, are as follows:

	FY2018		FY2019		FY2020	
	(RMB 'million)	Growth (%)	(RMB 'million)	Growth (%)	(RMB 'million)	Growth (%)
Revenue	736.8	384.4	1,155.3	56.8	1,335.1	15.6
EBITDA	276.3	303.4	432.9	56.7	488.7	12.9

(ii) Highly Sought-After Assets with High Barriers to Entry for New Entrants

The Board believes that the GI Business is a resilient business model with enormous growth opportunities in China's anti-smog sector, which the Group is well-positioned to capitalise on. The PRC government has been increasingly focused on environmental policies and the anti-smog sector, targeting to eliminate decentralised high-emission pollutive boilers and focus on centralised steam and electricity solutions in industrial parks. The permits and concessions for centralised steam and electricity plants in industrial parks are highly sought after, given that the PRC government has been stringent in awarding such permits and concessions, and usually to companies with core competencies, experience and proven track records, such as the Group.

(iii) Long-Term Recurring Income and Cash Flows, with Diverse and Captive Industrial Customers

With the exclusive, long tenure concessions that typically last for approximately 30 years, coupled with diverse and captive end users in the industrial parks that spread across several provinces in the PRC, the Group's GI Projects are expected to generate recurring income and cash flows for the Group over a long period of time throughout the concessions. In addition, the environmental regulations in the PRC also stipulate requirements for industrial companies located in the industrial parks to use centralised steam and electricity facilities whose pollution discharges meet the national standard if available. Industrial companies which violate the environmental regulations usually face the risks of fines and/or severe consequences such as being forced to stop production.

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The end users of the Group's steam and electricity supply are industrial companies from diverse industries including but not limited to textile, printing & dyeing, food, chemical, metallurgy and paper making, primarily serving the domestic market in the PRC. For the GI Projects which the Group commits itself to, the industrial users are resilient in the face of economic downturns.

(c) **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 (1) regulatory mandated closure of "high-emission" pollutive boilers and the ensuing structural shift to "ultra-low emission" environmentally-friendly centralised steam and electricity facilities; (2) strict zoning policies that mandate the location and/or relocation of new factories into industrial parks with such centralised infrastructure; and (3) 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 green investment 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.

3.3. Independent Valuation of the M&S Group

Based on the Independent Valuation Report by the Independent Valuer, EY Corporate Advisors Pte. Ltd., that was commissioned by the Company dated 24 December 2020, the market value of the M&S Group as at 30 September 2020 is in the range of RMB1,726 million to RMB1,890 million (equivalent to approximately S\$356 million to S\$390 million based on the Exchange Rate). In conducting the Independent Valuation, the Independent Valuer adopted the income method as the primary approach coupled with the comparable companies method to cross check the value arrived at under the primary approach. In arriving at the market value of the M&S Group, the Independent Valuer had taken into consideration the M&S Business' plan, the existing and projected cash flow of the M&S Business, relevant risk factors and other factors affecting the value of the M&S Group, the M&S Business and the M&S Business Assets.

The Independent Valuation Summary Letter from the Independent Valuer is set out in **Appendix B** to this Circular.

Copies of the Independent Valuation Summary Letter and the Independent Valuation Report are also available for inspection² by the Shareholders at the registered office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. (formerly known as RHT Corporate Advisory Pte. Ltd.), at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712,

² Prior appointment is required in light of the COVID-19 situation.

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during normal business hours for a period of three (3) months from the date of this Circular.

3.4. The Proposed Disposal as a Major Transaction

Based on the Unaudited Group 9M2020 Results, the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006(a) to (e) of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(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 ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	57.7 ⁽²⁾
(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.	73.0 ⁽³⁾
	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on Fully Diluted Total Shares excluding treasury Shares.	50.0 ⁽⁴⁾
(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 ⁽⁵⁾
(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 ⁽⁶⁾

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 S\$464,719,849 (based on the exchange rate of SGD1.00:RMB4.9277 as at 30 December 2020) and the market capitalisation of the Company of approximately S\$636,654,334 as at the Last Trading Day. The Company's market capitalisation is determined by multiplying 789,306,142 issued Shares (excluding treasury Shares) by the weighted average price of S\$0.8066 per Share on the Last Trading Day.
- (4) Based on the Consideration of S\$464,719,849 (based on the exchange rate of SGD1.00:RMB4.9277 as at 30 December 2020) and the market capitalisation of the Company of approximately S\$929,625,166 as at 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.
- (5) Not applicable as the Proposed Disposal is not an acquisition.
- (6) Not applicable as the Company is not a mineral, oil and gas company.

Rule 1014 of the Listing Manual states, *inter alia*, that where any of the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual exceeds 20%, the transaction

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is classified as a "major transaction" and must be made conditional upon approval by the Shareholders in general meeting. 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" for the purpose of Chapter 10 of the Listing Manual and is subject to the approval of Shareholders at the SGM.

3.5. Service Contracts

As stated in Paragraph 2.6 of this Circular, Mr. Guo will be re-designated as a Non-Executive and Non-Independent Director of the Company in connection with the Proposed Disposal. Save as disclosed in this Circular, no person is proposed to be appointed as a Director of the Company in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

4. THE PROPOSED SPECIAL DIVIDEND AND THE BONDHOLDERS' SPECIAL DIVIDEND

- 4.1 In connection with the Proposed Disposal, the Company intends to distribute an aggregate amount of approximately RMB1,340,000,000 out of the Net Proceeds to the Shareholders and Bondholders, comprising (a) RMB923,546,827 to the Shareholders (the "**Proposed Special Dividend**"); and (b) RMB416,453,173 to the Bondholders in accordance with the Existing Terms (the "**Bondholders' Special Dividend**"). The above proportion of distribution is calculated based on the Fully Diluted Total Shares, which takes into account the total number of Issued Bonds as at the Latest Practicable Date on an as-converted basis ("**Convertible Shares**")³.

In respect of the Shareholders, the Proposed Special Dividend of RMB923,546,827 amounts to approximately RMB1.1627⁴ per Share (approximately S\$0.2398 per Share based on the Exchange Rate), which will be paid in two (2) tranches, comprising: (a) approximately RMB0.6794 per Share (the "**Tranche 1 Special Dividend**"); and (b) approximately RMB0.4833 per Share (the "**Tranche 2 Special Dividend**").

The Proposed Special Dividend, based on the Exchange Rate, represents 30.0% of the last traded price of S\$0.80 on 30 December 2020, being the Last Trading Day, and 29.7% of the VWAP of S\$0.8066 per Share for the one-month period prior to and including the Last Trading Day.

In respect of the Bondholders, the Bondholders' Special Dividend of RMB416,453,173 in aggregate will be paid to Bondholders in two (2) tranches in tandem with the Proposed Special Dividend and at the same amount per Share on an as-converted basis as at the Latest Practicable Date. Please refer to Paragraph 4.3 of this Circular for a breakdown of the Bondholders' Special Dividend and further details on the Bondholders' entitlement to the Bondholders' Special Dividend under the Existing Terms.

The distribution to Shareholders and Bondholders out of the Net Proceeds is also required for the purposes of the commencement of the "Effective Date" under the Amendment Agreement,

³ Assuming the total number of Issued Bonds as at the Latest Practicable Date (being an aggregate principal amount of US\$130 million) are fully converted into Shares, the Shareholders and the Bondholders would hold approximately 68.92% and 31.08% of the Fully Diluted Total Shares, being 1,152,523,142 Shares, respectively. Accordingly, the total distribution amount of RMB1,340,000,000 will be distributed to the Shareholders and the Bondholders proportionately, amounting to the Proposed Special Dividend of RMB923,546,827 and the Bondholders' Special Dividend of RMB416,453,173 payable to the Shareholders and the Bondholders, respectively.

⁴ 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.

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which states that the aggregate amount of the Proposed Special Dividend and the Bondholders' Special Dividend shall be no less than RMB1,340,000,000 in aggregate, with (a) not less than RMB783 million in aggregate to be paid to Shareholders and Bondholders as a tranche 1 payment; and (b) not less than RMB557 million in aggregate to be paid to Shareholders and Bondholders as a tranche 2 payment.

4.2 The Proposed Special Dividend is subject to the following conditions ("**Special Dividend Conditions**"):

- (a) the approval by the Shareholders of Ordinary Resolution 2 relating to the Proposed Special Dividend, which is inter-conditional on the passing of Ordinary Resolution 1 relating to the Proposed Disposal and the Transaction IPTs, Ordinary Resolution 3 relating to the Proposed Amendments to the Convertible Bond Purchase Agreements and Ordinary Resolution 4 relating to the adoption of the Proposed IPT Mandate;
- (b) in respect of the Tranche 1 Special Dividend, the receipt of the Tranche 1 Consideration by the Company; and
- (c) in respect of the Tranche 2 Special Dividend, the receipt of both the Tranche 1 Consideration and the Tranche 2 Consideration by the Company.

4.3 The Board proposes to declare such Proposed Special Dividend and make such payment of the Bondholders' Special Dividend in recognition of the support of the Shareholders and Bondholders and to enable them to enjoy the benefits from the Proposed Disposal.

The Board proposes to pay such Bondholders' Special Dividend of RMB416,453,173 in aggregate to the Bondholders in accordance with the Bondholders' entitlement under the Existing Terms. The Existing Terms were previously approved by the Shareholders at a special general meeting of the Company held on 6 September 2018.

Payment of the Bondholders' Special Dividend is required, as the Proposed Special Dividend constitutes an "Excess Cash Dividend", being cash dividend to Shareholders in any financial year, under the Existing Terms. Pursuant to the Existing Terms, if the Company pays any such Excess Cash Dividend in any financial year, the Company is required to simultaneously pay to the Bondholders an amount in accordance with the following under the Existing Terms:

Excess Cash Dividend Amount multiplied by number of Convertible Shares

For the purposes of the above, "*Excess Cash Dividend Amount*" refers to all cash dividend paid per Share in such financial year, minus relevant amount of interest accrued and will accrue on the outstanding Convertible Bonds in such financial year and such cash dividend (if any) already paid to the Bondholders in such financial year. Please refer Paragraph 4.1 and footnote 3 of this Circular for the description of the "*Convertible Shares*".

As described above, the Excess Cash Dividend Amount excludes the amount of interest that has accrued and will accrue on the then outstanding Convertible Bonds in the relevant financial year and any Excess Cash Dividend Amount in respect of which a payment has already been made to the Bondholders in such financial year. Accordingly, the amount of interest accrued on the then outstanding Convertible Bonds in the same financial year as the Excess Cash Dividend Amount payment (noting, for the avoidance of doubt, that such interest accrual period may not be a full financial year if the outstanding Convertible Bonds are converted or redeemed during that financial year in accordance with the Existing Terms) shall be taken into account in fulfilling

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the Bondholders' Special Dividend.

Accordingly, based on the formula above, the amount of the Bondholders' Special Dividend payable to the Bondholders shall be as follows:

	USD
Bondholders' Special Dividend	63,828,154 ⁽¹⁾
Less: Interest accrued and accruing on the outstanding Convertible Bonds in the current financial year (assuming no conversion or redemption) ⁽²⁾	(3,250,000)
Total Excess Cash Dividend Amount payable	60,578,154

Notes:

- (1) This is arrived at based on Bondholders' Special Dividend of RMB416,453,173. The US\$ amount is presented for illustrative purposes only based on the exchange rate of US\$1:RMB6.5246 published by Bloomberg L.P. as at the Latest Practicable Date.
- (2) Calculated based on the total Issued Bonds of US\$130 million as at the Latest Practicable Date and an interest rate of 2.5% per annum.

- 4.4 As the payment of the Tranche 1 Special Dividend and the Tranche 2 Special Dividend is each subject to the fulfilment of the applicable Special Dividend Conditions, including, *inter alia*, the receipt by the Company of the Tranche 1 Consideration and both the Tranche 1 Consideration and the Tranche 2 Consideration, respectively, the books closure date and actual payment date for each of the Tranche 1 Special Dividend and the Tranche 2 Special Dividend will be announced after the applicable Special Dividend Conditions for the Tranche 1 Special Dividend or the Tranche 2 Special Dividend (as the case may be) are met. As such, in order to be entitled to the Tranche 1 Special Dividend and the Tranche 2 Special Dividend, Shareholders are advised to continue to hold their Shares up to the relevant books closure dates. If Shareholders are in any doubt as to the action Shareholders should take, Shareholders should consult their stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

5. USE OF PROCEEDS

- 5.1 The net proceeds from the Proposed Disposal, after deducting the Transaction Expenses, is estimated to be approximately RMB2,021,000,000 ("**Net Proceeds**").
- 5.2 The Net Proceeds may be used in the following order of priority:
- (a) first, approximately 66.3% of the Net Proceeds may be utilised for declaring the Proposed Special Dividend to Shareholders and making a cash payment under the Existing Terms to the Bondholders of an aggregate amount of approximately RMB1,340,000,000;
 - (b) second, approximately 27.3% of the Net Proceeds may be utilised as capital for undertaking existing GI Projects and general working capital purposes of an amount of approximately RMB551,000,000; and
 - (c) third, in respect of EPC Contracts entered into between the GI Group and the M&S Group for which there are existing payables due from the GI Group to the M&S Group (the "**M&S Payables**"), the Company intends to use approximately 6.4% of the Net

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Proceeds to repay approximately RMB130,000,000 of such M&S Payables.

- 5.3 In respect of the Proposed Special Dividend, as mentioned in Paragraph 4 of this Circular, subject to the Special Dividend Conditions, the Company intends to declare the Proposed Special Dividend consisting of the Tranche 1 Special Dividend and the Tranche 2 Special Dividend, in recognition of the support of the Shareholders and Bondholders and to enable them to enjoy the benefits from the Proposed Disposal.
- 5.4 In respect of the Net Proceeds to be set aside as capital for undertaking the existing GI Projects and for general working capital purposes of the Group, approximately RMB45,000,000 of the Net Proceeds will be set aside for general working capital purposes of the Group, which will be used for the procurement of supply, maintenance expenses, staff and miscellaneous expenses.

The actual use of such Net Proceeds is dependent on when the Company is able to first satisfy the payment of the Tranche 2 Special Dividend.

- 5.5 The remaining Net Proceeds will be used to pay off approximately RMB130,000,000 of the M&S Payables in relation to inter-company transactions entered into by the Group in the past, where entities within the GI Group had contracted with entities with the M&S Group to enter into EPC Contracts to provide services to the GI Group mainly in relation to the construction of centralised heat and steam plants, for which payment was to be made by the GI Group to the M&S Group for services undertaken by the M&S Group thereunder. Such M&S Payables reflect the net inter-company payables due between the GI Group and the M&S Group. For the avoidance of doubt, the net receivables due from the M&S Group to the GI Group are nil as at the Latest Practicable Date.
- 5.6 The Board will announce the specific uses for the proceeds arising from the Proposed Disposal in greater detail at the appropriate juncture.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

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 of the Proposed Disposal on the NTA per Share and EPS of the Group have been prepared based on the Audited Group FY2019 Results and the Unaudited Group FY2020 Results and are on the following bases and assumptions as at 31 December 2019 and 31 December 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 that 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**");

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- (c) after taking into account the Transaction Expenses; and
- (d) based on an exchange rate of S\$1.00 to RMB4.904 as at 31 December 2019 and S\$1.00 to RMB4.9402 as at 31 December 2020 respectively.

6.1. NTA per Share

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 31 December 2020, assuming the Proposed Disposal was completed on 31 December 2020,

are as follows:

	As at 31 December 2019			As at 31 December 2020		
	Before the Proposed Disposal	After the Proposed Disposal (excluding effects of proposed distribution to Shareholders and Bondholders)	After the Proposed Disposal (including effects of proposed distribution to Shareholders and Bondholders)	Before the Proposed Disposal	After the Proposed Disposal (excluding effects of proposed distribution to Shareholders and Bondholders)	After the Proposed Disposal (including effects of proposed distribution to Shareholders and Bondholders)
Assuming the Non-Conversion Scenario:						
NTA ⁽¹⁾ (S\$'000)	128,463	341,294	68,047	118,476	289,297	18,053
NTA per Share (cents)	16.28	43.24	8.62	15.01	36.65	2.29
Assuming the Full Dilution Scenario:						
NTA ⁽²⁾ (S\$'000)	152,530	365,360	92,114	229,929	400,750	129,505
NTA per Share (cents)	13.23	31.70	7.99	19.95	25.10	11.24

Notes:

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

6.2. EPS

On the bases and assumptions set out above, the pro forma effect of the Proposed Disposal

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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 31 December 2020, assuming the Proposed Disposal was completed on 1 January 2020,

	As at 31 December 2019		As at 31 December 2020	
	Before the Proposed Disposal	After the Proposed Disposal	Before the Proposed Disposal	After the Proposed Disposal
Assuming the Non-Conversion Scenario:				
Profit after tax attributable to Shareholders ⁽¹⁾ (S\$'000)	28,149	139,181	(11,245)	58,478
Weighted average number of Shares ('000)	779,268	779,268	789,306	789,306
EPS (cents)	3.61	17.86	(1.42)	7.41
Assuming the Full Dilution Scenario:				
Profit after tax attributable to Shareholders ⁽²⁾ (S\$'000)	71,882	267,835	76,318	230,339
Weighted average number of Shares ('000)	1,141,361	1,141,361	1,151,411	1,151,411
EPS (cents)	6.30	23.47	6.63	20.00

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.

6.3. Gain on the Proposed Disposal

The gain on the Proposed Disposal (before the Proposed Special Dividend), based on the net profit attributable to the M&S Group as at 31 December 2019 and 31 December 2020, are as follows:

	As at 31 December 2019	As at 31 December 2020
Net Profit attributable to the M&S Group (S\$'000)	38,173	48,997
Consideration (S\$'000)	466,966	463,544
Less:		
Transaction Expenses (S\$'000)	(54,853)	(54,451)

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Disposal of M&S Group's NAV (S\$'000)	(216,160)	(255,071)
Gain on Disposal (S\$'000)	195,953	154,022

6.4. Excess of Gross Proceeds

The excess of the gross proceeds from the Proposed Disposal over the NTA and NAV attributable to the M&S Group as at 31 December 2019 and 31 December 2020, are as follows:

	As at 31 December 2019	As at 31 December 2020
Consideration (S\$'000)	466,966	463,544
NTA attributable to the M&S Group (S\$'000)	199,282	238,272
Excess of Gross Proceeds over NTA (S\$'000)	267,684	225,272
Excess of Gross Proceeds over NTA (%)	134%	95%
NAV attributable to the M&S Group (S\$'000)	216,160	255,071
Excess of Gross Proceeds over NAV (S\$'000)	250,806	208,473
Excess of Gross Proceeds over NAV (%)	116%	82%

7. THE PROPOSED DISPOSAL AND THE TRANSACTION IPTS AS INTERESTED PERSON TRANSACTIONS

7.1. Chapter 9 of the Listing Manual

Chapter 9 of the Listing Manual governs transactions by a listed company, as well as transactions by its subsidiaries and associated companies that are considered to be entities at risk, with the listed company's interested persons. Under Chapter 9 of the Listing Manual, where a listed company or any of its subsidiaries or any of its associated companies which is an entity at risk proposes to enter into transactions with the listed company's interested persons, the listed company is required to seek shareholders' approval if the value of the transaction (either in itself or aggregated with the value of other transactions with the same interested person) is equal to or exceeds 5.0% of the group's latest audited NTA. For the avoidance of doubt, the requirement for shareholders' approval does not apply to any transaction below S\$100,000.

For the purposes of Chapter 9 of the Listing Manual:

- (a) **"approved exchange"** means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual.
- (b) **"entity at risk"** means:
 - (i) the listed company;

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- (ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or
 - (iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.
- (c) **"interested person"** means:
- (i) a director, chief executive officer, or controlling shareholder of the listed company; or
 - (ii) an Associate of any such director, chief executive officer, or controlling shareholder.
- The SGX-ST may deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into: (A) a transaction with an entity at risk; and (B) an agreement or arrangement with an interested person in connection with that transaction.
- (d) **"interested person transaction"** means a transaction between an entity at risk and an interested person.
- (e) a **"transaction"** includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of goods or services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

7.2. Interested Person Transactions under Chapter 9 of the Listing Manual

Mr. Guo is the Executive Chairman of the Company as well as a controlling shareholder of the Company holding approximately 19.34% interest (direct and indirect) in the Company as at the Latest Practicable Date. Mr. Ma is an Executive Director of the Company as well as a controlling shareholder of the Company holding approximately 17.31% interest (direct and indirect) in the Company as at the Latest Practicable Date.⁵ 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 the Executive Chairman and Executive Director of the Company, respectively) have an interest in approximately 14.9% each and 29.8% in aggregate of the total equity interest of the Purchaser. In view of the participation of both Mr. Guo and Mr. Ma in the Purchaser (both being interested persons as defined under Chapter 9 of the Listing Manual), 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, has deemed the Purchaser to be an interested person as defined under Chapter 9 of the Listing Manual.

⁵ The percentage is calculated based on a total number of 794,335,142 Shares (excluding treasury Shares) of the Company in issue and assuming that all share options granted under the ESOS (including the 2,529,000 share options which have not been exercised and issued) have been fully exercised and issued as at the Latest Practicable Date.

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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.

The Company and Sunpower International, being a wholly-owned subsidiary of the Company that is not listed on the SGX-ST or an approved exchange, are each an entity at risk as defined under Chapter 9 of the Listing Manual. Accordingly, the Proposed Disposal and the Transaction IPTs constitute deemed interested person transactions for the purpose of Chapter 9 of the Listing Manual.

7.3. Materiality Thresholds under Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, where an entity at risk proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of the Group's latest audited NTA, Shareholders' approval is required in respect of the transaction. For the avoidance of doubt, the requirement for shareholders' approval does not apply to any transaction below S\$100,000.

Based on the Audited Group FY2019 Results, the consolidated NTA⁶ of the Group was negative RMB1,243,891,000 (approximately S\$253,648,000). As it would neither be meaningful nor appropriate to compute the thresholds in respect of the Company's interested person transactions on the basis of the Group's negative NTA, the Company had applied to the SGX-ST to seek its approval to use the Company's market capitalisation instead of the Group's latest audited consolidated NTA as the basis for computing the materiality thresholds under Rules 905 and 906 of the Listing Manual.

The SGX-ST had on 27 December 2019 informed the Company that it has no objections to the Company's use of the market capitalisation as at 31 December 2019 instead of its latest audited NTA, as the basis for computing the materiality thresholds under Rules 905 and 906 of the Listing Manual, until such time as its audited NTA turns positive.

7.4. Requirement for Shareholders' Approval

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\$706,496,686⁷ as at 31 December 2019.

As no consideration was paid by our 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 our 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 5.0% of

⁶ NTA here means net assets excluding intangible assets, goodwill and land use rights (both short-term and long-term).

⁷ 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.

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the Company's market capitalisation as at 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.

7.5. Total Value of the 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 Latest Practicable Date (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 Latest Practicable Date (excluding transactions which are less than S\$100,000).

8. THE PROPOSED AMENDMENTS TO THE CONVERTIBLE BOND PURCHASE AGREEMENTS

8.1. The Convertible Bond Purchase Agreements

The Company has entered into the following Convertible Bond Purchase 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.
- (b) 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.
- (c) 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 Latest Practicable Date.

8.2. Rationale for the Proposed Amendments to the Convertible Bond Purchase Agreements

Pursuant to the Convertible Bond Purchase Agreements, Condition 6(F)(i) of the Existing Terms states that the Company shall not, unless and until the Bondholders' Convertible Bonds Investments have fallen below 5% of the Bondholders' Original Convertible Bonds Investments,

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inter alia:

- (a) undertake any disposal of any material assets or businesses except as contemplated in the current business plan of the Company;
- (b) change its business scope or expand into non-core business areas;
- (c) take any voluntary corporate action with respect to which the SGX-ST listing rules would require the Company to obtain shareholder approval; or
- (d) 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 Majority Bondholders. Further, pursuant to a deed of undertaking executed by each of Mr. Guo and Mr. Ma in favour of the Bondholders in connection with the entry into the Convertible Bond Purchase Agreements, each of Mr. Guo and Mr. Ma has, *inter alia*, undertaken not to voluntarily resign from his current role as Executive Chairman or Executive Director of the Company, respectively, unless and until the Bondholders' Convertible Bonds Investments have fallen below 5% of the Bondholders' Original Convertible Bonds Investments.

As at the Latest Practicable Date, the total amount of the Bondholders' Original Convertible Bonds Investments, being (a) the Tranche 1 Convertible Bonds that have been issued to CDH pursuant to the Tranche 1 Convertible Bond Purchase Agreement; and (b) the Tranche 2 Convertible Bonds that have been issued to the Bondholders pursuant to the Tranche 2 Convertible Bond Purchase Agreement, is US\$130 million.

As the Proposed Disposal would constitute a disposal of a material business of the Company, which changes its business scope, 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 2.6 of this Circular, the Company has sought to obtain the consent of the Bondholders for the same. Further to discussions with the Bondholders, the Company and the Bondholders have agreed to provide their consent to the above matters which would be conditional upon (a) certain amendments to the Existing Terms being made as a result of the Proposed Disposal by way of the Amendment Agreement, terms of which are summarised in Paragraph 8.3 to this Circular, and the Company not being in breach of the Amendment Agreement; and (b) the SPA not having expired or terminated or becoming invalid (whichever is earliest).

It is envisaged that the Effective Date of the Amendment Agreement and the Proposed Amendments will be the later date of (a) Shareholders' approval of the Proposed Disposal and the Proposed Special Dividend, which shall be no less than the amounts specified under the Amendment Agreement; and (b) the receipt by the Bondholders of the tranche 1 payment of the Bondholders' Special Dividend. In respect of limb (a), the Amendment Agreement provides that the aggregate amount distributed to Shareholders and Bondholders shall be no less than RMB1,340,000,000 in aggregate, with (i) not less than RMB783 million in aggregate to be paid to Shareholders and Bondholders as a tranche 1 payment; and (ii) not less than RMB557 million in aggregate to be paid to Shareholders and Bondholders as a tranche 2 payment.

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8.3. The Proposed Amendments to the Convertible Bond Purchase Agreements

In general, the Proposed Amendments 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.

In particular, the following key amendments are proposed in respect of the Existing Terms, which are proposed to be made in light of the Proposed Disposal:

- (a) the performance target under the Existing Terms in respect of FY2021 will be replaced with a new performance target in respect of FY2022. The original FY2021 performance target was intended for both the M&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. It is arrived at after considering the target performance of the GI Projects which will be operational in FY2022 and the historical actual operational and financial performance of the already operational GI Projects.

FY2022 is construed as a more appropriate year to measure management operating performance as the Company will have its 11 existing GI Projects operational in FY2022 as opposed to only eight (8) operational projects and two (2) partially operational projects in FY2021 as disclosed under Paragraph 3.2(b) of this Circular. The amended performance target is a commercial term based on the negotiations between the Company and the Bondholders, which has been reviewed and approved by the Board.

In line with the adjustment of the performance target from RMB460 million for FY2021 to RMB325 million for FY2022, corresponding adjustments will also be made to the floor to the performance shortfall adjustment mechanisms from RMB154 million to RMB108 million, such that the floor remains at one-third of the adjusted performance target of RMB325 million, consistent with the proportion of the adjustment floor to the performance target under the Existing Terms;

- (b) the definition of "Adjusted PATMI" as used to define the performance targets under the Existing Terms will be revised. Please refer to **Appendix F** to this Circular for such revised definition of "Adjusted PATMI" under the Amended Terms;
- (c) to align with the foregoing amendments relating to performance targets and "Adjusted PATMI" as used under the Convertible Bond Purchase Agreements, the maturity date of the Convertible Bonds will accordingly be extended from 3 March 2022 to 3 March 2023;
- (d) the revised performance targets will be further increased proportionately with any additional Convertible Bonds issued. This is to clarify the adjustments to be made to the performance targets in the event that there is additional drawdown on the Convertible Bonds, which were absent under the Existing Terms;
- (e) 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 Pre-Exit Proceeds in relation to its Bondholder's Securities (including for the avoidance of doubt the applicable portions of cash coupons and/or interests received thus far and the cash payment in tandem with the Proposed Special Dividend) pursuant to the terms of the Convertible Bond Purchase Agreements in excess of the higher of

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the Trigger Threshold and the Adjustment Target A (the "**Adjustment Waiver**").

This amendment seeks to ensure that, in the event a Bondholder is able to receive returns in excess of certain pre-agreed thresholds prior to Final Exit due to, for example, a high sale price achieved in respect of its Bondholder's Securities under favourable market conditions, the Bondholder will forego any further returns they may achieve by way of the performance shortfall adjustments.

The Trigger Threshold and the Adjustment Target A are the minimum thresholds for excess return sharing to occur under the Existing Terms. As such, if the Bondholders are able to achieve returns meeting such thresholds as already contemplated under the Existing Terms, they would waive further performance shortfall adjustments. This is beneficial to the Company, as the Company no longer needs to meet the relevant performance targets once such Adjustment Waiver occurs;

- (f) 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 of the Proposed Disposal. 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% total IRR 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;
- (g) **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 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 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.

As a preliminary point, the excess return mechanism entails the Bondholders to effectively share their own returns arising from the Convertible Bonds held by them. As such, the utilisation of such returns would logically lie with the Bondholders. In this case, the Bondholders have decided to share such excess returns solely with the Company's management so as to motivate and to give clear recognition to management's contribution. Through the deliverables achieved by management, Shareholders will stand to benefit from the value created by management. The thresholds for the Excess Return Sharing were arrived at after the Bondholders considered their own returns as balanced against the sufficiency of the Excess Return Sharing threshold in order to motivate and to give clear recognition to the contribution of the Company's management.

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It should be noted that the relevant thresholds for Excess Return Sharing set out here are not being amended and remain the same as those under the Existing Terms, which have been previously approved by the Shareholders at a special general meeting of the Company held on 6 September 2018. It should also be noted that such amendment was part of the Proposed Amendments effected in connection with the Proposed Disposal and as such should not be viewed in isolation from the rest of the Proposed Amendments as part of an overall commercial agreement;

- (h) 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 to align with the re-designation of Mr. Guo and Mr. Ma in connection with the Proposed Disposal; and
- (i) 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.

With the onset of COVID-19 and its impact on the global economy in 2020, the Company and the Bondholders became more alive to instances whereby the Company's performance may be affected by factors beyond its control. As a result, the Company and the Bondholders wish to expressly provide for force majeure events under the Amended Terms.

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 as of the date of the Tranche 2 Convertible Bond Purchase Agreement after taking into account the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds that are outstanding 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 Latest Practicable Date, US\$130 million in principal amount) as opposed to the aggregate amount of the Convertible Bonds (being US\$180 million) with the difference of US\$50 million representing such amount of Convertible Bonds which remains unissued and has not been drawn down by the Company as at the Latest Practicable Date. 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. Please refer to **Appendix G** to this Circular for an illustration of the Company's fully-diluted shareholding structure based on the foregoing.

For the avoidance of doubt, the Proposed Amendments, if approved by Shareholders, are not intended to vitiate Shareholders' previous approval of the issue of the US\$50 million Tranche 2 Convertible Bonds, which remain unissued as at the Latest Practicable Date, pursuant to the Special General Meeting of the Company held on 6 September 2018. In the event the Proposed Amendments are approved by the Shareholders at the SGM, the Company shall be authorised to issue such Tranche 2 Convertible Bonds in accordance with the Tranche 2 Convertible Bond Purchase Agreements as amended by the Proposed Amendments. However, in the event the

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Proposed Amendments are not approved by the Shareholders at the SGM, the Company shall remain authorised to issue such Tranche 2 Convertible Bonds in accordance with the Existing Terms of the Tranche 2 Convertible Bond Purchase Agreements.

For more details relating to the Proposed Amendments, please refer to **Appendix E** to this Circular for a summary of key proposed amendments to the Existing Terms, the rationale behind the proposed changes and the financial impact on the Company, if any, as well as **Appendix H** to this Circular for a revised illustration of performance shortfall adjustments under the Amended Terms, **Appendix I** to this Circular for a revised illustration of Excess Performance Adjustment Sharing under the Amended Terms, and **Appendices J** and **K** to this Circular for revised illustrations of Excess Return Sharing under the Amended Terms.

8.4. Mechanism to Effect the Proposed Amendments under the Existing Terms

Pursuant to Condition 11 of the Existing Terms, the Majority Bondholders may, by written consent, waive or approve the amendment of any condition, make any determination or give any other consent or approval on behalf of all the Bondholders.

As the Proposed Amendments are a pre-condition to the Bondholders' approval of the Proposed Disposal and thus form part of the terms of the Proposed Disposal, the Company intends to seek the approval of Shareholders for the Proposed Amendments at the SGM to be held on 16 April 2021 at 9.00 a.m., the notice of which is attached to this Circular. It is contemplated that once the Proposed Transactions are approved by the Shareholders, in line with the provisions relating to the Effective Date of the Amendment Agreement and the Proposed Amendments as stated under Paragraph 8.2 above, the Amendment Agreement and the Proposed Amendments will take effect pending the receipt by the Bondholders of the tranche 1 payment of the Bondholders' Special Dividend.

9. THE PROPOSED IPT MANDATE

9.1. Introduction

Chapter 9 of the Listing Manual allows a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

Following the Tranche 1 Completion Date, the EAR Group intends to continue to enter into recurring transactions with the Mandated Interested Persons arising out of the ordinary course of business of the EAR Group, further details of which are set out in Paragraph 9.4 of this Circular. As disclosed in Paragraph 7.2 of this Circular, the Mandated Interested Persons will be deemed to be interested persons of the EAR Group following the Tranche 1 Completion Date and accordingly, transactions between the Mandated Interested Persons and the EAR Group will constitute deemed interested person transactions under Chapter 9 of the Listing Manual.

In view of the time-sensitive and recurrent nature of commercial transactions, it would be advantageous for the Company to obtain the Proposed IPT Mandate from its Shareholders to enter into the Mandated Transactions with the Mandated Interested Persons in the EAR Group's ordinary course of business, which are necessary for the day-to-day operations of the EAR Group.

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Accordingly, the Board is seeking a the Proposed IPT Mandate, which is a general mandate from the Shareholders pursuant to Chapter 9 of the Listing Manual to enable the EAR Group, following the Tranche 1 Completion Date, to enter into the Mandated Transactions with the Mandated Interested Persons in the ordinary course of business, provided that all such transactions are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

The Proposed IPT Mandate will take effect from the passing of the ordinary resolution relating thereto, and will continue in force until the conclusion of the next annual general meeting of the Company (unless sooner revoked or varied by the Company in general meeting). Approval from Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next annual general meeting (or extraordinary general meeting following such annual general meeting) and each subsequent annual general meeting (or extraordinary general meeting following such annual general meeting) of the Company, subject to satisfactory review by the Audit Committee of the Company of its continued application to the Mandated Transactions.

9.2. Entities at Risk

For the purposes of the Proposed IPT Mandate, an "Entity at Risk" means:

- (a) the Company;
- (b) a subsidiary of the Company (excluding subsidiaries listed on the SGX-ST or an approved exchange); or
- (c) an Associated Company of the Company (other than an Associated Company that is listed on the SGX-ST or an approved exchange) over which the Group, or the Group and our interested person(s), has or have control,

(collectively, the "EAR Group").

9.3. Classes of Mandated Interested Persons

The Proposed IPT Mandate will apply to transactions that are proposed to be carried out between any Entity at Risk and the following entities:

- (a) Jiangsu Sunpower Pipeline Engineering Technology Co., Ltd. (江苏中圣管道工程技术有限公司);
- (b) Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. (江苏中圣压力容器装备制造有限公司);
- (c) Jiangsu Sunpower Technology Co., Ltd. (江苏中圣高科技产业有限公司);
- (d) Shandong Yangguang Engineering Design Institute Co., Ltd. (山东省阳光工程设计院有限公司);
- (e) Nanjing Shengnuo Heat Pipe Co., Ltd (南京圣诺热管有限公司); and
- (f) Jiangsu Sunpower Combustion Technology Co., Ltd. (江苏中圣燃烧技术有限公司),

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(the "**Mandated Interested Persons**", and each entity, a "**Mandated Interested Person**", all deemed to be "interested persons" as defined in the Listing Manual).

The Mandated Interested Persons are entities within the M&S Group. As stated in Paragraph 7.2 of this Circular, 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 deemed each of the entities within the divested M&S Group to be interested persons as defined under Chapter 9 of the Listing Manual. Accordingly, following the Tranche 1 Completion Date, transactions between the Mandated Interested Persons and the Group will be deemed interested person transactions under Chapter 9 of the Listing Manual.

Transactions between the Mandated Interested Persons and the Group which do not fall within the ambit of the Proposed IPT Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual. In particular, if such transactions are of an aggregate value equal to or more than 5.0% of the Group's latest audited NTA (or the Company's market capitalisation as at the previous financial year end, until such time as the Group's audited NTA turns positive), future transactions of such a nature will be subject to Shareholders' approval before they can be entered into.

Transactions with other interested persons will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or applicable provisions of the Listing Manual and/or any applicable law.

9.4. Categories of Mandated Transactions

The Company envisages that in the ordinary course of its business, the Group is likely to enter into the following transactions with the Mandated Interested Persons from time to time:

- (a) the provision of equipment and EPC Contracts by the Mandated Interested Persons in respect of high-end environmental products and EPC solutions under the M&S Business.

Such EPC Contracts relate to the provision of products and EPC services in order to construct the infrastructure of the GI Group's facilities, including the procurement of facilities, construction of factories and the engineering and procurement and installation of equipment such as boilers and electricity generators. The EPC Contracts under this category are generally of a larger scale and with a contract value of above RMB100 million;

- (b) the provision of equipment and Utility Facilities EPC Contracts by Mandated Interested Persons.

The Utility Facilities EPC Contracts refers to the provision of products such as pipeline or other smaller-scale equipment, and the provision of EPC services relating to the installation, reforming and/or upgrading of such pipelines or other equipment for the GI Group's facilities. The Utility Facilities EPC Contracts under this category are generally of a smaller scale and therefore have relatively smaller transaction values ranging from hundreds of thousands to tens of millions in RMB. They will be subject to the Framework Agreements; and

- (c) the lease of office buildings and/or facilities from Mandated Interested Persons,

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(collectively, the "**Mandated Transactions**").

The Proposed IPT Mandate covers only such recurrent Mandated Transactions of a revenue or trading nature or those necessary for the Group's day-to-day operations, which are entered into in the ordinary course of business. For the avoidance of doubt, any sale or purchase of any assets, undertakings or businesses are not within the scope of the Proposed IPT Mandate.

Transactions conducted under the Proposed IPT Mandate are not subject to Rules 905 and 906 of Chapter 9 of the Listing Manual pertaining to threshold and aggregation requirements.

9.5. Rationale for and Benefits of the Proposed IPT Mandate

The Proposed IPT Mandate and its subsequent renewal on an annual basis would eliminate the need to announce, or to announce and convene separate general meetings from time to time to seek Shareholders' prior approval as and when potential Mandated Transactions with Mandated Interested Persons arise, thereby saving substantial administrative time and costs expended in convening such meetings, without compromising the corporate objectives of the EAR Group and adversely affecting the business opportunities available to the EAR Group.

The Proposed IPT Mandate is intended to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders. The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non-Mandated Interested Persons.

In accordance with the requirements of Chapter 9 of the Listing Manual, the Company will (a) disclose in its annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the Proposed IPT Mandate during the financial year (as well as in the annual reports for subsequent financial years that the Proposed IPT Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the Proposed IPT Mandate for the financial periods that the Company reports on pursuant to Rule 705 of the Listing Manual within the time required for the announcement of such report.

9.6. Guidelines and Review Procedures under the Proposed IPT Mandate

To ensure that Mandated Transactions with Mandated Interested Persons are undertaken at (a) arm's length and on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties; or (b) in any event on terms no less favourable to the Group than prevailing open market rates, and will not be prejudicial to the interests of the Group and its minority Shareholders, the Group will adopt the following procedures for the review and approval of Mandated Transactions under the Proposed IPT Mandate:

- (a) The following procedures will be adopted in relation to the entry into EPC Contracts with Mandated Interested Persons:
 - (i) The entry into EPC Contracts for the construction of the GI facilities will be determined by way of a tender process, whereby the Company will obtain quotations from no less than three (3) bidders, with at least two (2) unrelated

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third party bidders. In general, the Group will only enter into contracts for the purchase of products or the provisions of services under the EPC Contracts from the Mandated Interested Persons if the Chief Financial Officer of the GI Group and the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司), an entity within the GI Group (who must each have no interest, direct or indirect in the transaction) are satisfied that the rates or prices from the Mandated Interested Persons are not higher than the most competitive quote provided by other third party bidders for manufacturing and services products of similar specifications or for comparable services, after obtaining competing quotes from at least two (2) unrelated third party bidders, and taking into account factors such as the technologies and technical specifications, scope of services and track record, warranty period, experience and expertise and any other relevant factors.

- (ii) In the event that such competing quotes from unrelated third party bidders cannot be obtained through the tender process (for instance, if there are no unrelated third party suppliers of similar products or services, or if the product is a proprietary item), the Group will obtain two (2) recent contracts (wherever possible or available) entered into between the Mandated Interested Persons and the unrelated third party customers of such Mandated Interested Persons for the same or substantially similar products and/or services, prior to the entry into of the contract or transaction with the Mandated Interested Persons, as a basis for comparison to determine whether the prices and terms offered by the Mandated Interested Persons are fair and reasonable, and comparable to those offered by the Mandated Interested Person to their unrelated third party customers. The Chief Financial Officer of the GI Group and the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司) (who must each have no interest, direct or indirect in the transaction) will determine whether the prices and terms offered by the relevant Mandated Interested Persons are fair and reasonable and in accordance with the Group's usual business practices and pricing policies or industry norms, and taking into account factors such as the technologies and technical specifications, scope of services and track record, warranty period, experience and expertise, historical rates or prices paid by the Group for such products and/or services, credit terms and any other relevant factors.
 - (iii) Upon satisfactory review by the Chief Financial Officer of the GI Group and the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司), the entry into such EPC Contracts will be subject to prior approval by the Independent Committee, which will be made up of the Audit Committee from time to time (being as at the Latest Practicable Date, Mr. Chin Sek Peng, Mr. Lau Ping Sum Pearce and Mr. Yang Zheng) and Mr. Wang Dao Fu, an Independent Director of the Company, who must each not have any interest, direct or indirect, in the transaction.
- (b) The following procedures will be adopted in relation to the provision of Utility Facilities EPC Contracts by Mandated Interested Persons, which are generally contracts of a relatively smaller transaction value:
- (i) Each Utility Facilities EPC Contracts will be subject to a Framework Agreement. Each Framework Agreement (regardless of value) shall be subject

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to review by the Chief Financial Officer of the GI Group and the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司), jointly (who must each not have any interest, direct or indirect, in the transaction). Each Framework Agreement shall specify (1) the prescribed standards for the construction works to be carried out and the review and acceptance thereof; (2) the basis of computation of the construction costs, including the pricing of raw materials and construction works; and (3) the pricing mechanism, which shall be within the range indicated in the benchmark analysis report, as further elaborated below.

- (ii) A benchmark analysis report will be issued by an independent professional firm and attached as part of the review and approval of the Utility Facilities EPC Contracts. The benchmark analysis report will be updated annually and will state the gross margin guidance for the entry into such interested person transactions, taking into account factors such as industry norms, specifications, prevailing market prices for equipment and/or services of similar specifications and any other relevant factors. The independent professional firm will be a reputable firm with the necessary experience, track record and professional certifications and qualifications to undertake the benchmark analysis report, to be determined by the Independent Committee.

In general, the Group will only enter into such Utility Facilities EPC Contracts with Mandated Interested Persons if the relevant persons reviewing the transaction as set out in Paragraphs 9.6(b)(iii) and 9.6(b)(iv) below (who must each have no interest, direct or indirect in the transaction) have reviewed and are satisfied that the price and rate of such Utility Facilities EPC Contract is not higher than the gross margin guidance stated in the benchmark analysis report.

- (iii) Under the Framework Agreement, each individual Utility Facilities EPC Contract with a value below RMB10 million shall be subject to review by the Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司), who must not have any interest, direct or indirect, in the transaction. Upon satisfactory review by the Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司) in accordance with the procedures set out above, the entry into such Mandated Transactions will be subject to prior approval by the Chief Financial Officer of the GI Group and the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司), jointly, who must each not have any interest, direct or indirect, in the transaction.
- (iv) Each individual Utility Facilities EPC Contract with a value equal to or exceeding RMB10 million shall be subject to review by (1) the Chief Financial Officer of the GI Group and (2) the General Manager or the Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司), jointly, who must each not have any interest, direct or indirect, in the transaction. Upon satisfactory review by the relevant persons in accordance with the procedures above, the entry into such Mandated Transactions will be subject to prior approval by the Independent Committee, who must each not have any interest, direct or indirect, in the transaction.

- (c) The following procedures will be adopted in relation to the lease of office buildings

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and/or facilities from Mandated Interested Persons:

- (i) The rent payable by the Group to the Mandated Interested Persons shall be at an annual rent being no higher than the then prevailing market rental as supported by an independent report issued by an independent firm with the relevant track record or experience, not more than two (2) months prior to the lease and/or the renewal of the lease, with such cost of report to be borne by the Group.
 - (ii) Each lease shall be subject to review by (1) the Chief Financial Officer of the GI Group and (2) the Head of Internal Control of the GI Group, jointly, who must each not have any interest, direct or indirect, in the transaction. Upon satisfactory review by the relevant persons in accordance with the procedures above, the entry into such Mandated Transactions will be subject to prior approval by the Independent Committee, who must each not have any interest, direct or indirect, in the transaction.
 - (iii) In general, the Group will only enter into the leases if the relevant persons reviewing the transaction as set out in Paragraphs 9.6(c)(ii) above (who must each have no interest, direct or indirect in the transaction) are satisfied that the rent payable is in line with or better than prevailing market rental rates for comparable properties, taking into account factors such as the geographical location, facilities and any other relevant factors that may affect rental rates or terms of the lease.
- (d) In the event that a member of the Independent Committee has an interest in a Mandated Transaction, or is a nominee for the time being of the Mandated Interested Person, or if he also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Independent Committee in relation to a transaction with that Mandated Interested Person, or if any associate (as defined in the Listing Manual) of a member of the Independent Committee is involved in the decision making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Independent Committee in relation to that transaction.
- (e) In the event that Chief Financial Officer, the General Manager and/or the Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司) and/or the Head of Internal Control of the GI Group has an interest in a Mandated Transaction, or is a nominee for the time being of the Mandated Interested Person, such person shall abstain from participating in the review and approval process in relation to that transaction and the Company shall, subject to the approval of the Independent Committee, recommend another officer of the Group of an equivalent rank (who must not have any interest, direct or indirect, in the transaction) to review and/or approve the Mandated Transaction (as the case may be).

Any transaction to be entered into under the Proposed IPT Mandate shall only be approved by the above approving authority if the transactions are carried out at arm's length and on normal commercial terms, in accordance with the guidelines and review procedures outlined in this section, and the basis on which the transactions are entered into are properly documented in the IPT Register (as defined below), accompanied with supporting documents.

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9.7. Additional Guidelines and Review Procedures

In addition to the guidelines and review procedures set out above, the Group will implement the following additional guidelines and review procedures to ensure that the Mandated Transactions carried out under the Proposed IPT Mandate are undertaken at arm's length basis and on normal commercial terms:

- (a) A register will be maintained to record the list of interested persons and their associates (which is to be updated immediately if there are any changes) to enable identification of interested persons. The list of interested persons shall be reviewed on a quarterly basis by the Chief Financial Officer and subject to such verifications or declarations as required by the Independent Committee for such period as determined by them. This list of interested persons shall be disseminated to any staff of the Group that the Group's finance team considers relevant for the purposes of entering into transactions that fall under the Proposed IPT Mandate.
- (b) A register will be maintained to record all interested person transactions (including the Mandated Transactions) carried out with interested persons (including the Mandated Interested Persons) (including the bases on which the interested person transactions are entered into, amount and nature) (the "**IPT Register**") by the Group's finance team, which shall be reviewed by the Chief Financial Officer on a monthly basis.
- (c) The Independent Committee shall review all Mandated Transactions at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Independent Committee. The Independent Committee shall, when it deems fit, request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers, and/or require the appointment of an independent professional firm (the appointment of which shall be approved by the Independent Committee) to provide additional review of the internal control procedures and review procedures and their implementation pertaining to interested person transactions (including the Mandated Transactions) under review and to report to the Independent Committee on quarterly basis.
- (d) The Independent Committee will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Group and the interested persons are conducted at arm's length and on normal commercial terms. If during any of the reviews by the Independent Committee, the Independent Committee is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, it will, in consultation with the Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that

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Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. In the absence of a fresh mandate, any interested person transaction will be entered into in accordance with the requirements under Chapter 9 of the Listing Manual (including the requirements under Rule 905 and Rule 906 of the Listing Manual). In addition, during such interim period, the Independent Committee will continue to review every Mandated Transaction pending the grant of the fresh mandate, to provide an additional safeguard so as to ensure that such interested person transactions will be in accordance with the requirements of the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual (as from time to time amended), and will be undertaken at arm's length basis and on normal commercial terms.

- (e) The Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual (in particular, Chapter 9 thereof) and relevant accounting standards, are complied with. The Company will also endeavour to comply with the recommendations set out in the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (as amended, modified or supplemented from time to time).
- (f) The Group will incorporate a review of interested person transactions in its annual internal audit plan. The internal auditors will review the interested person transactions on an annual basis to ensure that, amongst other things, the relevant approvals have been obtained and the guidelines and review procedures for the Mandated Transactions have been adhered to. The internal auditors will report their findings to the Independent Committee.

9.8. Review of Non-Mandated Interested Person Transactions and Review by the Audit Committee

All other existing and future interested person transactions not subject to the Proposed IPT Mandate will be reviewed and approved in accordance with the threshold limits as set out under Chapter 9 of the Listing Manual, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. In the event that such interested person transactions require the approval of the Board and the Audit Committee, the relevant information will be submitted to the Board and the Audit Committee for review. In the event that such interested person transactions require the approval of the Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

The Audit Committee will also review all interested person transactions from time to time and at least on a half-yearly basis to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with.

9.9. Backgrounds and Qualifications of Independent Committee Members

As at the Latest Practicable Date, the background and qualifications of the members of the Independent Committee are as follows:

- (a) Mr. Yang Zheng – Lead Independent Director: Mr. Yang is a PRC Certified Public Accountant (CPA), a senior member of the Chinese Institute of Certified Public Accountants (CICPA), director of the Accounting Society of China (ASC), a member of

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the National Audit Information and Standardisation Technical Committee and President of Shenzhen Rihao Financial Intelligence Research Institute.

Mr. Yang has been an accounting teacher at Nanjing Audit University since 1987 and was the Dean of the School of Accounting at Nanjing Audit University. He was a part-time Professor at Curtin University of Australia and served as Vice-President of Xi'an Eurasia University from 2014 to 2018.

Mr. Yang has also served as an independent director in a number of companies and is currently an independent director of the following listed companies: Jiangsu Kanion Pharmaceutical Co., Ltd., Luenmei Quantum Co., Ltd., and Kingswood Enterprise Co., Ltd..

Mr. Yang graduated with a Bachelor's degree in Economics from Anhui University in 1982. He studied as a visiting scholar in the field of auditing in Nanjing University from 1994 to 1995;

- (b) Mr. Chin Sek Peng – Independent Director: Mr. Chin is the co-founding Director of PKF-CAP Advisory Partners Pte Ltd.. He is also the Managing Partner responsible for running, managing and growing the professional services of PKF Singapore entities including PKF-CAP LLP, a firm of chartered accountants in Singapore.

Mr. Chin started his accountancy and audit training in Casson Beckman, a medium sized firm of chartered accountants in London in 1980. After he qualified as a chartered accountant in 1983, he joined legacy Price Waterhouse and worked in UK, Europe and Singapore from 1983 to 1994. In 1994, Mr. Chin joined the Institute of Singapore Chartered Accountants ("**ISCA**") as the first Practice Review Director. In 1999, Mr. Chin joined Arthur Andersen as a partner in its Assurance and Business Advisory Division and he left the firm in 2002 to set up his own audit and consultancy practices.

Mr. Chin holds a Bachelor of Arts (Honours) degree in Accounting and Finance from Lancaster University in the United Kingdom and is a Fellow Chartered Accountant (practicing) of Singapore and a Fellow Member of the Institute of Chartered Accountants in England and Wales. He is also a member of the Institute of Internal Auditors of Singapore and an ordinary member of the Singapore Institute of Directors.

Mr. Chin also serves as Independent Director, mainly in the capacity of Audit Committee Chairman, to three (3) other companies listed on the SGX-ST, being Cortina Holdings Limited, Amcorp Global Limited and Sitra Holdings (International) Limited. He is a member of the PKF International Asia Pacific Board and was formerly a council member of ISCA and the Chairman of the Public Accounting Practice Committee of ISCA. He continues to serve as Senior QA Advisor for the Quality Assurance Review Programme of ISCA;

- (c) Mr. Lau Ping Sum Pearce – Independent Director: Mr. Lau was a Member of Parliament for Yio Chu Kang Constituency from 1980 to 1991 and a Member of Parliament for Ang Mo Kio Group Representation Constituency from 1991 to 1996. He served as a Director of Ang Mo Kio Community Hospital from 1993 to 1999 and Chairman of the Medifund Committee of the hospital from 2001 to 2005. He was Head of Computer Services in a statutory board and two local banks from 1973 to 1996. He was the General Manager of NTUC Link Pte Ltd. between 1997 and 2000 and was the Executive Director of People's Action Party/PAP Community Foundation from 2001 to 2012.

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Mr. Lau is currently an Independent Director of two (2) other listed companies in Singapore, Cortina Holdings Limited and P5 Capital Holdings Ltd, and is a member of the Singapore Institute of Directors. In addition, he is a member of the Programme Advisory Committee for BA Translation and Interpretation and an examiner for Certification Examination for Professional Interpreters, School of Arts and Social Sciences, Singapore University of Social Sciences.

Mr. Lau graduated from the Australian National University with a Degree in Economics and also holds a Diploma in Business Administration from the University of Singapore;

- (d) Mr. Wang Dao Fu – Independent Director: Mr. Wang Dao Fu graduated with a Bachelor of Law degree from Peking University in 1984. From August 1993 till May 2002, he worked with many established Singapore law firms as their Chinese Legal Counsel. Mr. Wang then set up Shanghai Yuantai Law Offices in 2004 and is the firm's founding partner. He has more than 30 years of PRC legal practice experience in a wide range of areas, including capital markets, corporate finance and mergers & acquisitions.

Mr. Wang currently serves as a Director of Matex International Limited, Proceq Trading (Shanghai) Co. Ltd. (China), SGD Investment Pte Ltd. and MOBO Information Technology Pte Ltd..

9.10. Validity Period and Conditionality of the Proposed IPT Mandate

Shareholders are to note that the proposed adoption of the Proposed IPT Mandate is subjected to the following conditions: (a) Ordinary Resolution 1 relating to the Proposed Disposal and the Transaction IPTs being approved by the Shareholders at the SGM; (b) Ordinary Resolution 2 relating to the Proposed Special Dividend being approved by the Shareholders at the SGM; (c) Ordinary Resolution 3 relating to the Proposed Amendments to the Convertible Bond Purchase Agreements being approved by the Shareholders at the SGM; (d) Ordinary Resolution 4 relating to the Proposed IPT Mandate being approved by the Shareholders at the SGM; and (e) transfer of the legal title to the Sale Shares under the Proposed Disposal as at the Tranche 1 Completion Date.

If all of the above conditions are fulfilled, the Proposed IPT Mandate will take effect from the Tranche 1 Completion Date, and will (unless revoked or varied by the Company in a general meeting) be subject to annual renewal and shall continue in force until the conclusion of the next annual general meeting of the Company. In this regard, the "next annual general meeting of the Company" shall mean the next annual general meeting to be held in the calendar year 2022, or the date on which the annual general meeting in respect of the financial year ended 2021 is required by law to be held, whichever is earlier. Approval from the Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next annual general meeting of the Company and at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of the continued applicability of the Proposed IPT Mandate to the Mandated Transactions and the continued sufficiency of the review procedures to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If the above conditions are not fulfilled, the Proposed IPT Mandate will not be adopted.

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10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

10.1. Interests of Directors

As at the Latest Practicable Date, the interests of the Directors, based on information in the register of Directors' shareholdings maintained by the Company, are as follows:

Name of Director	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Guo Hong Xin ⁽²⁾	-	-	153,638,554	19.34
Mr. Ma Ming ⁽³⁾	-	-	137,509,737	17.31
Mr. Yang Zheng	-	-	-	-
Mr. Lau Ping Sum Pearce	-	-	-	-
Mr. Chin Sek Peng	-	-	-	-
Mr. Wang Dao Fu	-	-	-	-
Mr. Li Lei	-	-	-	-
Mr. Liu Haifeng David	-	-	-	-

Notes:

- (1) The percentage is calculated based on a total number of 794,335,142 Shares (excluding treasury Shares) of the Company in issue and assuming that all share options granted under the ESOS (including the 2,529,000 share options which have not been exercised and issued) have been fully exercised and issued as at the Latest Practicable Date.
- (2) Mr. Guo Hong Xin is (i) deemed to be interested in 82,209,983 Shares held by Allgreat Pacific Limited, which is an investment holding company wholly owned by him, and (ii) deemed to be interested in 71,428,571 Shares held by Sunpower Business Group Pte. Ltd., which is an investment holding company wholly owned by Allgreat Pacific Limited, which is in turn wholly owned by him.
- (3) Mr. Ma Ming is (i) deemed to be interested in 66,081,166 Shares held by Claremont Consultancy Limited which is an investment holding company wholly owned by him, and (ii) deemed to be interested in 71,428,571 Shares held by Tournan Trading Pte. Ltd., which is an investment holding company wholly owned by Claremont Consultancy Limited, which is in turn wholly owned by him.

10.2. Interests of Substantial Shareholders

As at the Latest Practicable Date, the interests of the substantial shareholders, based on information in the register of substantial shareholders maintained by the Company, are as follows:

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Allgreat Pacific Limited ⁽²⁾	82,209,983	10.35	71,428,571	8.99

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Claremont Consultancy Limited ⁽³⁾	66,081,166	8.32	71,428,571	8.99
Sunpower Business Group Pte. Ltd.	71,428,571	8.99	-	-
Tournan Trading Pte. Ltd.	71,428,571	8.99	-	-
Dr. Lin Yucheng	100,000,000	12.59	-	-
Joyfield Group Limited	66,154,120	8.33	-	-
Ms. Pan Shuhong ⁽⁴⁾	19,393,198	2.44	66,154,120	8.33

Notes:

- (1) The percentage is calculated based on a total number of 794,335,142 Shares (excluding treasury Shares) of the Company in issue and assuming that all share options granted under the ESOS (including the 2,529,000 share options which have not been exercised and issued) have been fully exercised and issued as at the Latest Practicable Date.
- (2) Sunpower Business Group Pte. Ltd. is a wholly-owned subsidiary of Allgreat Pacific Limited. Accordingly, Allgreat Pacific Limited is deemed to be interested in 71,428,571 Shares held by Sunpower Business Group Pte. Ltd.
- (3) Tournan Trading Pte. Ltd. is a wholly owned subsidiary of Claremont Consultancy Limited. Accordingly, Claremont Consultancy Limited is deemed to be interested in 71,428,571 Shares held by Tournan Trading Pte. Ltd.
- (4) Ms. Pan Shuhong is deemed to be interested in 66,154,120 Shares held by Joyfield Group Limited, which is wholly owned by her.

10.3. Interests in the Proposed Transactions

For the reasons set out in Paragraph 7.2 of this Circular, 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, the Transaction IPTs and the adoption of the Proposed IPT Mandate. As the Proposed Disposal is conditional upon the Proposed Special Dividend being approved, Mr. Guo and Mr. Ma would also be deemed to have an interest in the Proposed Special Dividend. As the Bondholders' consent is required for the Proposed Disposal and that the Bondholders' consent 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, which is in turn conditional upon each of the ordinary resolutions relating to the Proposed Disposal and the Transaction IPTs, the Proposed Special Dividend, the Proposed IPT Mandate and the Proposed Amendments being passed at the SGM.

As such, 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 and the Transaction IPTs, the Proposed Special Dividend, the Proposed IPT Mandate and the Proposed Amendments and will abstain from participating in any recommendation to

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be made by the Board with respect to the Proposed Disposal and the Transaction IPTs, the Proposed Special Dividend, the Proposed IPT Mandate and the Proposed Amendments, as set out further in Paragraph 14 of this Circular.

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 Transactions.

11. OPINION OF INDEPENDENT FINANCIAL ADVISER

W Capital Markets Pte. Ltd. has been appointed as the independent financial adviser pursuant to Rules 920(1)(b)(v) and 921(4)(a) of the Listing Manual, as well as to the Recommending Directors to opine on whether:

- (a) the terms of 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; and
- (b) the methods and review procedures of the Company for determining the terms of the Mandated Transactions are sufficient to ensure that the Mandated Transactions under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

A copy of the IFA Letter, containing in full the advice and opinion of the IFA, is reproduced and appended at **Appendix A** to this Circular. Shareholders are advised to read the IFA Letter carefully before proceeding to vote on Ordinary Resolution 1 on the Proposed Disposal and the Transaction IPTs and Ordinary Resolution 4 on the Proposed IPT Mandate at the SGM.

The following is an extract from Paragraph 7 of the IFA Letter and should be read by Shareholders in conjunction with, and in the full context of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms defined in the IFA Letter shall have the meanings therein.

"7. OPINION

In arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Disposal, the Transactions IPTs and the Proposed IPT Mandate. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

OPINION ON THE PROPOSED DISPOSAL AND THE TRANSACTION IPTS

We set out below, inter alia, the following key considerations which we consider to be pertinent to our assessment of the Proposed Disposal and the Transaction IPTs:

- (a) *The rationale for the Proposed Disposal, details of which are set out in Paragraph 5.1 of this IFA Letter;*
- (b) *The analysis of the historical financial performance of the M&S Business, details of which are set out in Paragraph 5.2 of this IFA Letter. In particular, we noted that while the M&S Business accounted for approximately 48.5% of the Group's aggregate*

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segment results in FY2020, the Consideration of approximately S\$464.72 million (based on an exchange rate of SGD1.00:RMB4.9277 as at the Last Trading Day) represents approximately (i) 73.0% of the Existing Last Trading Day Market Cap; and (ii) 50.0% of the Fully-diluted Last Trading Day Market Cap;

- (c) Assessment of the fairness of the Consideration for the Proposed Disposal, details of which are set out in Paragraph 5.3 of this IFA Letter. In particular, we noted that the Consideration of RMB2,290 million represents a significant premium of between 21.2% to 32.7% above the fair market value of M&S Group of between RMB1,726 million to RMB1,890 million as at 30 September 2020 as assessed by the Independent Valuer and that the valuation multiples as implied by the Consideration are within the range and are either close to or above the mean and median valuation multiples of the Comparable Companies;
- (d) Assessment of the terms relating to the M&S Trademark Assignments and M&S Corporate Guarantees, details of which are set out in Paragraph 5.4 of this IFA Letter. In this regard, we note that there is no consideration for the assignment of the M&S Trademarks, as the consideration for the M&S Trademarks has already been taken into account in the Consideration for the Proposed Disposal. In respect of the M&S Corporate Guarantees, we note that no consideration was paid or is payable 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), and accordingly there is no value at risk to the Company arising from the M&S Corporate Guarantees provided;
- (e) Financial effects of the Proposed Disposal, details of which are set out in Paragraph 5.5 of this IFA Letter. In this regard, it is noted that the Proposed Disposal would increase the Group's NTA, NTA per share and earnings per Share; and
- (f) Other relevant considerations, details of which are set out in Paragraph 5.6 of this IFA Letter.

Having regard to the foregoing considerations as set out above and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal and the Transactions IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

OPINION ON THE PROPOSED IPT MANDATE

In arriving at our opinion in respect of the Proposed IPT Mandate, we have considered, *inter alia*, the guidelines and procedures under the Proposed IPT Mandate, the role of the Audit Committee in enforcing the Proposed IPT Mandate, and the rationale for and benefits of the Proposed IPT Mandate.

Having regard to the considerations set out in paragraph 6 of this IFA Letter and the information available to us as at the Latest Practicable Date, **we are of the opinion that the methods and procedures for determining transaction prices of the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders."**

In rendering its opinion and advice, the IFA has not taken into consideration the specific

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investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual Shareholder or any specific group of Shareholders. Accordingly, any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser.

12. STATEMENT OF THE AUDIT COMMITTEE

The Audit Committee comprises Mr. Chin Sek Peng, Mr. Lau Ping Sum Pearce and Mr. Yang Zheng. The members of the Audit Committee do not have any interests in the Proposed Disposal, the Transaction IPTs and/or the Proposed IPT Mandate and are accordingly considered to be independent for the purposes of the Proposed Disposal, the Transaction IPTs and the Proposed IPT Mandate.

12.1. The Proposed Disposal and the Transaction IPTs

Having reviewed and considered, *inter alia*, the terms, rationale and financial effects of the Proposed Disposal as a whole, as well as the advice and opinion of the IFA on the Proposed Disposal and the Independent Valuation, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

Having reviewed and considered, *inter alia*, the terms and rationale of the Transaction IPTs, as well as the advice and opinion of the IFA on the Transaction IPTs, the Audit Committee concurs with the opinion of the IFA and is of the view that the Transaction IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

12.2. The Proposed IPT Mandate

Having reviewed and considered, *inter alia*, the rationale for and benefits of the Proposed IPT Mandate, as well as the advice and opinion of the IFA on the Proposed IPT Mandate, the Audit Committee concurs with the opinion of the IFA and is of the view that the methods and procedures for determining transaction prices of the Mandated Transactions under the Proposed IPT Mandate, if adhered to, are sufficient to ensure that the Mandated Transactions under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

13. STATEMENT OF THE DIRECTORS

Having reviewed and considered, *inter alia*, the rationale for and benefits of the Proposed IPT Mandate, as well as the advice and opinion of the IFA on the Proposed IPT Mandate, the Directors are of the view that the methods and procedures for determining transaction prices of the Mandated Transactions under the Proposed IPT Mandate, if adhered to, are sufficient to ensure that the Mandated Transactions under the Proposed IPT Mandate will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

14. DIRECTORS' RECOMMENDATION

14.1. The Proposed Disposal and the Transaction IPTs

For the reasons set out in Paragraph 10.3 of this Circular, each of Mr. Guo, Mr. Ma, Mr. Li Lei

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and Mr. Liu Haifeng David will abstain from making any recommendation on the Proposed Disposal and/or the Transaction IPTs in their capacity as Directors.

Having reviewed and considered, *inter alia*, the terms, rationale and financial effects of the Proposed Disposal as a whole, the terms and rationale of the Transaction IPTs, as well as the advice and opinion of the IFA on the Proposed Disposal and the Transaction IPTs, the Recommending Directors are of the view that the Proposed Disposal and the Transaction IPTs are in the interests of the Company and its minority Shareholders. Accordingly, the Recommending Directors recommend that Shareholders **VOTE IN FAVOUR** of **Ordinary Resolution 1** relating to the Proposed Disposal and the Transaction IPTs as set out in the Notice of SGM.

Shareholders should note that the passing of **Ordinary Resolution 1** relating to the Proposed Disposal and the Transaction IPTs is conditional upon the passing of **Ordinary Resolution 2** relating to the Proposed Special Dividend, **Ordinary Resolution 3** relating to the Proposed Amendments to the Convertible Bond Purchase Agreements and **Ordinary Resolution 4** relating to the adoption of the Proposed IPT Mandate. **Shareholders are to further take note that, in the event where Ordinary Resolution 2, Ordinary Resolution 3 and/or Ordinary Resolution 4 is not passed by the Shareholders, Ordinary Resolution 1 will not be proceeded with.**

14.2. The Proposed Special Dividend

For the reasons set out in Paragraph 10.3 of this Circular, each of Mr. Guo, Mr. Ma, Mr. Li Lei and Mr. Liu Haifeng David will abstain from making any recommendation on the Proposed Special Dividend in their capacity as Directors.

Having reviewed and considered, *inter alia*, the terms and rationale of the Proposed Special Dividend, the Recommending Directors are of the view that the Proposed Special Dividend is in the interests of the Company and its minority Shareholders. Accordingly, the Recommending Directors recommend that Shareholders **VOTE IN FAVOUR** of **Ordinary Resolution 2** relating to the Proposed Special Dividend as set out in the Notice of SGM.

Shareholders should note that the passing of **Ordinary Resolution 2** relating to the Proposed Special Dividend is conditional upon the passing of **Ordinary Resolution 1** relating to the Proposed Disposal and the Transaction IPTs, **Ordinary Resolution 3** relating to the Proposed Amendments to the Convertible Bond Purchase Agreements and **Ordinary Resolution 4** relating to the adoption of the Proposed IPT Mandate. **Shareholders are to further take note that, in the event where Ordinary Resolution 1, Ordinary Resolution 3 and/or Ordinary Resolution 4 is not passed by the Shareholders, Ordinary Resolution 2 will not be proceeded with.**

14.3. The Proposed Amendments to the Convertible Bond Purchase Agreements

For the reasons set out in Paragraph 10.3 of this Circular, each of Mr. Guo, Mr. Ma, Mr. Li Lei and Mr. Liu Haifeng David will abstain from making any recommendation on the Proposed Amendments in their capacity as Directors.

Having reviewed and considered, *inter alia*, the rationale for and benefits of the Proposed Amendments to the Convertible Bond Purchase Agreements, the Recommending Directors are of the view that the Proposed Amendments to the Convertible Bond Purchase Agreements is in the interests of the Company and its minority Shareholders. Accordingly, the Recommending

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Directors recommend that Shareholders **VOTE IN FAVOUR** of **Ordinary Resolution 3** relating to the Proposed Amendments to the Convertible Bond Purchase Agreements as set out in the Notice of SGM.

Shareholders should note that the passing of **Ordinary Resolution 3** relating to the Proposed Amendments to the Convertible Bond Purchase Agreements is conditional upon the passing of **Ordinary Resolution 1** relating to the Proposed Disposal and the Transaction IPTs, **Ordinary Resolution 2** relating to the Proposed Special Dividend, and **Ordinary Resolution 4** relating to the adoption of the Proposed IPT Mandate. **Shareholders are to further take note that, in the event where Ordinary Resolution 1, Ordinary Resolution 2 and/or Ordinary Resolution 4 is not passed by the Shareholders, Ordinary Resolution 3 will not be proceeded with.**

14.4. The Proposed IPT Mandate

For the reasons set out in Paragraph 10.3 of this Circular, each of Mr. Guo, Mr. Ma, Mr. Li Lei and Mr. Liu Haifeng David will abstain from making any recommendation on the Proposed IPT Mandate in their capacity as Directors.

Having reviewed and considered, *inter alia*, the rationale for and benefits of the Proposed IPT Mandate, as well as the advice and opinion of the IFA on the Proposed IPT Mandate, the Recommending Directors are of the view that the Proposed IPT Mandate is in the interests of the Company and its minority Shareholders. Accordingly, the Recommending Directors recommend that Shareholders **VOTE IN FAVOUR** of **Ordinary Resolution 4** relating to the Proposed IPT Mandate as set out in the Notice of SGM.

Shareholders should note that the passing of **Ordinary Resolution 4** relating to the adoption of the Proposed IPT Mandate is conditional upon the passing of **Ordinary Resolution 1** relating to the Proposed Disposal and the Transaction IPTs, **Ordinary Resolution 2** relating to the Proposed Special Dividend, and **Ordinary Resolution 3** relating to the Proposed Amendments to the Convertible Bond Purchase Agreements. **Shareholders are to further take note that, in the event where Ordinary Resolution 1, Ordinary Resolution 2 and/or Ordinary Resolution 3 is not passed by the Shareholders, Ordinary Resolution 4 will not be proceeded with.**

- 14.5. The Chairman of the SGM will accept appointment as proxy for any Shareholder to vote in respect of the Ordinary Resolutions relating to the Proposed Transactions to be proposed at the SGM where such Shareholder has given specific instructions in a validly completed and submitted Depositor Proxy Form as to voting, or abstentions from voting, in respect of such Ordinary Resolutions.

15. SPECIAL GENERAL MEETING

15.1. Date and Time of SGM

The SGM is convened for the purpose of considering and, if thought fit, passing with or without modifications the Ordinary Resolutions to approve the Proposed Transactions as set out in the Notice of SGM.

The SGM, notice of which is set out on pages N-1 to N-5 of this Circular, will be convened and held by way of electronic means on Friday, 16 April 2021 at 9.00 a.m. (Singapore time).

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15.2. No Attendance at SGM

Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the SGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate in the SGM by:

- (a) watching the SGM proceedings via "live" audio-and-video webcast or listening to the SGM proceedings via "live" audio-only stream;
- (b) submitting questions in advance of the SGM; and/or
- (c) voting by appointing the Chairman as proxy at the SGM.

Please refer to Paragraph 17.1 of this Circular for further details on the alternative arrangements.

In addition, due to the constantly evolving COVID-19 situation in Singapore, Shareholders should note that the Company may make further changes to its SGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) at short notice as the situation evolves. Shareholders are advised to regularly check the Company's website at the URL <http://www.sunpower.com.cn> or announcements released by the Company on SGXNET for updates on the status of the SGM.

16. NO DESPATCH OF PRINTED COPIES OF CIRCULAR

In line with the provisions under the COVID-19 Order, no printed copies of this Circular will be despatched to Shareholders. Only printed copies of the Notice of SGM and the Depositor Proxy Form have been despatched to Shareholders.

Electronic copies of this Circular, the Notice of SGM and the Depositor Proxy Form are available on SGXNET and on the Company's website at the URL <http://www.sunpower.com.cn>.

A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNET and the Company's designated website.

Shareholders are advised to read this Circular carefully in order to decide whether they should vote in favour of or against, or abstain from voting on, the Ordinary Resolutions in relation to the Proposed Transactions to be proposed at the SGM.

17. ACTION TO BE TAKEN BY SHAREHOLDERS

17.1. Alternative Arrangements

Alternative arrangements have been put in place to allow Shareholders to participate at the SGM as follows:

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(a) **Registration to attend the SGM**

The Chairman of the SGM will conduct the proceedings of the SGM by way of electronic means.

Shareholders will be able to watch these proceedings through a "live" audio-and-video webcast or listen to these proceedings through a "live" audio-only stream via their mobile phones, tablets or computers.

In order to do so, Shareholders must follow these steps:

- (i) Shareholders who wish to follow the proceedings through a "live" audio-and-video webcast or listen to the proceedings through a "live" audio-only stream via their mobile phones, tablets or computers must **pre-register at the Company's pre-registration website at <https://conveneagm.sg/sunpoweregm> no later than 9.00 a.m. on 14 April 2021** (the "**Registration Deadline**") to create an account and to enable the Company to verify their status as Shareholders. Following the verification, authenticated Shareholders will receive an email on their authenticated status and will be able to access the "live" audio-and-video webcast and "live" audio-only stream of the proceedings of the SGM using the account created.

Shareholders who have pre-registered by the Registration Deadline but do not receive any email by 2.00 p.m. on 15 April 2021 should contact the Company at ir@sunpower.com.cn stating: (a) the Shareholder's full name; and (b) the Shareholder's identification/registration number.

(b) **Submission of questions in advance**

The Company has put in place arrangements to allow Shareholders to be able to communicate with each other electronically during the course of the SGM. However, Shareholders will not be able to ask questions "live" during the broadcast of the SGM. Shareholders may submit questions related to the resolutions to be tabled for approval for the SGM in advance of the SGM. In order to do so, their questions must be submitted in the following manner:

- (i) All questions must be submitted no later than **9.00 a.m. on 13 April 2021** (being three (3) Market Days before the SGM):
- via the pre-registration website at the URL <https://conveneagm.sg/sunpoweregm>;
 - by email to ir@sunpower.com.cn; or
 - by post to the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.
- (ii) Shareholders submitting questions are required to state:

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- their full name; and
- their identification/registration number,

failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

- (iii) The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the SGM as received from Shareholders either before the SGM on SGXNET and the Company's website at the URL <http://www.sunpower.com.cn> or during the SGM.
- (iv) The Company will, within one (1) month after the date of the SGM, publish the minutes of the SGM on SGXNET and the Company's website, and the minutes will include the responses to the substantial and relevant questions which are addressed during the SGM (if any).
- (v) Please note that Shareholders will not be able to ask questions at the SGM "live" during the broadcast of the SGM, and therefore it is important for Shareholders to submit their questions in advance of the SGM.

Due to the current COVID-19 situation in Singapore and the related safe distancing measures, Shareholders are strongly encouraged to submit their questions via the pre-registration website or by email.

(c) **Voting by proxy only**

Shareholders will not be able to vote online on the resolutions to be tabled for approval at the SGM. Instead, if a Shareholder (whether individual or corporate) wish to exercise his/her/its voting rights at the SGM, he/she/it must submit a Depositor Proxy Form to appoint the Chairman of the SGM as his/her/its proxy to attend, speak and vote on their behalf at the SGM. The Depositor Proxy Forms appointing such person other than the Chairman of the SGM shall be deemed to appoint the Chairman of the SGM as proxy:

- (i) Shareholders (whether individual or corporate) appointing the Chairman of the SGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in respect of a resolution in the Depositor Proxy Form. If no specific direction as to voting is given, the Chairman of the SGM may vote or abstain from voting at his/her discretion.
- (ii) The completed and signed Depositor Proxy Form appointing the Chairman of the SGM as proxy must be submitted to the Company in the following manner:
 - if submitted electronically, be submitted via email to ir@sunpower.com.cn; or
 - if submitted by post, be deposited at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712,

in either case, by **9.00 a.m. on 14 April 2021** (being 48 hours before the time appointed for holding the SGM) in accordance with the instructions stated in

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the Notice of SGM and the Depositor Proxy Form, failing which the Company shall be entitled to regard the Depositor Proxy Form as invalid.

- (iii) Investors who hold their Shares through a relevant intermediary (as defined under Section 181 of the Companies Act (Chapter 50 of Singapore)) should not use the Depositor Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions.

Due to the current COVID-19 situation in Singapore and the related safe distancing measures, Shareholders are strongly encouraged to submit completed Depositor Proxy Forms electronically via email.

17.2. Depositor not Shareholder

A Depositor will not be regarded as a Shareholder of the Company entitled to attend the SGM and to vote thereat unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP to the Company at least 48 hours before the SGM.

18. ABSTENTION FROM VOTING

Pursuant to Rule 919 of the Listing Manual, an interested person and any Associate of the interested person must abstain from voting on the resolutions approving the interested person transactions involving themselves and their Associates. Such interested persons and their associates shall not act as proxies nor accept appointments as proxies in relation to such resolutions unless specific voting instructions had been given by the Shareholders.

In addition, pursuant to Rule 920(1)(b)(viii) of the Listing Manual, the interested person and its Associates must abstain from voting on the resolution approving the adoption of a general mandate for interested person transactions in relation to such interested person.

Accordingly, each of Mr. Guo and Mr. Ma will abstain, and will ensure that each of their respective Associates will abstain from voting on Ordinary Resolution 1 in relation to the Proposed Disposal and the Transaction IPTs and/or Ordinary Resolution 4 in relation to the Proposed IPT Mandate.

Although the Proposed Special Dividend and the Proposed Amendments do not fall within the definition of an "interested person transaction" pursuant to Chapter 9 of the Listing Manual, given that (a) the Proposed Disposal is conditional upon the Proposed Special Dividend being approved; and (b) the Bondholders' consent to the Proposed Disposal is required under the terms of the Convertible Bond Purchase Agreements and that the Bondholders' consent is conditional upon the Proposed Amendments being approved and made, 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 Ordinary Resolution 2 in relation to the Proposed Special Dividend and/or Ordinary Resolution 3 in relation to the Proposed Amendments.

In addition, each of the parties named above will decline to accept appointment as proxy for any Shareholder to attend and vote at the SGM in relation to any of the Ordinary Resolutions, unless specific voting instructions as to voting are given by such Shareholder in the proxy instrument.

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19. RESPONSIBILITY STATEMENTS

- 19.1. The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular 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 Circular in its proper form and context.

- 19.2. To the best of the knowledge and belief of Stirling Coleman Capital Limited, as the Financial Adviser to the Company, this Circular contains full and true disclosure of all material facts about the Proposed Transactions and the Group, and Stirling Coleman Capital Limited is not aware of any facts the omission of which would make any statement in this Circular misleading.

20. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the IFA Letter set out in **Appendix A** to this Circular and all references thereto in the form and context in which it appears in this Circular.

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the Independent Valuation Summary Letter set out in **Appendix B** to this Circular and all references thereto in the form and context in which it appears in this Circular.

21. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents will be available for inspection⁸ by the Shareholders at the registered office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, during normal business hours for a period of three (3) months from the date of this Circular:

- (a) the Bye-laws of the Company;
- (b) the Audited Group FY2019 Results;
- (c) the Unaudited Group FY2020 Results;
- (d) the SPA;
- (e) the Amendment Agreement;
- (f) the Convertible Bond Purchase Agreements;

⁸ Prior appointment is required in light of the COVID-19 situation.

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- (g) the IFA Letter;
- (h) the Independent Valuation Summary Letter;
- (i) the Independent Valuation Report; and
- (j) the letter of consents referred to in Paragraph 20 of this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
SUNPOWER GROUP LTD.

Yang Zheng
Lead Independent Director

APPENDIX A – IFA LETTER



W CAPITAL MARKETS PTE. LTD.

Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)
65 Chulia Street
#43-01 OCBC Centre
Singapore 049513

31 March 2021

The Directors of Sunpower Group Ltd. who are considered independent in relation to the Proposed Transactions (the “**Recommending Directors**”)

Mr. Yang Zheng	(Lead Independent Director)
Mr. Lau Ping Sum Pearce	(Independent Director)
Mr. Chin Sek Peng	(Independent Director)
Mr. Wang Dao Fu	(Independent Director)

Dear Sirs,

- (1) **THE PROPOSED DISPOSAL OF THE ENTIRE MANUFACTURING AND SERVICES BUSINESS (“M&S BUSINESS”) AND BUSINESS ASSETS (“M&S BUSINESS ASSETS”) OF THE COMPANY AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION AND THE M&S TRADEMARK ASSIGNMENTS AND M&S CORPORATE GUARANTEES AS INTERESTED PERSON TRANSACTIONS; AND**
- (2) **THE PROPOSED ADOPTION OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 31 March 2021 (“**Circular**”) issued by Sunpower Group Ltd. (the “**Company**”, and together with its subsidiaries (the “**Group**”) shall have the same meanings herein.*

1. INTRODUCTION

The Proposed Disposal

Reference is made to the announcement made by the Company on 31 December 2020 in relation to the entry by Sunpower International, a wholly-owned subsidiary of the Company, into the SPA with Nanjing Sunpower Holdings Co., Ltd. (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, an indirect wholly-owned subsidiary of the Company, for an aggregate consideration RMB2,290,000,000 (“**Consideration**”), upon the terms and subject to the conditions of the SPA (the “**Proposed Disposal**”).

Following the completion of a recent internal restructuring exercise pursuant to which the entire M&S Business segment of the Group is currently held by Sunpower International, which holds 100% of the issued and paid-up capital of Sunpower Technology, which in turn holds the M&S Group Companies, being the subsidiaries which undertake the M&S Business. Please refer to

Appendix C of the Circular for the corporate structure of the M&S Group Companies involved in the Group's M&S Business Segment. By disposing of the Sale Shares, it is intended that the Group will dispose of (i) the entire M&S Business as a going concern and (ii) all of the M&S Business Assets, which includes the Group's legal and beneficial interest in the M&S Group. The Group's remaining core business will be the GI Business.

The Purchaser is a special purpose vehicle incorporated in the PRC on 8 September 2020 with a registered capital of RMB250,000,000 for the purposes of undertaking the proposed acquisition of the M&S Group. Its principal activities are those of an investment holding company. The Purchaser has not carried on any business since its incorporation, except in relation to matters in connection with the Proposed Disposal.

Upon approval of the Proposed Disposal by Shareholders at the SGM, the shareholders of the Purchaser will comprise (a) CSTC and its related entities (13.28%), CICC Alpha and its related entities (6.4%) and other PRC funds and independent minority investors (each holding less than 5%) led by CSTC and CICC Alpha, who will hold an aggregate of approximately 64.05% of the total equity interest in the Purchaser (b) Mr. Guo, the Executive Chairman of the Company, Mr. Ma, the Executive Director of the Company, and other employees of the M&S Group who hold approximately 35.95% of the total equity interest in the Purchaser, of which Mr Guo and Mr Ma hold approximately 29.8% in aggregate and each of them holding approximately 14.9%. The other employees consist of 140 employees who are or will be employed by M&S Group Companies and will not continue to be employed by the Group on or around the Tranche 1 Completion Date, given that such employees are not involved in the operations of GI Business.

M&S Trademark Assignments

The M&S Trademarks are trademarks used in connection with the business operations and marketing of the M&S Group, including without limitation in advertisements, promotional materials and bidding proposals. The GI Group does not currently use, and does not intend to use in the future, any of the M&S Trademarks as part of the GI Business. Certain M&S Trademarks which are necessary for the M&S Group's conduct of the M&S Business 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. Under the terms of the SPA, 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, pursuant to the Trademark Assignments, the GI Group will assign such M&S Trademarks that have not been transferred as at the date of the Tranche 1 Completion Date to the M&S Group for no consideration as the consideration for the M&S Trademarks has already been taken into account in the Consideration for the Proposed Disposal.

M&S Corporate Guarantees

Certain M&S Group Companies have, in the past, provided the M&S Corporate Guarantees (details of which are set out under Paragraph 3.1(b) and Appendix D of the Circular) in respect of the Relevant Loan Facilities to the Relevant Banks in favour of certain entities within the GI Group for an outstanding amount of approximately RMB1.72 billion in aggregate. In order for the Group to maintain the existing loan agreements with the Relevant Banks and to facilitate the continued development of the GI Business, it is contemplated that, following the Tranche 1 Completion Date, the M&S Group Companies will continue to provide the M&S Corporate Guarantees in favour of the Group until the procedures to discharge the M&S Corporate Guarantees with the Relevant Banks are completed.

The M&S Trademark Assignments and M&S Corporate Guarantees (collectively, the "Transaction IPTs") would only be in place between the Tranche 1 Completion Date and the Tranche 2 Completion Date and shall cease to be in place on or prior to the Tranche 2 Completion Date.

Requirement for Shareholders' Approval

In view of the participation of both Mr. Guo and Mr. Ma in the Purchaser (both being interested persons as defined under Chapter 9 of the Listing Manual), 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, has 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 (comprising the M&S Trademark Assignments and the M&S Corporate Guarantees) constitute interested person transactions for the purpose of Chapter 9 of the Listing Manual.

Based on the Audited Group FY2019 Results, the consolidated net tangible assets (“NTA”) of the Group was negative RMB1,243,891,000. As it would neither be meaningful nor appropriate to compute the thresholds in respect of the Company's interested person transactions on the basis of the Group's negative NTA, the Company had applied to the SGX-ST to seek its approval to use the Company's market capitalisation instead of the Group's latest audited consolidated NTA as the basis for computing the materiality thresholds under Rules 905 and 906 of the Listing Manual. The SGX-ST had on 27 December 2019 informed the Company that it has no objections to the Company's use of the market capitalisation as at 31 December 2019 instead of its latest audited NTA, until such time as its audited NTA turns positive. As the aggregate value of the Proposed Disposal and the Transaction IPTs exceeds 5% of the Company's market capitalisation as at 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.

The Proposed IPT Mandate

Chapter 9 of the Listing Manual allows a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons. A general mandate is subject to annual renewal.

Following the Tranche 1 Completion Date, the EAR Group intends to continue to enter into recurring transactions with the Mandated Interested Persons (being entities within the M&S Group) arising out of the ordinary course of business of the EAR Group, further details of which are set out in Paragraph 9.4 of the Circular. As disclosed in Paragraph 7.2 of the Circular, the Mandated Interested Persons will be deemed to be interested persons of the EAR Group following the Tranche 1 Completion Date and accordingly, transactions between the Mandated Interested Persons and the EAR Group will constitute deemed interested person transactions under Chapter 9 of the Listing Manual.

In view of the time-sensitive and recurrent nature of commercial transactions, it would be advantageous for the Company to obtain the Proposed IPT Mandate from its Shareholders to enter into the Mandated Transactions with the Mandated Interested Persons in the EAR Group's ordinary course of business, which are necessary for the day-to-day operations of the EAR Group.

Accordingly, the Board is seeking the Proposed IPT Mandate, which is a general mandate from the Shareholders pursuant to Chapter 9 of the Listing Manual to enable the EAR Group, following the Tranche 1 Completion Date, to enter into the Mandated Transactions with the Mandated Interested Persons in the ordinary course of business, provided that all such transactions are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

The Company has appointed W Capital Markets Pte. Ltd. (“**W Capital**”) as the independent financial adviser (“**IFA**”) pursuant to Rules 920(1)(b)(v) and 921(4)(a) of the Listing Manual, as

well as to advise the Recommending Directors. This letter (“**IFA Letter**”) sets out, *inter alia*, our evaluation of and opinions on the Proposed Disposal, the Transaction IPTs and the Proposed IPT Mandate. This IFA Letter forms part of the Circular issued by the Company to its Shareholders in connection with the Proposed Disposal, the Transaction IPTs and the Proposed IPT Mandate.

2. TERMS OF REFERENCE

The purpose of this IFA Letter is to provide an independent opinion on (i) whether the terms of the Proposed Disposal and the Transaction IPTs are on normal commercial terms and whether the Proposed Disposal and the Transaction IPTs are prejudicial to the interests of the Company and its independent Shareholders (“**Minority Shareholders**”) and (ii) whether the methods and procedures set out in the Proposed IPT Mandate are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders. We have prepared this IFA Letter pursuant to the requirements of Chapter 9 of the Listing Manual as well as for the use of the Recommending Directors in connection with their consideration of the Proposed Disposal, the Transaction IPTs and the Proposed IPT Mandate, and their advice to the Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders shall remain the responsibility of the Recommending Directors.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Disposal and the Transaction IPTs, nor were we involved in the deliberations leading up to the decision on the part of the Directors to undertake the Proposed Disposal and the Transaction IPTs. Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Disposal and the Transaction IPTs and our terms of reference do not require us to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks (if any) of the Proposed Disposal and the Transaction IPTs.

In the course of our evaluation, we have held discussions with the management of the Company (the “**Management**”) and/or their professional advisers and have examined and relied to a considerable extent on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or their professional advisers, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information, and have found no reason to doubt the accuracy or reliability of the information. In this regard, we note that the Directors have collectively and individually accepted full responsibility for the accuracy of the information given in the Circular as set out in the “**Responsibility Statements**” in Paragraph 18.1 of the Circular.

The scope of our appointment does not require us to perform an independent evaluation or appraisal of the assets, liabilities and/or profitability of the Company and its subsidiaries (the “**Group**”) and/or the M&S Group and we do not express a view on the financial position, future growth prospects and earnings potential of the Company after the completion of the Proposed Disposal in accordance with the terms of the SPA. As such, we have relied on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Group and/or M&S Group. In this respect, we have been furnished with, *inter alia*, a valuation report dated 24 December 2020 (“**Valuation Report**”) prepared by EY Corporate Advisors Pte. Ltd. (the “**Independent Valuer**”) in relation to the independent valuation of the M&S Group as at 30 September 2020 (the “**Valuation Date**”). As we are not experts in the evaluation or appraisal of the assets as set out in the Valuation Report, we have placed sole reliance on the appraisal in relation to the M&S Group as assessed by the Independent Valuer and as set out in the Valuation Report.

The information on which we relied was based upon market, economic, industry, monetary and other conditions prevailing as at 24 March 2021 (the “**Latest Practicable Date**” or “**LPD**”) which

may change significantly over a relatively short period of time. We assume no responsibility to update, revise or affirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In rendering our opinion in relation to the Proposed Disposal, the Transaction IPTs and the Proposed IPT Mandate, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder or specific group of Shareholders. As each Shareholder would have different investment objectives and profiles, we recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in the context of his specific or their investments objectives or portfolio(s) consult his or their legal, financial, tax or other professional adviser.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility or and express no views, whether express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinions in relation to the Proposed Disposal, the Transaction IPTs and the Proposed IPT Mandate should be considered in the context of the entirety of this IFA Letter and the Circular.

3. INFORMATION ON THE M&S BUSINESS AND THE M&S BUSINESS ASSETS

The Group 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 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, separate and independent business segments which do not overlap or compete with each other, each 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, and the Group's remaining core business will be the GI Business.

4. SALIENT TERMS OF THE PROPOSED DISPOSAL

The detailed terms of the Proposed Disposal have been set out in Paragraph 3 of the Circular. A summary of the salient terms is set out below for your reference:

4.1 Consideration for the Proposed Disposal

The Consideration of RMB2,290,000,000 for the Proposed Disposal (which is inclusive of all taxes payable in respect of the Proposed Disposal, including non-resident withholding taxes and the stamp duty payable in respect of the Proposed Disposal) is payable by the Purchaser to Sunpower International in two tranches as follows:

- (i) Tranche 1 Consideration (70% of the Consideration): 70% of the Consideration, being RMB1,603,000,000 (before deducting such amount of withholding tax payable by Sunpower International in respect of the Proposed Disposal as specified in the Tax Assessment Notice) (the "**Tranche 1 Consideration**") shall be paid to Sunpower International on the Tranche 1 Completion Date, which shall be within 20 Business Days of the Tranche 1 Conditions (as set out in Paragraph 3.1(c)(i) of the Circular) being satisfied or waived by the Purchaser, or such other date as may be mutually agreed between the Parties (the "**Tranche 1 Completion Date**"); and
- (ii) Tranche 2 Consideration (remaining 30% of the Consideration): 30% of the Consideration, being 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 Tranche 2 Conditions (as set out in Paragraph 3.1(c)(ii) of the Circular) being satisfied or waived by the Purchaser, or such other date as may be mutually agreed between the Parties (the "**Tranche 2 Completion Date**").

If the Purchaser fails to pay the Tranche 1 Consideration or the Tranche 2 Consideration on time in accordance with the provisions of the SPA, the Purchaser shall pay Sunpower International liquidated damages for late payment at the rate of 5/10,000 per day on the amount of the late payment until the date of termination of the SPA or the date on which the Purchaser actually pays in full the Tranche 1 Consideration and the Tranche 2 Consideration.

4.2 Conditions Precedent

4.2.1 Tranche 1 Conditions (details of which are set out in Paragraph 3.1(c)(i) of the Circular):

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, *inter alia*, the following conditions:

- (1) approval from the SGX-ST in respect of the Circular to be despatched to the Shareholders in relation to the Proposed Disposal;
- (2) approval of the Proposed Disposal by the shareholders of Sunpower Technology and Sunpower International respectively;
- (3) approval of the execution, delivery and performance of the SPA by the shareholders of the Company in a general meeting;
- (4) 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. Prior to the discharge of the M&S Corporate Guarantees, Sunpower International shall provide Sunpower Technology with back-to-back undertakings to Sunpower International, solely in respect of the M&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&S Corporate Guarantees due to a default by a GI Group entity under the Relevant Loan Facilities; and

- (5) 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, and there being no competition between Sunpower International and other business entities controlled or owned by Sunpower International on one hand, and the M&S Group on the other hand.

4.2.2 Tranche 2 Conditions (details of which are set out in Paragraph 3.1(c)(ii) of the Circular):

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, inter alia, the following conditions:

- (1) The discharge of all of the M&S Corporate Guarantees or the repayment of all outstanding amounts (including accrued interest) under the Relevant Loan Facilities (further details of which are set out in Paragraph 3.1(b) of the Circular); and
- (2) Sunpower International having issued to the Purchaser a confirmation letter confirming that all of the 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.

4.2.3 Tranche 2 Completion Date shall occur when (i) the Purchaser pays the Tranche 2 Consideration in accordance with the arrangements set out under Paragraph 3.1(a)(ii)(2) of the Circular to the bank account designated by Sunpower International; and (ii) Sunpower International provides the Purchaser with a receipt of remittance of the Tranche 2 Consideration to the bank account designated by Sunpower International.

4.3 **Escrow Arrangements in respect of the Consideration**

It is intended that a substantial part of the Consideration amount (equivalent to 95.63% of the Consideration) will be escrowed on or prior to the Tranche 1 Completion Date by the Purchaser (or its designated nominee(s)) into the Onshore Escrow Account under the direct joint supervision and operation of the Purchaser and Sunpower International (or their designated nominee(s) only. In addition, the Purchaser is obliged to escrow the remaining 4.37% of the Consideration, being RMB100,000,000 (the "**Balance Consideration Amount**") into the Onshore Escrow Account prior to the Tranche 2 Completion Date. Further details of the Escrow Arrangements are set out in Paragraph 3.1(a)(iii) of the Circular.

4.4 **The M&S Corporate Guarantees**

Under the terms of the SPA, the payment of the Tranche 2 Consideration (comprising the remaining 30% of the Consideration) is conditional upon the Sunpower Technology having discharged all of the M&S Corporate Guarantees or the repayment of all outstanding amounts (including accrued interest) under the Relevant Loan Facilities.

Accordingly, the Group has engaged with the Relevant Banks to 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 (please refer to Paragraph 5.4 of the Circular for further details on the repayment of the Relevant Loan Facilities in the event that the Relevant Banks do not agree to discharge the respective M&S Corporate Guarantee or to enter into replacement guarantees).

As at the Latest Practicable Date, the Company has entered into the following arrangements to discharge all of the M&S Corporate Guarantees under the Relevant Loan Facilities: (a) entered

into amendment agreements with seven (7) of the Relevant Banks to replace the relevant M&S Corporate Guarantees with corporate guarantees from entities within the GI Group; (b) obtained alternative debt financing from two (2) new banks in replacement of two (2) Relevant Loan Facilities, which have been terminated and the corresponding M&S Corporate Guarantee discharged. Under the terms of such new financing, no M&S Group Company will be acting as a guarantor; and (c) obtained confirmation from one (1) Relevant Bank to discharge and replace the respective M&S Corporate Guarantee with corporate guarantees from entities within the GI Group, and is in process of entering into the relevant amendment agreements in respect of the same.

The guarantors under the M&S Corporate Guarantees have no right to unilaterally terminate the respective M&S Corporate Guarantees without the consent of the Relevant Bank. 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 Facilities is fully discharged, whichever is earlier.

Pursuant to the SPA, it is envisaged that prior to the discharge of the M&S Corporate Guarantees, Sunpower International will provide Sunpower Technology with back-to-back undertakings in respect of the M&S Corporate Guarantees, pursuant to which Sunpower International will indemnify Sunpower Technology against any losses suffered by Sunpower Technology to the extent that such losses are in connection with or arise out of the M&S Corporate Guarantees due to a default by a GI Group entity under the Relevant Loan Facilities. For the avoidance of doubt, Sunpower International will not be providing any guarantee in respect of any of the M&S Group's loan facilities. For the avoidance of doubt, there will be no impact on the remaining GI Group's bank covenants arising from the Proposed Disposal. Whilst there is an existing corporate guarantee granted by the Company in respect of a facility agreement for an outstanding amount of approximately RMB133,000,000 issued by a bank in favour of Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. and Jiangsu Sunpower Pipeline Engineering Technology Co., Ltd., entities within the M&S Group, the Company has entered into an amendment agreement with the relevant bank to discharge the corporate guarantee granted by the Company and the replacement of the same with an equivalent guarantee from an M&S Group Company.

4.5 Indemnity and Costs

In the event that the SPA is terminated for reasons attributable to the Purchaser including due to reasons set out in Paragraph 3.1(f)(iv) (where the Purchaser is in breach) or Paragraphs 3.1(f)(vi) of the Circular, the Purchaser shall bear and indemnify Sunpower International and the M&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.

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.

4.6 Non-competition

For a period of three 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 twenty percent (20%) of the voting rights in any entity whose business constitutes a Competing Business shall not be deemed a violation of this undertaking.

5. EVALUATION OF THE PROPOSED DISPOSAL AND THE TRANSACTION IPTS

In arriving at our opinion on whether the Proposed Disposal and the Transaction IPTs are on normal commercial terms and not prejudicial to the interests of the Company and its Minority Shareholders, we have given due consideration to, *inter alia*, the following:

- 5.1 Rationale for the Proposed Disposal;
- 5.2 Historical financial performance of the M&S Business;
- 5.3 Assessment of the fairness of the Consideration in comparison with:
 - (i) the net asset value ("**NAV**") & NTA attributable to the M&S Business as at 31 December 2020;
 - (ii) the fair market value of 100% equity interest in M&S Group as assessed by the Independent Valuer;
 - (iii) the market capitalisation of the Company and VWAP of the Shares as at the Last Trading Day; and
 - (iv) the valuation statistics of companies broadly comparable to the M&S Group Companies;
- 5.4 Assessment of the terms relating to the M&S Trademark Assignments and M&S Corporate Guarantees;
- 5.5 Financial effects of the Proposed Disposal; and
- 5.6 Other relevant considerations.

5.1 Rationale for the Proposed Disposal

We have considered the rationale by the Company for the Proposed Disposal as set out in Paragraph 3.2 of the Circular and we have set them out in italics below for your easy reference:

"In deciding to undertake the Proposed Disposal of the Group's M&S Business instead of the GI Business, the Board took into account, inter alia, the following:

- (i) the M&S Business is a manufacturing and services-based, one-off order book-driven business, providing customized services and products for customers. Hence, the M&S Business is "volatile" in nature with limited visibility to future earnings and dependent on the capital expenditure plans of its customers or downstream industries such as petrochemical, chemical and solar industries;*
- (ii) the building of a solid business and financial profile for the Group. The Company will strategically focus on the GI Business after the Proposed Disposal, which is attractive in the following manner: (i) it generates sizeable income and cash flow; (ii) it generates long-term recurring income and cash flows, with diverse and captive industrial customers through typically exclusive long-term concessions of approximately 30 years; and (iii) the GI Business presents high barriers to entry for new entrants; and*
- (iii) there are increased business opportunities in the PRC anti-smog sector, due to (i) the PRC government having placed increasing focus on environmental policies and the*

regulatory shifts to environmental-friendly facilities and practices and (ii) the organic expansion of customers and industrial parks served by the GI Projects, which the Board believes that the GI Group is well positioned to capitalise on.

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 Shareholders given the following:

(a) **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, the Company intends to distribute a portion of the net proceeds arising from the Proposed Disposal to the Shareholders 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 as well as to make a cash payment to the Bondholders in accordance with the Existing Terms. Further details of the Proposed Special Dividend are set out in Paragraph 4 of this Circular.

(b) **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 Latest Practicable Date, the details of the Group's current GI Projects are set out below:

No.	GI Project	Status	Commencement of operations (for new built projects) or first recognition of results (for acquired projects)	Conditions to becoming operational	Type of Service Concession Arrangement (SCA) ⁽⁴⁾	Service Concession Tenure	Exclusive Right to Supply in the coverage area
1	Changrun Project (Phase 1)	Operational	3Q FY2017	N/A	BOT	30 years	Yes
2	Quanjiao Project	Operational	4Q FY2017	N/A	BOT	30 years	Yes
3	Lianshui Project	Operational	4Q FY2017	N/A	BOT	Up to 30 years	Yes
4	Xinyuan Project	Operational	4Q FY2017	N/A	Nil	De facto long-term supplier ⁽¹⁾	Yes
5	Yongxing Plant	Operational	3Q FY2018	N/A	Nil	De facto long-term supplier ⁽¹⁾	Yes
6	Suyuan Plant	Operational	3Q FY2019	N/A	Nil	De facto long-term supplier ⁽¹⁾	Yes

7	Jining Project	Operational	1Q FY2018	N/A	BOT	30 years	Yes
8	Part of Xintai Zhengda (new plant) ⁽²⁾	Operational	4Q FY2020	N/A	BOT	30 years	Yes
9	Shantou Project (phase 1)	Operational	4Q FY2020	N/A	BOT	38.5 years	Yes
	Shantou Project (phase 2)	Under construction	Expected to complete construction in FY2021	Completion of construction and trial production stages	BOT	38.5 years	Yes
10	Tongshan Project (phase 1)	Under construction	Expected to complete construction in FY2021	Completion of construction and trial production stages	BOT	30 years	Yes
11	Shanxi Xinjiang Project (phase 1)	Under construction	Expected to complete construction in FY2022	Completion of construction and trial production stages	BOT	Under negotiation ⁽³⁾	Yes

Notes:

- (1) *De facto exclusive suppliers in the coverage areas with government permits. Further, these plants comprise extensive steam pipeline network within cities, which also creates de facto exclusivity for the supply of steam in long term as no other steam pipelines would be permitted to be constructed in the same area by the government, which is common practice in China.*
- (2) *The old plant of Xintai Zhengda, acquisition of which, was complete in 3Q FY2018, will cease operation after the construction of the new plant is complete and commissioned. Part of Xintai Zhengda Project's new facility commenced commercial operations in 4Q FY2020 and part of the facility is under construction.*
- (3) *Entered into an investment agreement with the local government through which, Shanxi Xinjiang obtained exclusive right. The details are under negotiation.*
- (4) *Service concessions under Build-Operate-Transfer ("BOT") arrangements involve the Group constructing infrastructure in exchange for the right to operate the infrastructure and to charge for utilities generated at the infrastructure for finite periods in the future, based on consumption of utilities by end-users in future. The Group has entered into BOT arrangements in respect of construction and operation of centralised steam and electricity facilities with the local government authorities. Under the terms of the arrangement, upon expiry of the respective BOT arrangements, the infrastructure is transferrable to the local government if requested by the local government.*

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. The key attractive features of the GI Business are summarised below:

(i) Generate Sizable, Income and Cash Flow

Since the commencement of the Group's GI Business segment in end-2015, the Group has successfully procured and built a sizeable number of high-quality GI Projects, each project having an exclusive long-term concession of approximately 30 years. The GI Projects which are currently operational and/or have commenced trial operations as disclosed under Paragraph 3.2(b) of this Circular have generated an aggregate revenue of RMB1,335.2 million and EBITDA of RMB488.7 million as at FY2020 and, barring unforeseen circumstances, are expected to continue generating free cash flows without

significant capital expenditure for maintenance over the typical concession period of approximately 30 years.

The aggregate revenue and EBITDA of the Group's GI Business segment, and the year-on-year increase in the revenue and EBITDA of the GI Business segment, for FY2018, FY2019 and FY2020, are as follows:

	FY2018		FY2019		FY2020	
	(RMB 'million)	Growth (%)	(RMB 'million)	Growth (%)	(RMB 'million)	Growth (%)
Revenue	736.8	384.4	1,155.3	56.8	1,335.1	15.6
EBITDA	276.3	303.4	432.9	56.7	488.7	12.9

(ii) Highly Sought-After Assets with High Barriers to Entry for New Entrants

The Board believes that the GI Business is a resilient business model with enormous growth opportunities in China's anti-smog sector, which the Group is well-positioned to capitalise on. The PRC government has been increasingly focused on environmental policies and the anti-smog sector, targeting to eliminate decentralised high-emission pollutive boilers and focus on centralised steam and electricity solutions in industrial parks. The permits and concessions for centralised steam and electricity plants in industrial parks are highly sought after, given that the PRC government has been stringent in awarding such permits and concessions, and usually to companies with core competencies, experience and proven track records, such as the Group.

(iii) Long-Term Recurring Income and Cash Flows, with Diverse and Captive Industrial Customers

With the exclusive, long tenure concessions that typically last for approximately 30 years, coupled with diverse and captive end users in the industrial parks that spread across several provinces in the PRC, the Group's GI Projects are expected to generate recurring income and cash flows for the Group over a long period of time throughout the concessions. In addition, the environmental regulations in the PRC also stipulate requirements for industrial companies located in the industrial parks to use centralised steam and electricity facilities whose pollution discharges meet the national standard if available. Industrial companies which violate the environmental regulations usually face the risks of fines and/or severe consequences such as being forced to stop production.

The end users of the Group's steam and electricity supply are industrial companies from diverse industries including but not limited to textile, printing & dyeing, food, chemical, metallurgy and paper making, primarily serving the domestic market in the PRC. For the GI Projects which the Group commits itself to, the industrial users are resilient in the face of economic downturns.

(c) **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 (1) regulatory mandated closure of "high-emission" pollutive boilers and the ensuing structural shift to "ultra-low emission" environmentally-friendly centralised steam and electricity facilities; (2) strict zoning policies that mandate the location and/or relocation of new factories into industrial parks with such centralised infrastructure; and (3) the organic expansion of customers and industrial parks served by the GI Projects.

With its proven track record in successfully operating a sizable portfolio of green investments 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.”

5.2 Historical financial performance of the M&S Business

The M&S Business focuses on the high-end market and services a large base of reputable customers in diverse industries, of which 70% are repeat customers. Based on the segment information of the Company for the financial year ended 31 December 2019 (“FY2019”), the M&S Business segment of the Group includes highly efficient heat exchangers and pressure vessels, heat pipe exchangers, pipeline energy saving products and related environmental protection products and also solutions for flare and flare gas recovery system, desulphurization and denitrification system, zero liquid discharge system, petrochemical engineering and energy saving system.

As a business segment, the M&S Business contributed to approximately 48.5% of the Group’s aggregated segment results (which represent the profits earned by each business segment before allocation of central administration costs, director’s remuneration, interest income, foreign exchange gains and losses, income tax and finance costs at corporate level) for FY2020:

FY2020	M&S RMB’000	GI RMB’000	Total RMB’000
Revenue	2,723,636	1,335,167	4,058,803
Segment Result	321,847	341,867	663,714

Source: Company’s unaudited financial statements for full year ended 31 December 2020 (“FY2020”).

In this regard, we noted that while the M&S Business accounted for approximately 48.5% of the Group’s aggregate segment results for FY2020, the Consideration of approximately S\$464.72 million (based on an exchange rate of SGD1.00:RMB4.9277 as at 30 December 2020 (being the last trading day preceding the date of the SPA (“Last Trading Day”))) represents approximately (i) 73.0% of the market capitalization of the Company on the Last Trading Day based on the existing issued share capital of 789,306,142 Shares (excluding treasury Shares) (“Existing Last Trading Day Market Cap”); and (ii) 50.0% of the market capitalization of the Company on the Last Trading Day based on the 1,152,523,142 fully diluted total Shares (excluding treasury Shares) (the “Fully-diluted Last Trading Day Market Cap”).

We have been provided with the pro forma financial information relating to the M&S Business for the last three financial years ended 31 December (“FY”) 2018, 2019 and 2020.

In relation to the historical financial performance of the M&S Business, we note the following:

- (i) Revenue decreased slightly by RMB76.8 million or 3.0% to approximately RMB2,449.3 million in FY2019, with a segment result contribution of RMB265.2 million. Revenue increased by RMB274.4 million or 11.2% to approximately RMB2,723.7 million in FY2020, with a segment result contribution of RMB321.8 million (which is 21.3% higher than the segment result in FY2019);
- (ii) The latest announced order book relating to the M&S Business as at end of January 2021 was RMB2.9 billion, which we understand to be at a record high and the level of performance and orders have been attributed to the Group’s market leadership, strong reputation, financial strength and proven ability to execute and deliver; and
- (iii) Based on the pro forma unaudited net profit attributable to equity holders of the M&S Group achieved for FY2020, the P/E ratio of the M&S Group as implied by the Consideration is approximately 9.5 times.

In relation to the financial position of the M&S Group as at 31 December 2020, we note the following:

- (i) Based on the pro forma balance sheet as at 31 December 2020, the NAV and NTA of the M&S Group attributable to equity holders was approximately RMB1,260 million and RMB1,177 million (after subtracting intangible assets of approximately RMB83 million) respectively. We note that the Consideration is approximately 1.8 times of the NAV of the M&S Group as at 31 December 2020 and 1.9 times of the NTA of the M&S Group as at 31 December 2020.

5.3 Assessment of the fairness of the Consideration

5.3.1 Comparison with the NAV & NTA of the M&S Group

Based on the unaudited proforma consolidated financial statements of the M&S Group as at 31 December 2020 provided by the Company, the NAV and NTA of the M&S Group attributable to equity holders was approximately RMB1,260 million and RMB1,177 million respectively.

In this regard, the Consideration is at a premium of approximately 81.7% and 94.5% to the unaudited proforma NAV and NTA of the M&S Group attributable to equity holders as at 31 December 2020.

The Directors have confirmed that to the best of their knowledge and belief: (a) they are not aware of any circumstances which may cause the NTA of M&S Group as at the Latest Practicable Date to be materially different from the RMB1,177 million recorded in the unaudited pro forma balance sheet of the M&S Group as at 31 December 2020; (b) there have been no material disposals or acquisitions of assets by M&S Group since 31 December 2020 and up to the Latest Practicable Date; and (c) there are no contingent liabilities or bad or doubtful debts which are likely to have a material impact on the unaudited NTA of M&S Group as at 31 December 2020.

5.3.2 Comparison with the fair market value of 100% equity interest in the M&S Group

In connection with the Proposed Disposal, the Independent Valuer was commissioned by the Company to conduct an independent valuation on the fair market value of the 100% equity interest in the capital of the M&S Group as at 30 September 2020.

As set out in the Valuation Report, the Independent Valuer has adopted Fair Market Value as their standard of value for the M&S Group, where Fair Market Value is generally defined as the amount at which an asset could be exchanged between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting in an arm's length transaction, in an open and unrestricted market.

The Independent Valuer has assessed the Fair Market Value of the M&S Group on a going basis as at 30 September 2020 by using the income approach as their primary approach. In addition, they have also assessed the reasonableness of their valuation results by cross-checking the Fair Market Value determined under the income approach with the guideline publicly-traded comparable method (commonly known as the comparable companies method and comparable transactions method) under the market approach.

Under the income approach, they have adopted the Discounted Cash Flow ("DCF") method. The DCF was constructed based on the M&S Business plans and they focused on the existing and projected cash flow of the M&S Business on an as-is basis.

The Independent Valuer has valued 100% equity interest of M&S Group as at 30 September 2020 to be in the range of **RMB1,726 million to RMB1,890 million**. We note that the Consideration of RMB2,290 million represents a significant premium of between 21.2% to 32.7% above the fair market value of M&S Group as at 30 September 2020 as assessed by the Independent Valuer.

It should be noted that the independent valuation of the M&S Group is based on various assumptions and limitations as set out in the Valuation Report, and Shareholders are advised to read the above in conjunction with the Independent Summary Valuation Letter in its entirety as set out in Appendix B to the Circular.

5.3.3 Comparison with the Market Capitalisation of the Company and VWAP of the Shares as at the Last Trading Day

As mentioned in Paragraph 5.2 above, while the M&S Business accounted for approximately 48.5% of the Group's aggregate segment results for FY2020, the Consideration of approximately S\$464.72 million (based on an exchange rate of SGD1.00:RMB4.9277 as at the Last Trading Day) represents approximately (i) 73.0% of the Existing Last Trading Day Market Cap; and (ii) 50.0% of the Fully-diluted Last Trading Day Market Cap.

The Consideration, after taking into account the Transaction Expenses (of approximately RMB269 million which comprised mainly of capital gain taxes and stamp duties of RMB209 million and fees payable to the Company's professional advisers of RMB60 million in connection with the Proposed Disposal), represents approximately S\$0.3617 on a per Share basis ("**Net Proceeds per Share**") based on the 1,152,523,142 Fully Diluted Total Shares. The Consideration per Share and Net Proceeds per Share represents approximately 50.8% and 44.8% of the VWAP of the Shares of the Company of S\$0.8066, respectively, on 30 December 2020, being the Last Trading Day.

5.3.4 Comparison with the Valuation Statistics of Companies Broadly Comparable to the M&S Group

In considering what may be regarded as a reasonable range of valuation for the purposes of assessing the Consideration of the Proposed Disposal, we have referred to selected companies listed and traded on the regional stock exchanges with business operations that are broadly comparable with those of the M&S Group to provide an indication of the current market expectations with regard to the perceived valuation of such businesses. We have, in consultation with the Management, used the following companies which are principally engaged in the business of environmental equipment manufacturing and engineering, procurement and construction. In addition, we have also included companies listed on the SGX-ST which are involved in providing environmental protection products and services to reflect the valuation of such companies on SGX-ST which is the exchange in which the Company is listed (collectively, the "**Comparable Companies**").

We wish to highlight that the Comparable Companies are not exhaustive and there is no listed company or group which may be considered identical to the M&S Group in terms of, *inter alia*, business activities, size and scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Comparable Companies may engage in other separate business activities which are not related to the principal business of the M&S Group. Shareholders should also note that private companies, such as the M&S Group, are generally valued at a discount to listed companies due to lack of marketability. As such, any comparison herein merely serves as an illustrative guide to Shareholders.

Details on the Comparable Companies, including their business descriptions and selected key financial and valuation statistics, are set out below:

Company	Stock Exchange	Business description (as extracted from Bloomberg)	Market Capitalisation as at the LPD (S\$ million)
China National Chemical Engineering Co Ltd	Shanghai	China National Chemical Engineering Company Ltd. offers construction services. The Company builds chemical, petrochemical, pharmaceutical and power plants, and coal industry facilities.	6,705.1
Xi'an Shaangu Power Co Ltd	Shanghai	Xi'an Shaangu Power Co., Ltd. provides solutions and services to turbomachinery systems. The Company's products include	3,315.6

Company	Stock Exchange	Business description (as extracted from Bloomberg)	Market Capitalisation as at the LPD (S\$ million)
		turbine compressors, industrial process energy recovery systems, and turbo blower units.	
Shuangliang Eco-Energy Systems Co Ltd	Shanghai	Shuangliang Eco-Energy Systems Company Ltd. manufactures air conditioning products. The Company produces flue gas lithium bromide absorption chillers, lithium bromide heat pump chillers, silicon gel absorption chillers, heat exchangers, and direct air cooled condensers. Shuangliang Eco-Energy also manufactures sea water desalination equipment.	1,932.5
Hangzhou Boiler Group Co Ltd	Shenzhen	Hangzhou Boiler Group Company Limited develops, produces, sells and provides service for boilers, pressure vessels and environmental protection equipments. The Company's main products are heat recovery boilers, industrial boilers, utility boilers and utility auxiliaries.	2,506.5
East China Engineering Science and Technology Co Ltd	Shenzhen	East China Engineering Science and Technology Co.,Ltd. is a chemical and petrochemical services company. The company provides a wide range of services, including design advisory and total project contracting business, in the business sectors such as fertilizer, inorganic chemicals, coatings and fine chemicals.	789.7
China Oilfield Services Ltd	Shenzhen and Hong Kong	China Oilfield Services Limited provides oilfield services. The Company provides geophysical prospecting, drilling, oilfield technology development, and other services. China Oilfield Services also operates transportation businesses.	10,978.1
China Boqi Environmental Holding Co Ltd	Hong Kong	China Boqi Environmental (Holding) Co., Ltd. offers waste management services. The Company provides flue gas desulfurization, solid waste disposal, water pollution treatment, and environmental protection services. China Boqi Environmental also offers clean energy products development services. China Boqi Environmental serves clients in China.	251.5
Dalipal Holdings Ltd	Hong Kong	Dalipal Holdings Limited manufactures and sells produces and sells oil country tubular goods. The Company produces oil pipes and pipe billets. Dalipal Holdings markets its products primarily throughout China and overseas.	289.9
China Everbright Water Ltd	Singapore	China Everbright Water Limited offers water environmental services. The Company provides water environment management, sponge city construction, sewage treatment, river-basin ecological restoration, water supply, and other related services. China Everbright Water conducts businesses in Shenzhen, Singapore, and Hong Kong.	715.2
SIIC Environment Holdings Ltd	Singapore	SIIC Environment Holdings Ltd. conducts operations in wastewater treatment, water purification treatment, and system automation. The Company procures and installs industrial and municipal wastewater treatment systems, and designs and installs water purification treatment systems. SIIC also designs and	500.4

Company	Stock Exchange	Business description (as extracted from Bloomberg)	Market Capitalisation as at the LPD (\$ million)
		implements automated control systems for power plants and wastewater treatment plants.	
Moya Holdings Asia Ltd	Singapore	Moya Holdings Asia Ltd. designs and builds water treatment systems. The Company offers engineering, field construction, project management and operations, and maintenance services to municipal, industrial and commercial customers.	298.5

Source: Bloomberg L.P.

The valuation measures of the Comparable Companies are set out below:

Comparable Companies	Last Financial Year End	Historical P/E ^{(1) (2)} (times)	Historical P/NTA ^{(1) (3)} (times)	Historical EV/EBITDA ^{(1) (2)} (times)
<u>Comparable Companies listed on exchanges outside of Singapore</u>				
China National Chemical Engineering Co Ltd	December	10.6	1.0	4.3
Xi'An Shaangu Power Co Ltd	December	23.9	2.5	15.0
Shuangliang Eco-Energy Systems Co Ltd	December	45.3	4.1	32.9
Hangzhou Boiler Group Co Ltd	December	33.2	4.1	22.6
East China Engineering Science and Technology Co Ltd	December	21.6	1.8	13.4
China Oilfield Services Ltd	December	19.7	1.4	2.8
China Boqi Environmental Holding Co Ltd	December	6.7	0.8	3.9
Dalipal Holdings Ltd	December	4.3	1.1	4.0
High		45.3	4.1	32.9
Low		4.3	0.8	2.8
Mean		20.7	2.1	12.4
Median		20.7	1.6	8.9
<u>Singapore-listed Comparable Companies</u>				
China Everbright Water Ltd	December	4.0	0.6	7.5
SIIC Environment Holdings Ltd	December	3.8	1.3	8.4
Moya Holdings Asia Ltd	December	8.5	1.2	4.4
High		8.5	1.3	8.4
Low		3.8	0.6	4.4
Mean		5.5	1.0	6.8
Median		4.0	1.2	7.5
<u>Combined</u>				
High		45.3	4.1	32.9
Low		3.8	0.6	2.8
Mean		16.5	1.8	10.8
Median		10.6	1.3	7.5
M&S Group (implied by the Consideration)^{(4) (5)}		9.5	1.9	6.0

Source: Bloomberg L.P., annual reports and/or announcements of the respective Comparable Companies and W Capital's computations

Notes:-

- (1) Market capitalization, historical P/E, P/NTA and EV/EBITDA of the Comparable Companies were based on their respective closing prices as at the Latest Practicable Date.
- (2) Based on the historical full year consolidated earnings of the respective Comparable Companies.
- (3) The P/NTA ratios of the Comparable Companies were based on their respective NTA values as set out in their latest available published financial statements as at the Latest Practicable Date.
- (4) The historical P/E multiple and the historical EV/EBITDA multiple of M&S Group as implied by the Consideration were computed based on its earnings and EBITDA for M&S Group for FY2020.
- (5) The historical P/NTA multiple of the M&S Group of 1.9 times as implied by the Consideration was computed based on its NTA (which excludes intangible assets) as at 31 December 2020.

Based on the above, we note that:

- (a) When comparing with Comparable Companies listed outside of Singapore, the P/E ratio of the M&S Group as implied by the Consideration of 9.5 times is within the range of the P/E ratios of the Comparable Companies of between 4.3 times and 45.3 times, but is lower than the mean and median P/E ratio of such Comparable Companies of 20.7 and 20.7 times respectively;

When comparing with Singapore-listed Comparable Companies, the P/E ratio of the M&S Group as implied by the Consideration of 9.5 times is above the range of the P/E ratios of the Comparable Companies of between 3.8 times and 8.5 times, and above the mean and median P/E ratios of the Comparable Companies of 5.5 times and 4.0 times respectively;

- (b) When comparing with Comparable Companies listed outside of Singapore, the P/NTA of the M&S Group as implied by the Consideration of 1.9 times is within the range of the P/NTA ratios of such Comparable Companies of between 0.8 times and 4.1 times, and above the median P/NTA ratio of the Comparable Companies of 1.6 times but slightly below the mean P/NTA ratio of the Comparable Companies of 2.1 times;

When comparing with the Singapore-listed Comparable Companies, the P/NTA of the M&S Group as implied by the Consideration of 1.9 times is above the range of the P/NTA ratios of such Comparable Companies of between 0.6 times and 1.3 times, and above the mean and median P/NTA ratios of the Comparable Companies of 1.0 times and 1.2 times respectively;

- (c) When comparing with Comparable Companies listed outside of Singapore, the EV/EBITDA ratio of the M&S Group as implied by the Consideration of 6.0 times is within the range of the EV/EBITDA ratio of such Comparable Companies of between 2.8 times and 32.9 times and below the mean and median EV/EBITDA ratios of the Comparable Companies of 12.4 times and 8.9 times respectively; and

When comparing with the Singapore-listed Comparable Companies, the EV/EBITDA ratio of the M&S Group as implied by the Consideration of 6.0 times is within the range of the EV/EBITDA ratio of such Comparable Companies of between 4.4 times and 8.4 times but below the mean and median EV/EBITDA ratios of the Comparable Companies of 6.8 times and 7.5 times respectively.

5.4 Assessment of the terms relating to the M&S Trademark Assignments and M&S Corporate Guarantees

The M&S Trademarks are trademarks used in connection with the business operations and marketing of the M&S Group, including without limitation in advertisements, promotional materials and bidding proposals. Certain M&S Trademarks which are necessary for the M&S Group's conduct of the M&S Business 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. We note that 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 date of 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 and accordingly, there is no value at risk to the Company arising from the Trademark Assignments.

In respect of the M&S Corporate Guarantees, we note that these represents pre-existing intra-group corporate guarantees provided by Sunpower Technology in the past in respect of loan facilities which have been granted by the Relevant Banks in favour of certain entities within the Group. In order for the Group to maintain the existing loan agreements with the Relevant Banks and to facilitate continued development of the GI Business, it is proposed that, following the completion of the Proposed Disposal, the M&S Group Entities will continue to provide the existing M&S Corporate Guarantees until the completion of procedures to discharge the M&S Corporate Guarantees with the Relevant Banks.

Pursuant to the SPA, it is envisaged that prior to the discharge of the M&S Corporate Guarantees, Sunpower International will provide Sunpower Technology with back-to-back undertakings in respect of the M&S Corporate Guarantees, pursuant to which Sunpower Technology shall be entitled to recourse against Sunpower International to the extent that Sunpower Technology suffers any loss in connection with or arising out of the M&S Corporate Guarantees due to a default by a GI Group entity under the Relevant Loan Facilities. For the avoidance of doubt, Sunpower International will not be providing any guarantee in respect of any of the M&S Group's loan facilities.

In this regard, we note that the M&S Corporate Guarantees is regarded as an Interested Person Transaction as a consequence of the Proposed Disposal and that no consideration was paid by the Group to procure the M&S Corporate Guarantees provided by the M&S Group (whether in the form of a guarantee fee, interest, or otherwise), and accordingly there is no value at risk to the Company arising from the M&S Corporate Guarantees provided.

5.5 Financial effects of the Proposed Disposal

The pro forma financial effects of the Proposed Disposal on the NTA per Share and the earnings per Share ("**EPS**") of the Group are set out in Paragraph 6 of the Circular and have been prepared based on the various assumptions as set out therein. The financial effects are for illustrative purposes only and do not necessarily reflect the actual results and financial position of the Group and of the Company following completion of the Proposed Disposal.

In summary, we note that the Proposed Disposal is expected to substantially increase the Company's NTA per Share as at 31 December 2020 (before the proposed distribution to Shareholders and Bondholders) from approximately S\$0.150 to S\$0.367 (based on the existing number of issued shares) and EPS from a loss per share of approximately S\$0.0142 to an EPS of approximately S\$0.0741 (based on the existing number of issued shares), due to the gain on disposal arising from the Proposed Disposal of approximately S\$154 million.

5.6 Other Relevant Considerations

5.6.1 Non-Competition Clause in the SPA

We note that 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 Competing Business provided, however, that Sunpower International's ownership of any securities, equity or interests having not more than twenty percent (20%) of the voting rights in any entity constituting a Competing Business shall not be deemed a violation of this undertaking.

In this regard, we note that non-competition clauses are common in mergers and acquisition transactions and are typically for the duration of between one to three years.

5.6.2 Inter-conditionality of the Resolutions

Shareholders should note that Ordinary Resolution 1 relating to the Proposed Disposal and the Transaction IPTs, Ordinary Resolution 2 relating to the Proposed Special Dividend, Ordinary Resolution 3 relating to the Proposed Amendments to the Convertible Bond Purchase

Agreements and Ordinary Resolution 4 relating to the adoption of the Proposed IPT Mandate are inter-conditional upon one another. Accordingly, in the event that any of Ordinary Resolution 1, Ordinary Resolution 2, Ordinary Resolution 3 or Ordinary Resolution 4 is not approved, the other resolutions will not be proceeded with.

5.6.3 Proposed Amendments to the Convertible Bond Purchase Agreements

As at Latest Practicable Date, the Company has 2 convertible bonds holders which are affiliates of DCP Capital Partners L. P. (“**DCP**”) and CDH China Management Company Limited (“**CDH**”) respectively (collectively, the “**Bondholders**”) and holding, in aggregate, US\$110 million of the Tranche 1 Convertible Bonds and US\$20 million of the Tranche 2 Convertible Bonds with maturity date of 3 March 2022.

In connection with the Proposed Disposal, prior written consent of the Majority Bondholders is required to be obtained, and accordingly, the Company and the Bondholders are proposing that various relevant terms of the Convertible Bond Purchase Agreements to be amended (as summarised in Paragraph 8.3 of the Circular, in light of the impact of the Proposed Disposal on the corporate structure, management constitution, business profile and financials of the Group. As mentioned in Paragraph 5.6.2 above, it should be noted that Ordinary Resolutions 1 to 4 are inter-conditional and accordingly, if the Proposed Amendments to the Convertible Bond Purchase Agreements is not approved at the Special General Meeting, the Proposed Disposal will not be proceeded with.

The key amendments proposed are summarised below:-

- (a) the performance target under the Existing Terms in respect of FY2021 of RMB460 million will be replaced with a new performance target of RMB325 million in respect of FY2022. The original FY2021 performance target was intended for both the M&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. It is arrived at after considering the target performance of the GI Projects which will be operational in FY2022 and the historical actual operational and financial performance of the already operational GI Projects. FY2022 is construed as a more appropriate year to measure management operating performance as the Company will have its 11 existing GI Projects operational in FY2022, as opposed to only 8 operational projects and 2 partially operational projects in FY2021 as disclosed under Paragraph 3.2(b) of the Circular. The amended performance target is a commercial term based on the negotiations between the Company and the Bondholders, which has been reviewed and approved by the Board.

In line with the adjustment of the performance target as mentioned above, corresponding adjustments will also be made to the floor to the performance shortfall adjustment mechanisms from RMB154 million to RMB108 million, such that the floor remains at one-third of the adjusted performance target of RMB325 million, consistent with the proportion of the adjustment floor to the performance target under the Existing Terms;

- (b) the definition of "Adjusted PATMI" as used to define the performance targets under the Existing Terms will be revised to, *inter alia*, exclude the following items incurred outside of PRC: (i) remuneration of the Issuer's directors and expenses incurred in the performance of their duties as directors; (ii) 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; 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. Please refer to Appendix F of the Circular for such revised definition of "Adjusted PATMI" under the Amended Terms;
- (c) to align with the foregoing amendments relating to performance targets and "Adjusted PATMI" as used under the Convertible Bond Purchase Agreements, the maturity date of the Convertible Bonds will accordingly be extended from 3 March 2022 to 3 March 2023;
- (d) the revised performance targets will be further increased proportionately with any additional Convertible Bonds issued. This is to clarify the adjustments to be made to the

performance targets in the event that there is additional drawdown on the Convertible Bonds, which were absent under the Existing Terms;

- (e) 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 Pre-Exit Proceeds in relation to its Bondholder's Securities (as defined in Appendix E of the Circular, including for the avoidance of doubt the applicable portions of cash coupons and/or interests received thus far and cash payment in tandem with the Proposed Special Dividend) pursuant to the terms of the Convertible Bond Purchase Agreements in excess of the higher of the Trigger Threshold and the Adjustment Target A (as defined in the "Definitions" section of the Circular) (the "**Adjustment Waiver**");
- (f) 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 of the Proposed Disposal. 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% total IRR 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;
- (g) 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 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 when 100% of the same is being shared with the Company will no longer apply.

In this regard, it is noted that 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;

- (h) 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, to align with the re-designation of Mr. Guo and Mr. Ma in connection with the Proposed Disposal; and
- (i) the Amended Terms 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.

For more details relating to the Proposed Amendments, please refer to Appendix H of the Circular for a revised illustration of performance shortfall adjustments under the Amended Terms, Appendix I of the Circular for a revised illustration of Excess Performance Adjustment Sharing under the Amended Terms, and Appendix E of the Circular for a summary of key proposed amendments to the Existing Terms, the rationale behind the proposed changes and the financial impact on the Company, if any.

Impact of Proposed Amendments to the Excess Returns Sharing to Shareholders

We note that under the Existing Terms, (i) if the Investors enjoy investment returns on a cumulative basis over time such that it exceeds the First Threshold (as defined in the Company's circular to Shareholders dated 21 August 2018), the Investors will return such excess to the

Company but subject always to a cap of US\$10 million; and (ii) if the Investors enjoy investment returns on a cumulative basis over time such that it exceeds the Second Threshold (as defined in the Company's circular to Shareholders dated 21 August 2018), the Investors will simply pay the Company a total of US\$30 million. Where an investor makes any payments to the Company in accordance with the Excess Return Sharing, the Company (i) proposes to pay fifty per cent. (50%) of the amount paid to it to management employees and (ii) distributes the remaining fifty per cent. (50%) to its Shareholders by way of special dividends. Under the Amended Terms, there will be no distribution of the Excess Returns to Shareholders by way of special dividends. Hence, Shareholders will be foregoing a maximum potential special dividend of up to US\$15 million assuming the Investors enjoy investment returns on a cumulative basis over time which exceeds the Second Threshold. However, Shareholders should note that this special dividend is **not guaranteed** as there is no assurance that such excess return thresholds will be exceeded. It should also be noted that such amendment was part of the Proposed Amendments effected in connection with the Proposed Disposal and as such should not be viewed in isolation from the rest of the Proposed Amendments as part of an overall commercial agreement.

Notwithstanding that Shareholders may potentially be foregoing up to a maximum of US\$15 million special dividends as a result of the Proposed Amendments, we note that the following benefits will accrue to the Company and its Shareholders from the Proposed Amendments and the Proposed Disposal: (a) the Proposed Disposal is at a significant premium of between 21.2% to 32.7% above the fair market value of M&S Group of between RMB1,726 million to RMB1,890 million as at 30 September 2020 as assessed by the Independent Valuer; (b) as a result of the Proposed Disposal, the Company will recognize a gain on disposal of approximately S\$154 million and intends to distribute to Shareholders a Proposed Special Dividend that amounts to approximately RMB1.1627 per Share on a fully-diluted basis, which is computed based on Issued Bonds of US\$130 million as opposed to the aggregate amount of the Convertible Bonds of US\$180 million. In addition, we note that under the Amended Terms, the 50% Excess Return Sharing will be distributed to the Company's management as recognition of their contributions but 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.

5.6.4 Use of proceeds from the Consideration

The consideration for the Proposed Disposal shall be satisfied entirely in cash and the net proceeds from the Proposed Disposal, after deducting the Transaction Expenses, is estimated to be approximately RMB2,021,000,000 ("**Net Proceeds**").

An aggregate of approximately RMB1,340,000,000 (representing approximately 66.3% of the Net Proceeds) may be used for declaring the Proposed Special Dividend to Shareholders amounting to RMB923,546,827 and making a cash payment to the Bondholders in accordance with the the Bondholders' entitlement under the Existing Terms amounting to RMB416,453,173 (the "**Bondholders' Special Dividend**"). As set out in Paragraphs 1.3 and 4.1 of the Circular, subject to the approval of the Shareholders at a general meeting, the Company intends to distribute a portion of the net proceeds arising from the Proposed Disposal to the Shareholders, by declaring a Proposed Special Dividend to the Shareholders and a Bondholders' Special Dividend to the Bondholders of approximately RMB1.1627 per Share, calculated based on Fully Diluted Total Shares which takes into account the total number of Issued Bonds as at the Latest Practicable Date on an as-converted basis and comprising (a) approximately RMB0.6794 per Share (the "**Tranche 1 Special Dividend**") and (b) approximately RMB0.4833 per Share (the "**Tranche 2 Special Dividend**"). As mentioned in Paragraph 4.3 of the Circular, the Proposed Special Dividend constitutes an "Excess Cash Dividend" under the Existing Terms, which requires the Company to simultaneously pay to the Bondholders an amount equal to the Excess Cash Dividend Amount multiplied by the number of Shares into which such outstanding Convertible Bonds are convertible at the Conversion Price then in effect, but shall exclude the amount of interest that has accrued and will accrue on the then outstanding Bonds in the relevant financial year and any Excess Cash Dividend in respect of which a payment has already been made to the Bondholders. The payment of the Proposed Special Dividend is subject to, inter alia, the receipt by the Company of the Tranche 1 Consideration and the Tranche 2 Consideration, the books closure date and actual payment date for the Proposed Special Dividend will be announced after the Company is paid, and in receipt of, the Tranche 1 Consideration and the

Tranche 2 Consideration. The Board proposes to declare such Proposed Special Dividend and make such payment of the Bondholders' Special Dividend in recognition of the support of the Shareholders and Bondholders and to enable them to enjoy the benefits from the Proposed Disposal.

The remaining of the proceeds may be used for (a) capital for undertaking existing GI Projects and for general working capital purposes of an amount of approximately RMB551,000,000 (representing approximately 27.3% of the Net Proceeds); and (b) to repay existing payables due from the GI Group to the M&S Group of approximately RMB130,000,000 (representing approximately 6.4% of the Net Proceeds), arising from EPC contracts entered into between the GI Group and the M&S Group (the "M&S Payables"). The M&S Payables were in relation to inter-company transactions entered into by the Group in the past, where entities within the GI Group had contracted with entities with the M&S Group to enter into EPC contracts to provide service to the GI Group mainly in relation to the construction of centralised heat and steam plants, for which payment was to be made by the GI Group to the M&S Group for services undertaken by the M&S Group thereunder. Such M&S Payables reflect the net inter-company payables due between the GI Group and the M&S Group. For the avoidance of doubt, the net receivables due from the M&S Group to the GI Group are nil as at the Latest Practicable Date. Please refer to Paragraph 5 of the Circular for the details relating to the proposed use of proceeds.

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

5.6.5 Involvement of Directors and Key Management of the Group in the M&S Business

In connection with the Proposed Disposal, it is intended that, on or 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 will be re-designated as a Non-Executive and Non-Independent Director of the Company.

In addition, Ms. Ge Cui Ping, the Chief Financial Officer of the Group, Ms. Jiang Yanyun, the Senior Vice President of the Group and Mr. Chen Kai, the Chief Investment Officer 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 also be joining the Purchaser on or around the Tranche 1 Completion Date. The Company plans to replace its Chief Financial Officer prior to the departure of Ms. Ge Cui Ping on or around the Tranche 1 Completion Date.

The GI Group has formed an Investment Department which is independent from the business units of the GI Group and Chief Investment Officer, for the purposes of evaluating potential investments into GI Projects and providing investment advice since the strategic expansion of the Group into the GI Business.

Following the Proposed Disposal, the remaining GI Business will continue to be spearheaded by Mr. Ma, an Executive Director of the Company, who will be supported by key management of the Group who have many years of experience and expertise in managing the GI Business, upon the completion of the internal restructuring of the Group's management structure on or around the Tranche 1 Completion Date. Mr. Ma currently oversees the formulation and execution of the Group's business and growth strategies particularly in the GI Business. For further details, please refer to Paragraph 2.5 and 2.6 of the Circular.

5.6.6 Contribution of the M&S Business to the Group

Based on the latest unaudited consolidated financial statements of the Group for FY2020, the contribution of the M&S Group in terms of revenue, gross profit and segment results of the Group is as follows:

FY2020	As a percentage of the total revenue of the Group	As a percentage of the total gross profit of the Group	As a percentage of the segment results of the Group
M&S Business	67.1%	60.9%	48.5%
GI Business	32.9%	39.1%	51.5%

Source: Company

Following the Completion of the Proposed Disposal, the GI Business will be the sole business of the Group. 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 segment has significant potential to deliver long-term benefit to the Group and build sustainable value for its Shareholders.

5.6.7 Best offer arising from a formal auction process

As set out in Paragraph 2.1(A) of the Circular, we note that the Company had conducted a formal auction process ("**Auction**") in relation to the Proposed Disposal of the M&S Business from September 2019 through a leading Chinese investment bank and the offer from the Purchaser represents the only commercially viable offer, as one of the conditions under the other two offers from independent third parties is that the M&S Corporate Guarantees should be fully discharged prior to the legal completion of any sale and purchase agreement, which cannot be achieved without the blessings of the Relevant Banks.

In addition, we note that the Recommending Directors have also considered the option of a direct spin-off listing of the M&S Group on a PRC stock exchange as an alternative to a sale of the M&S Group to unlock shareholders' value and are of the view that the Proposed Disposal of the M&S Group should be put forth to the Shareholders for consideration instead, having considered the factors set out in Paragraph 2.1(B) of the Circular (which includes the uncertainty and timing considerations in connection with a PRC listing).

6. THE PROPOSED IPT MANDATE

Information on the Proposed IPT Mandate is set out in Paragraph 9 of the Circular. We note that the Proposed IPT Mandate is proposed to be adopted mainly to facilitate transactions in the normal course of business of the EAR Group which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out at arm's length and on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

6.1 Mandated Transactions

Details of the categories of the Mandated Transactions of the Proposed IPT Mandate are set out in Paragraph 9.4 of the Circular and relates to:

- (i) the provision of equipment and engineering, procurement and construction services ("**EPC Contracts**") by the Mandated Interested Person in respect of high-end environmental and EPC solutions under the M&S Business. Such EPC Contracts relate to the provision of products and EPC services in order to construct the infrastructure of the GI Group's facilities, including the procurement of facilities, construction of factories and the engineering and procurement and installation of equipment such as boilers and electricity generators. The EPC Contracts under this category are generally of a larger scale and with a contract value of above RMB100 million;
- (ii) the provision of equipment and Utility Facilities EPC Contracts by Mandated Interested Persons. The Utility Facilities EPC Contracts refers to the provision of products such as

pipeline or other smaller-scale equipment, and the provision of EPC services relating to the installation, reforming and/or upgrading of such pipelines or other equipment for the GI Group's facilities. The Utility Facilities EPC Contracts under this category are generally of a smaller scale and therefore have relatively smaller transaction values ranging from hundreds of thousands to tens of millions in RMB. They will be subject to the Framework Agreements; and

- (iii) the lease of office buildings and/or facilities from Mandated Interested Persons.

6.2 Rationale for and benefits of the Proposed IPT Mandate

Information on the rationale for and benefits of the Proposed IPT Mandate is set out in Paragraph 9.5 of the Circular, and Shareholders are advised to read and consider the information therein carefully.

6.3 Guidelines and review procedures under the Proposed IPT Mandate

The guidelines and review procedures for the Mandated Transactions under the Proposed IPT Mandate are set out in Paragraph 9.6 of the Circular.

We note that the methods and procedures to ensure that the Mandated Transactions will be undertaken at (a) arms' length and on normal commercial terms consistent with the Group's usual business practices and on terms which are generally not more favourable than those extended to unrelated third parties; or (b) in any event on terms no less favourable to the Group than prevailing open market rates, and will not be prejudicial to the interests of the Group and its minority Shareholders include, *inter alia*, the following:

- (i) In relation to the entry into EPC Contracts with Mandated Interested Persons:
 - a. The entry into EPC Contracts for the construction of the GI facilities will be determined by way of a tender process, whereby the Company will obtain quotations from no less than three (3) bidders, with at least two (2) unrelated third party bidders. In general, the Group will only enter into contracts for the purchase of products or the provisions of services under the EPC Contracts from the Mandated Interested Persons if the Chief Financial Officer of the GI Group and the General Manager of the Jiangsu Sunpower Clean Energy Co., Ltd., an entity within the GI Group (who must each have no interest, direct or indirect in the transaction) are satisfied that the rates or prices from the Mandated Interested Persons are not higher than the most competitive quote provided by other third party suppliers for manufacturing and services products of similar specifications or for comparable services, after obtaining competing quotes from at least two (2) unrelated third party suppliers, and taking into account factors such as the technologies and technical specifications, scope of services and track record, warranty period, experience and expertise and any other relevant factors;
 - b. In the event that such competing quotes from unrelated third party suppliers cannot be obtained through the tender process (for instance, if there are no unrelated third party suppliers of similar products or services, or if the product is a proprietary item), the Group will obtain two (2) recent contracts (wherever possible or available) entered into between the Mandated Interested Persons and the unrelated third party customers of such Mandated Interested Persons for the same or substantially similar products and/or services, prior to the entry into of the contract or transaction with the Mandated Interested Persons, as a basis for comparison to determine whether the prices and terms offered by the Mandated Interested Persons are fair and reasonable, and comparable to those offered by the Mandated Interested Person to their unrelated third party customers. The Chief Financial Officer of the GI Group and the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. (who must have no interest, direct or indirect in the transaction) will determine whether the prices and terms offered by the relevant Mandated Interested Persons are fair and reasonable and in accordance with the Group's usual business practices and pricing policies or industry norms, and taking into account factors such as the technologies and

technical specifications, scope of services and track record, warranty period, experience and expertise, historical rates or prices paid by the Group for such products and/or services, credit terms and any other relevant factors;

- c. Upon satisfactory review by the Chief Financial Officer of the GI Group and the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd., the entry into such EPC Contracts will be subject to prior approval by the Independent Committee, which will be made up of the Audit Committee from time to time (being as at the Latest Practicable Date, Mr. Chin Sek Peng, Mr. Lau Ping Sum Pearce and Mr. Yang Zheng) and Mr. Wang Dao Fu, an Independent Director of the Company, who must each not have any interest, direct or indirect, in the transaction.
- (ii) In relation to the provision of Utility Facilities EPC Contracts by Mandated Interested Persons, which are generally contracts of a relatively smaller transaction value:
- a. Each Utility Facilities EPC Contracts will be subject to a Framework Agreement. Each Framework Agreement (regardless of value) shall be subject to review by the Chief Financial Officer of the GI Group and the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd., jointly (who must each not have any interest, direct or indirect, in the transaction). Each Framework Agreement shall specify (1) the prescribed standards for the construction works to be carried out and the review and acceptance thereof; (2) the basis of computation of the construction costs, including the pricing of raw materials and construction works; and (3) the pricing mechanism, which shall be in line with the benchmark analysis report as further elaborated below.
 - b. A benchmark analysis report will be issued by an independent professional firm and attached as part of the review and approval of the Utility Facilities EPC Contracts. The benchmark analysis report will be updated annually and will state the gross margin guidance for the entry into such interested person transactions, taking into account factors such as industry norms, specifications, prevailing market prices for equipment and/or services of similar specifications and any other relevant factors. The independent professional firm will be a reputable firm with the necessary experience, track record and professional certifications and qualifications to undertake the benchmark analysis report, to be determined by the Independent Committee.

In general, the Group will only enter into such Utility Facilities EPC Contracts with Mandated Interested Persons if the relevant persons reviewing the transaction as set out in Paragraphs 9.6(b)(iii) and 9.6(b)(iv) of the Circular (who must each have no interest, direct or indirect in the transaction) have reviewed and are satisfied that the price and rate of such Utility Facilities EPC Contract is not higher than the gross margin guidance stated in the benchmark analysis report.

- c. Under the Framework Agreement, each individual Utility Facilities EPC Contract with a value below RMB 10 million shall be subject to review by the Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. who must not have any interest, direct or indirect, in the transaction. Upon satisfactory review by the Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. in accordance with the procedures set out above, the entry into such Mandated Transactions will be subject to prior approval by the Chief Financial Officer of the GI Group and the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd., jointly, who must each not have any interest, direct or indirect, in the transaction.
- d. Each individual Utility Facilities EPC Contract with a value equal to or exceeding RMB 10 million shall be subject to review by (1) the Chief Financial Officer of the GI Group and (2) the General Manager or the Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd., jointly, who must each not have any interest, direct or indirect, in the transaction. Upon satisfactory review by the relevant persons in accordance with the procedures above, the entry into such Mandated

Transactions will be subject to prior approval by the Independent Committee, who must each not have any interest, direct or indirect, in the transaction.

- (iii) In relation to the lease of office buildings and/or facilities from Mandated Interested Persons:
 - a. The rent payable by the Group to the Mandated Interested Persons shall be at an annual rent being no higher than the then prevailing market rental as supported by an independent report issued by an independent firm with the relevant track record or experience, not more than two (2) months prior to the lease and/or the renewal of the lease, with such cost of report to be borne by the Group.
 - b. Each lease shall be subject to review by (1) Chief Financial Officer of the GI Group and (2) the Head of Internal Control of the GI Group, jointly, who must each not have any interest, direct or indirect, in the transaction. Upon satisfactory review by the relevant persons in accordance with the procedures above, the entry into such Mandated Transactions will be subject to prior approval by the Independent Committee, who must each not have any interest, direct or indirect, in the transaction.
 - c. In general, the Group will only enter into the leases if the relevant persons reviewing the transaction as set out in Paragraphs 9.6(c)(ii) in the Circular (must have no interest, direct or indirect in the transaction) are satisfied that the rent payable is in line with or better than prevailing market rental rates for comparable properties, taking into account factors such as the geographical location, facilities and any other relevant factors that may affect rental rates or terms of the lease.
- (iv) In the event that a member of the Independent Committee has an interest in a Mandated Transaction, or is a nominee for the time being of the Mandated Interested Person, or if he also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Independent Committee in relation to a transaction with that Mandated Interested Person, or if any associate (as defined in the Listing Manual) of a member of the Independent Committee is involved in the decision making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Independent Committee in relation to that transaction.
- (v) In the event that Chief Financial Officer, the General Manager and/or the Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd. and/or Head of Internal Control of the GI Group has an interest in a Mandated Transaction, or is a nominee for the time being of the Mandated Interested Person, such person shall abstain from participating in the review and approval process in relation to that transaction and the Company shall, subject to the approval of the Independent Committee, recommend another officer of the Group of an equivalent rank (who must not have any interest, direct or indirect, in the transaction) to review and/or approve the Mandated Transaction (as the case may be).

Any transaction to be entered into under the Proposed IPT Mandate shall only be approved by the above approving authority if the transactions are carried out at arm's length and on normal commercial terms, in accordance with the guidelines and review procedures outlined in this section, and the basis on which the transactions are entered into are properly documented in the IPT Register, accompanied with supporting documents.

In addition to the guidelines and review procedures set out above, the Group will also implement the additional guidelines and review procedures set out in Paragraph 9.7 of the Circular to ensure that the Mandated Transactions carried out under the Proposed IPT Mandate are undertaken at arm's length basis and on normal commercial terms.

6.4 Role of the Independent Committee in relation to the Proposed IPT Mandate

The Independent Committee shall review all Mandated Transactions at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the

procedures outlined in Paragraph 9 in the Circular. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Independent Committee. Independent Committee shall, when it deems fit, request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers, and/or require the appointment of an independent professional firm (the appointment of which shall be approved by the Independent Committee) to provide additional review of the internal control procedures and review procedures and their implementation pertaining to interested person transactions (including the Mandated Transactions) under review and to report to the Independent Committee on a quarterly basis.

The Independent Committee will also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Group and the interested persons are conducted at arm's length and on normal commercial terms. If during any of the reviews by the Independent Committee, the Independent Committee is of the view that the internal control procedures and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, it will, in consultation with the Board, take such actions as it deems proper in respect of such procedures and guidelines and/or modify or implement such procedures and guidelines as may be necessary to ensure that the Mandated Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, and the Company will revert to Shareholders for a fresh general mandate based on new internal control procedures and review procedures so that Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. In the absence of a fresh mandate, any interested person transaction will be entered into in accordance with the requirements under Chapter 9 of the Listing Manual (including the requirements under Rule 905 and Rule 906 of the Listing Manual). In addition, during such interim period, the Independent Committee will continue to review every Mandated Transaction pending the grant of the fresh mandate, to provide an additional safeguard so as to ensure that such interested person transactions will be in accordance with the requirements of the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual (as from time to time amended), and will be undertaken at arm's length basis and on normal commercial terms.

In addition, we note that the Audit Committee will also review all interested person transactions from time to time and at least on a half-yearly basis to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with.

6.5 Validity period and conditionality of the Proposed IPT Mandate

Shareholders are to note that the proposed adoption of the Proposed IPT Mandate is subjected to the following conditions: (a) Ordinary Resolution 1 relating to the Proposed Disposal and the Transaction IPTs being approved by the Shareholders at the SGM; (b) Ordinary Resolution 2 relating to the Proposed Special Dividend being approved by the Shareholders at the SGM; (c) Ordinary Resolution 3 relating to the Proposed Amendments to the Convertible Bond Purchase Agreements being approved by the Shareholders at the SGM; (d) Ordinary Resolution 4 relating to the Proposed IPT Mandate being approved by the Shareholders at the SGM; and (e) transfer of the legal title to the Sale Shares under the Proposed Disposal as at the Tranche 1 Completion Date.

If all the above conditions are fulfilled, the Proposed IPT Mandate will take effect from the Tranche 1 Completion Date, and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the conclusion of the next AGM of the Company.

Approval from the Shareholders will be sought for the renewal of the Proposed IPT Mandate at the next AGM of the Company and at each subsequent AGM of the Company, subject to satisfactory review by the Audit Committee of the continued applicability of the Proposed IPT Mandate to the Mandated Transactions and the continued sufficiency of the review procedures to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If the above conditions are not fulfilled, the Proposed IPT Mandate will not be adopted.

7. OPINION

In arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Disposal, the Transactions IPTs and the Proposed IPT Mandate. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

OPINION ON THE PROPOSED DISPOSAL AND THE TRANSACTION IPTS

We set out below, *inter alia*, the following key considerations which we consider to be pertinent to our assessment of the Proposed Disposal and the Transaction IPTs:

- (a) The rationale for the Proposed Disposal, details of which are set out in Paragraph 5.1 of this IFA Letter;
- (b) The analysis of the historical financial performance of the M&S Business, details of which are set out in Paragraph 5.2 of this IFA Letter. In particular, we noted that while the M&S Business accounted for approximately 48.5% of the Group's aggregate segment results in FY2020, the Consideration of approximately S\$464.72 million (based on an exchange rate of SGD1.00:RMB4.9277 as at the Last Trading Day) represents approximately (i) 73.0% of the Existing Last Trading Day Market Cap; and (ii) 50.0% of the Fully-diluted Last Trading Day Market Cap;
- (c) Assessment of the fairness of the Consideration for the Proposed Disposal, details of which are set out in Paragraph 5.3 of this IFA Letter. In particular, we noted that the Consideration of RMB2,290 million represents a significant premium of between 21.2% to 32.7% above the fair market value of M&S Group of between RMB1,726 million to RMB1,890 million as at 30 September 2020 as assessed by the Independent Valuer and that the valuation multiples as implied by the Consideration are within or above the range and are either close to or above the mean and median valuation multiples of the Comparable Companies;
- (d) Assessment of the terms relating to the M&S Trademark Assignments and M&S Corporate Guarantees, details of which are set out in Paragraph 5.4 of this IFA Letter. In this regard, we note that there is no consideration for the assignment of the M&S Trademarks, as the consideration for the M&S Trademarks has already been taken into account in the Consideration for the Proposed Disposal. In respect of the M&S Corporate Guarantees, we note that no consideration was paid or is payable 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), and accordingly there is no value at risk to the Company arising from the M&S Corporate Guarantees provided;
- (e) Financial effects of the Proposed Disposal, details of which are set out in Paragraph 5.5 of this IFA Letter. In this regard, it is noted that the Proposed Disposal would increase the Group's NTA, NTA per share and earnings per Share; and
- (f) Other relevant considerations, details of which are set out in Paragraph 5.6 of this IFA Letter.

Having regard to the foregoing considerations as set out above and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal and the Transactions IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its Minority Shareholders.

OPINION ON THE PROPOSED IPT MANDATE

In arriving at our opinion in respect of the Proposed IPT Mandate, we have considered, *inter alia*, the guidelines and procedures under the Proposed IPT Mandate, the role of the Audit Committee

in enforcing the Proposed IPT Mandate, and the rationale for and benefits of the Proposed IPT Mandate.

Having regard to the considerations set out in paragraph 6 of this IFA Letter and the information available to us as at the Latest Practicable Date, **we are of the opinion that the methods and procedures for determining transaction prices of the Mandated Transactions, if adhered to, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its Minority Shareholders.**

Our opinions are prepared as required under Chapter 9 of the Listing Manual as well as addressed to the Independent Directors in connection with their consideration of the Proposed Disposal, the Transaction IPTs and the Proposed IPT Mandate and their advice to the Shareholders arising thereof. The recommendations made by the Independent Directors to the Shareholders shall remain the responsibility of the Independent Directors.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors, nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purposes of the forthcoming Special General Meeting and for the purpose of the Proposed Disposal, the Transaction IPTs and the Proposed IPT Mandate.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,

For and on behalf of
W Capital Markets Pte. Ltd.

Foo Say Nam
Partner
Head of Advisory

Sheila Ong
Vice President
Corporate Finance

APPENDIX B – INDEPENDENT VALUATION SUMMARY LETTER

The Board of Directors

24 December 2020

Sunpower Group Ltd.

No. 2111 Chengxin Avenue
High-tech Industrial Park Jiangning District,
Nanjing, Jiangsu, 211112
People's Republic of China

Project Lion

Independent Valuation Summary Letter

Dear Sirs:

1. Introduction

EY Corporate Advisors Pte. Ltd. (“**EY**” or “**we**”) has been appointed by the Board of Directors (the “**Directors**”) of Sunpower Group Ltd. (“**Sunpower**” or the “**Company**”) to perform professional services relating to the proposed divestment by the Company of the manufacturing and services segment (the “**Proposed Divestment**”) comprising of Sunpower Technology (Jiangsu) Co., Ltd (the “**Target Business**”)

This Independent Valuation Summary Letter (“**Letter**”) has been prepared pursuant to Rule 1014 of the Singapore Exchange Securities Trading Limited Listing Manual and for the purpose of disclosure as an appendix to the Company’s Circular to be issued in relation to, *inter alia*, the Proposed Divestment (“**Circular**”). All capitalized terms used in this Letter shall have the same meanings as ascribed to them in the Circular. This is a summary of the information contained in our Independent Valuation Report dated 24 December 2020 (the “**Report**”). Accordingly, this letter should be read in conjunction with the full text of the Report.

2. Terms of reference

The objective of this Letter is to provide an independent fair market value range of the manufacturing and services segment comprising of Sunpower Technology (Jiangsu) Co., Ltd (the “**Target Business**”) as at 30 September 2020 (the “**Valuation Date**”).

We are not expressing an opinion on the commercial merits and structure of the Proposed Divestment and accordingly, this Letter and the Report do not purport to contain all the information that may be necessary or desirable to fully evaluate the commercial or investment merits of the Proposed Divestment by the shareholders of Sunpower. The assessment of the commercial and investment merits of the Proposed Divestment is solely the responsibility of the Directors. Additionally, our work should not be construed as investment advice to the current and prospective investors of Sunpower.

We have not conducted a comprehensive review of the business, operational or financial conditions of the Target Business, and accordingly this Letter and our Report do not make any representation or warranty, express or implied in this regard.

The scope of our engagement does not require us to express, and we do not express, a view on the future prospects of Sunpower and the Target Business. We are, therefore not expressing any views on the future trading price of the shares or the financial condition of Sunpower upon completion of, *inter alia*, the Proposed Divestment.

Our terms of reference do not require us to provide advice on legal, regulatory, accounting or taxation matters and, where specialist advice has been obtained by Sunpower and/or the Target Business and made available to us, we have considered and, where appropriate, relied upon such advice.

Our work is not of the same nature as an audit, and does not constitute an audit. We are not, therefore issuing an audit opinion. Instead, our work is in the nature of a review of the information provided to us, discussions with members of management of Sunpower (the “**Management**”).

We have requested but have not been provided with the customer and supplier contracts and details of the order books for the purpose of understanding the key contract terms and orderbook breakdown.

Our independent opinion on the estimate of the fair market value of the Target Business will not form a basis of the price at which the Target Business are to be divested. The Letter and the Report and the data on which the Letter and the Report is prepared is not intended to form the basis of any Divestment decision in relation to the Proposed Divestment and does not contain all the information that is necessary to fully evaluate the Proposed Divestment. Other than our engagement as set out above, EY has had no involvement in any other aspect pertaining to the Proposed Divestment including, without limitation, the negotiations, the deliberations or the decision by the respective parties to enter into the Proposed Divestment.

Our valuation is based on the prevailing economic, market and other conditions as of the Valuation Date. In early 2020, the emergence of the COVID-19 coronavirus pandemic has led to significant volatility and declines in the global public equity markets, resulting in significant uncertainty regarding the impact on the global economy both in the short and long term. Potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. The resulting financial and economic market uncertainty could have a significant adverse impact on market values. In order to account for the increased economic risks and evolving concerns in the investment community related to COVID-19 that existed as of the Valuation Date, we have considered discount rate premiums and/or other adjustments in our analysis, where appropriate. Market and economic conditions can change significantly over relatively short periods of time as a result of the evolving COVID-19 situation. Any references made to the impact of COVID-19 in the Report are not to be interpreted as a complete commentary or as an accurate assessment of the full potential impact of the pandemic. Recognizing these factors, we consider that the conclusion we have arrived at may be more susceptible to change than would normally be the case.

Use of our Letter and the Report

The purpose of the Letter and the Report is to determine an independent, fair market value of the Target Business as at 30 September 2020 and should not be used for any other purposes, within the defined scope and terms and conditions set out in the Engagement Agreement.

The Letter and the Report are addressed to, and for the use and benefit of the Directors of Sunpower for the purpose as set out above, and accordingly neither the Report nor this Letter may be used or relied upon by, nor confer any benefit to, any other person (including without limitation, the shareholders of Sunpower and the prospective investors of Sunpower). Any recommendation made by the Directors to the shareholders of Sunpower shall remain the responsibility of such Directors.

Reliance on information and representation

In the course of our work, we have held discussions with Management. We have also examined and relied on information provided by them and reviewed other relevant publicly available information. We have not independently verified all such information provided or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the accuracy or completeness of such information, representation or assurance. However, we have made reasonable enquiries and exercised our judgement on such information and have performed our valuation on such basis.

Management have confirmed to us, upon making all reasonable enquiries and to their best knowledge and belief, that the information provided to us constitute full and true disclosure, in all material respects, of all material facts relating to the Target Business as required for the purposes of our valuation (and there is no omission of material information, of which if any, would make any of the information considered herein inaccurate, incomplete, or misleading in any material respect).

In no circumstances shall we be liable, other than in the event of our bad faith or wilful default, for any loss or damage, of whatsoever nature arising from information material to our work being withheld or concealed from us or misrepresented to us by Management and the Directors, employees, or agents of Sunpower or any person of whom we may have made inquiries of during the course of our work.

3. Valuation approach & methodology

We have adopted Fair Market Value as the standard of value for the Target Business. Fair Market Value is generally defined as the amount at which an asset could be exchanged between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting in an arm's length transaction, in an open and unrestricted market.

We have assessed the Fair Market Value of the Target Business on a going concern basis as at Valuation Date by using the income approach as our primary approach. In addition, we have also assessed the reasonableness of our valuation results by cross-checking the Fair Market Value determined under the income approach with the guideline publicly-traded comparable method commonly known as the comparable companies method and comparable transactions method) under the market approach.

Income approach

Under the income approach, we have adopted the Discounted Cash Flow (“DCF”) method. The DCF was constructed based on the Target Business’s plan and we focused on the existing and projected cash flow of the Target Business on an as-is basis. The valuation involves calculating the present value (“PV”) of the projected free cash flows which are then discounted using an appropriate discount rate, having considered relevant risk factors. We have used the free cash flow to firm (“FCFF”) model to discount the future cash flows by the appropriate discount rate as at Valuation Date. The discount rate used to determine present value of the business has considered specific risk of the Target Business’s operations.

Market approach

Under the market approach, we have adopted the guideline publicly traded comparable method (commonly known as the comparable companies method and comparable transactions method) to cross check the value under our primary approach. Under this method, we used an appropriate multiple observed for similar companies that are publicly traded, having considered, amongst all relevant risk factors, such as business environment and stages of growth.

It should be noted that no two firms are exactly the same in terms of risk profile and growth. The multiples of comparable companies and transactions may vary due to differences in:

- i. business size, characteristics, and composition;
- ii. the business environment in which the companies operate in;
- iii. stock exchanges on which they trade;
- iv. their stage of growth/ development;
- v. accounting policies and adjustments; and
- vi. their investors and management’s expectations of growth.

Our valuation is based on various assumptions with respect to the Target Business, including their respective present and future financial condition, business strategies and the environment in which they will operate in the future. These assumptions are based on the information that we have been provided with and our discussions with or on behalf of the Target Business Management, and reflect current expectations and views regarding future events, and therefore necessarily involve known and unknown risks and uncertainties.

The estimates of earnings and cash flow data, to the extent they relate to the future, reflect the expectations of Management as to the future prospects of the Target Business and are solely used in our valuation analysis and are not intended for use as forecasts or projections of future operations.

Furthermore, there will usually be differences between estimated and actual results because events and circumstance may, or often do not occur as expected and those differences may be material. To the extent that our conclusions are based on forecasts, we express no opinion on the achievability of these forecasts.

Amongst other assumptions stated in the Report, the key assumptions are as follows:

- i. The Target Business will continue to operate on a going concern basis;
- ii. All necessary licenses and regulatory approvals have been obtained and the Target Business are assumed to be able to renew business licenses with minimum costs before the expiry of such leases / licenses;
- iii. There will be no significant change in the operations and business strategy of the Target Business subsequent to the Valuation Date;
- iv. The unaudited consolidated financial statements of the Target Business as at FY2018, FY2019 and 30 September 2020 provided by Management fairly reflect their respective financial positions as at the Valuation Date;
- v. The Target Business have proper and good title to the buildings and structures, machinery and equipment and land use rights without any liens or encumbrances unless otherwise stated;
- vi. The financial forecast and its underlying assumptions reflect the Target Business future business plans and are assumed not to contravene existing regulatory requirements, as well as incorporating their expectation of the future regulations;
- vii. Our work performed was based on the assumptions listed in the management account of the Target Business provided by Management, which specified the basis of the carve-out historical financials, including the assumption that the Contemplated Group Restructuring was completed before FY2018;
- viii. The level of capital expenditure and net working capital projected in the financial forecast is assumed to be sufficient to meet the forecast growth;
- ix. The Target Business will be able to obtain the approvals for the renewal of the preferential corporate tax rate treatment and the taxes applicable to the Target Business will be 15% as projected in the forecast;
- x. The Target Business will be able to obtain the requisite debt or equity funding from financial institutions, shareholders, or potential investors on a timely and commercially reasonable terms basis to meet its cash flow requirement;
- xi. Saved as disclosed as part of the appendices in the Circular, the Target Business have no material or significant contingent liabilities or uncertainty, including any litigation pending or threatened, or tax liabilities as at the Valuation Date that warrants consideration in the forecast;
- xii. There is no substantial commitment or uncertainty that has arisen subsequent to the Valuation Date, which is material to be considered in the forecast;
- xiii. There will not be any significant changes in the relevant interest and exchange rates from those currently prevailing;
- xiv. There will not be any significant changes to the management or the operations of the Target Business;
- xv. Related-party transactions, if any, are assumed to be conducted on an arm's-length basis; and

- xvi. There are no adverse changes to the economic and real estate market conditions, as well as changes in regulatory, fiscal and other government policies in the countries in which the operations of the Target Business are located.

We have set out in the Report the key assumptions used in our valuation as well as risk factors that, in our opinion, may have a material impact on the valuation of the Target Business. It should be noted that it is not an exhaustive list of all risk factors relevant to the Target Business.

4. Conclusion

In summary and as detailed in the Report, which should be read in conjunction with this Letter to the Directors, the fair market value of the Target Business is in the range of **RMB 1,726 million to RMB 1,890 million** as at the Valuation Date.

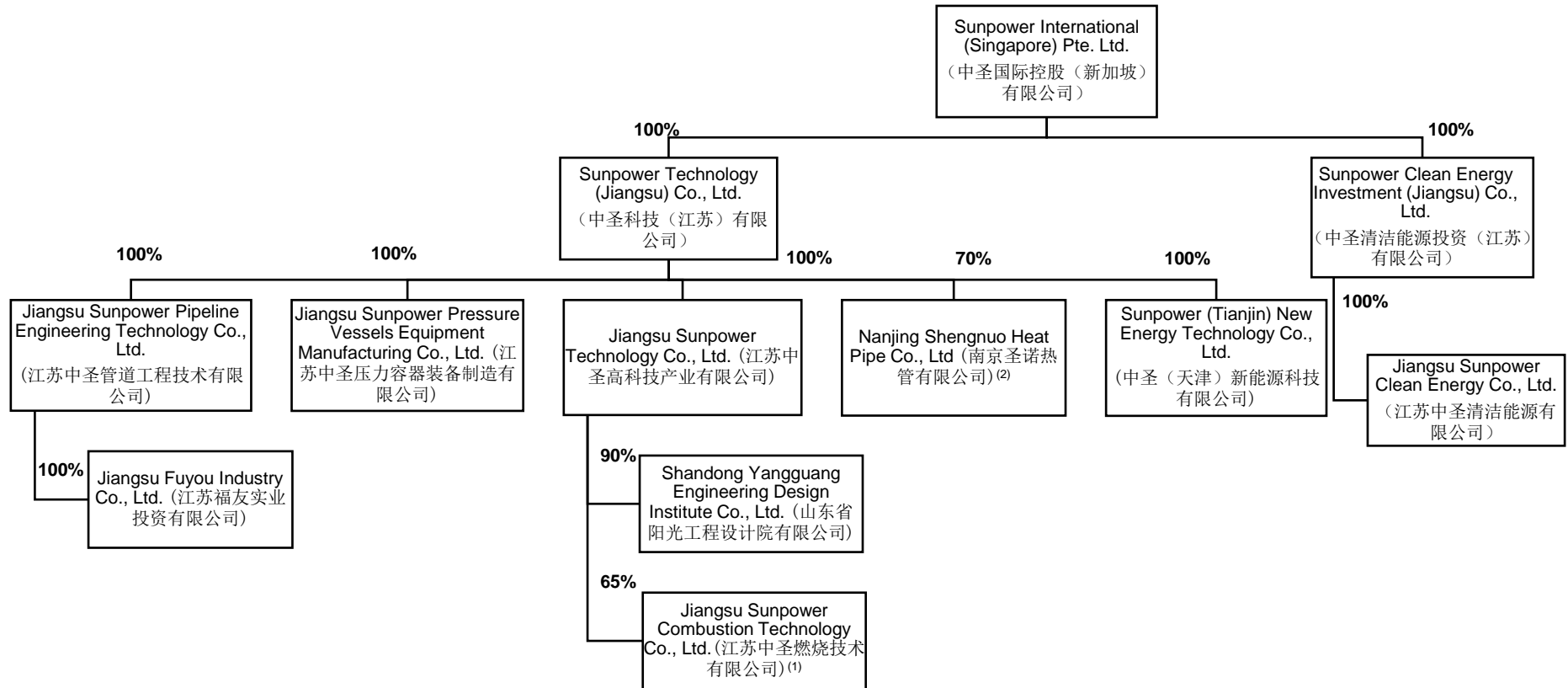
Our views are based on the current economic, market, industry, regulatory, monetary and other conditions and on the information made available to us as of the date of this Letter and the Report. Such conditions may change significantly over a relatively short period of time and we assume no responsibility and are not required to update, revise or reaffirm our conclusion set out in this Letter to reflect events or developments subsequent to the date of this Letter and the Report.

Yours faithfully,

For and on behalf of
EY Corporate Advisors Pte. Ltd.

Andre Toh
Authorised Signatory

APPENDIX C – STRUCTURE CHART



Notes:

- (1) The remaining 35% of the shares in Jiangsu Sunpower Combustion Technology Co., Ltd. (江苏中圣燃烧技术有限公司) are held by Nanjing Chaoshan Environmental Technology Co., Ltd. (南京巢山环保科技有限公司).
- (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 Nanjing University of Technology Asset Management Co., Ltd (南京工业大学资产经营有限公司).

APPENDIX D – M&S CORPORATE GUARANTEES

S/N	Relevant Bank	Borrower	Guarantor	Duration of Relevant Loan Facility	Outstanding Amount of Relevant Loan Facility (RMB100'000'000)
1.	Communications Bank Shantou Branch	Shantou Sunpower Thermal Power Co., Ltd. 汕头中圣科营热电有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	16 July 2019 to 17 July 2030	5.44
2.	Bank of China Baoding Branch	Hebei Changrun Environment Technology Co., Ltd. 河北长润环保科技有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	17 January 2017 to 17 January 2026	3.35
3.	Agricultural Bank Subbranch	Lianshui Sunpower Clean Energy Co., Ltd. 涟水中圣清洁能源有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司 Jiangsu Sunpower Technology Co., Ltd. 江苏中圣高科技产业有限公司	13 December 2016 to 13 December 2026	0.5
4.	Tai'an Bank Subbranch	Xintaifuqianjie Xintai Zhengda Thermal Power Co., Ltd. 新泰正大热电有限责任公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	6 January 2020 to 3 January 2025	1.3
5.	ICBC Suzhou Branch	Jiangsu Sunpower Clean Energy Co., Ltd. 江苏中圣清洁能源有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	8 March 2019 to 8 September 2022	3.06
6.	Minsheng Bank Liuhe Branch	Jiangsu Sunpower Clean Energy Co., Ltd. 江苏中圣清洁能源有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	18 April 2018 to 18 April 2023	1.08

7.	Everbright Bank Nanjing Branch	Jiangsu Sunpower Clean Energy Co., Ltd. 江苏中圣清洁能源有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	9 January 2020 to 8 January 2027	1.4
8.	Jiangsu Zhangjiagang Rural Commercial Bank Qingdao Jimo Subbranch	Qingdao Xinyuan Thermal Power Co., Ltd. 青岛新源热电有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	29 May 2020 to 28 May 2021	0.2
9.	Jiangsu Bank Nanjing Chengbei Subbranch	Jiangsu Sunpower Clean Energy Co., Ltd. 江苏中圣清洁能源有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	13 March 2020 to 12 March 2021	0.16
10.	Jiangsu Bank Nanjing Chengbei Subbranch	Jiangsu Sunpower Clean Energy Co., Ltd. 江苏中圣清洁能源有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	30 March 2020 to 29 March 2021	0.15
11.	Jiangsu Bank Nanjing Chengbei Subbranch	Jiangsu Sunpower Clean Energy Co., Ltd. 江苏中圣清洁能源有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	17 April 2020 to 16 April 2021	0.19
12.	Pudong Development Bank Qingdao Branch	Qingdao Xinyuan Thermal Power Co., Ltd. 青岛新源热电有限公司	Sunpower Technology Co., Ltd. 中圣科技（江苏）有限公司	29 July 2020 to 29 July 2021	0.4

APPENDIX E – SUMMARY OF KEY PROPOSED AMENDMENTS AND FINANCIAL IMPACT

The table below summarises the key differences between the Existing Terms and the Amended Terms. It does not purport to be complete and is qualified in its entirety by reference to the Amendment Agreement, a copy of which is available for inspection at the registered office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 for a period of three (3) months from the date of this Circular.

Unless already defined in this Circular, capitalised terms used but not defined in this summary shall have the meanings given in the Existing Terms or the Amended Terms, as the case may be.

For the avoidance of doubt, references to "Warrants" (being the 57,625,714 free unlisted warrants exercisable at an aggregate amount of US\$30 million for the purchase of Shares issued to Blue Starry Energy Limited and Glory Sky Vision Limited on 6 September 2018 in connection with the Convertible Note Purchase Agreements) in the Existing Terms and Amended Terms have been removed from this **Appendix E** as all such Warrants have expired unexercised on 31 December 2020 at 5:00 p.m., as disclosed by the Company in its announcement dated 2 January 2021.

Feature	Existing Terms	Amended Terms	Rationale for Change	Financial or Key Impact
Performance Targets	<p><u>Existing Performance Target of RMB460 million for FY2021</u></p> <p>The Performance Target(s) was the Adjusted PATMI of RMB370 million for FY2020 and RMB460 million for FY2021.</p>	<p><u>Amended Performance Target of RMB325 million for FY2022</u></p> <p>The amended Performance Target(s) is the Adjusted PATMI of RMB370 million for FY2020 and <u>RMB325 million for FY2022.</u></p> <p>The Performance Target in respect of FY2021 under the Existing Terms has been removed.</p>	<p>As disclosed under Paragraph 8.3 of this Circular, the original FY2021 performance target was intended for both the M&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. It is</p>	<p>Please refer to Appendix H to this Circular for a revised illustration of performance shortfall adjustments under the Amended Terms.</p>

			<p>arrived at after considering the target performance of the GI Projects which will be operational in FY2022 and the historical actual operational and financial performance of the already operational GI Projects.</p> <p>FY2022 is construed as a more appropriate year to measure management operating performance as the Company will have its 11 existing GI Projects operational in FY2022 as opposed to only eight (8) operational projects and two (2) partially operational projects in FY2021 as disclosed under Paragraph 3.2(b) of this Circular. The amended performance target is a commercial term based on the negotiations between the Company and the Bondholders, which has been reviewed and approved by the Board.</p>	
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Performance Adjustments	Shortfall	<u>Existing Performance Shortfall Adjustments to Conversion Price should FY2021 Performance Target not be met</u>	<u>Amended Performance Shortfall Adjustments to Conversion Price should FY2022 Performance Target not be met</u>	As above.	As above.
		<p>If, based on the audited financial statements of the Company for FY2020 or FY2021 (as the case may be), the Performance Target for any year is not met, the Conversion Price thereafter will be adjusted as follows:</p> <p>(a) if the Performance Target for FY2020 is not met, the Conversion Price shall be adjusted by multiplying the Conversion Price in force by the following fraction:</p> $\frac{A}{B}$ <p>Where:</p> <p>A the higher of (a) the Adjusted PATMI for FY2020 and (b) RMB 154 million; and</p> <p>B is the Performance</p>	<p>If, based on the audited financial statements of the Company for FY2020 or FY2022 (as the case may be), the Performance Target for any year is not met, the Conversion Price thereafter will be adjusted as follows:</p> <p>(a) if the Performance Target for FY2020 is not met, the Conversion Price shall be adjusted by multiplying the Conversion Price in force by the following fraction:</p> $\frac{A}{B}$ <p>Where:</p> <p>A the higher of (a) the Adjusted PATMI for FY2020 and (b) RMB 154 million; and</p> <p>B is the Performance Target for FY2020;</p>	<p>As disclosed under Paragraph 8.3 of this Circular, in line with the adjustment of the performance target from RMB460 million for FY2021 to RMB325 million for FY2022, corresponding adjustments will also be made to the floor to the performance shortfall adjustment mechanisms from RMB154 million to RMB108 million, such that the floor remains at one-third of the adjusted performance target of RMB325 million, consistent with the proportion of the adjustment floor to the performance target under the Existing Terms;</p>	

	<p>Target for FY2020;</p> <p>(b) if the Performance Target for FY2021 is not met, the Conversion Price shall be adjusted, to the extent necessary, to be equal to the lower of:</p> <p>(i) the Conversion Price in force (after taking into account any adjustment made pursuant to Clause (a) above; and</p> <p>(ii) the original Conversion Price as adjusted pursuant to any other provision other than Clause (a) above multiplied by the following fraction:</p> $\frac{A}{B}$ <p>Where:</p> <p>A the higher of (a) the Adjusted PATMI for FY2021 and (b) RMB 154 million;</p>	<p>(b) if the Performance Target for FY2022 is not met, the Conversion Price shall be adjusted, to the extent necessary, to be equal to the lower of:</p> <p>(i) the Conversion Price in force (after taking into account any adjustment made pursuant to Clause (a) above; and</p> <p>(ii) the original Conversion Price as adjusted pursuant to any other provision other than Clause (a) above multiplied by the following fraction:</p> $\frac{A}{B}$ <p>Where:</p> <p>A <u>the higher of (a) the Adjusted PATMI for FY2022 and (b) RMB 108 million;</u></p>		
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	and B is the Performance Target for FY2021.	and B is the Performance Target for FY2022.		
Excess Performance Adjustment Sharing	<p><u>Applicability</u></p> <p>The Excess Performance Shortfall Adjustment Sharing was applicable in the event, amongst others, that a downward adjustment has been applied to the Conversion Price arising from the failure to the Performance Targets in respect of FY2020 and FY2021 under the Existing Terms.</p>	<p><u>Applicability</u></p> <p>The Excess Performance Shortfall Adjustment Sharing was applicable in the event, amongst others, that a downward adjustment has been applied to the Conversion Price arising from the failure to the Performance Targets in respect of FY2020 and <u>FY2022</u> under the Amended Terms.</p> <p>For the avoidance of doubt, any Adjustment Waiver made by a Bondholder shall not result in disapplication of the provisions relating to Excess Performance Adjustment Sharing with respect to such Bondholder.</p>	<p>This is to align with the changes in the Performance Targets to Adjusted PATMI for FY2022 instead of FY2021.</p>	<p>Please refer to Appendices I, J and K to this Circular for revised illustrations of Excess Performance Adjustment Sharing followed by the Excess Return Sharing and the special dividends (in respect of Excess Performance Adjustment Sharing) that may be declared as cash to Shareholders as a result thereof under the Amended Terms.</p> <p>For the avoidance of doubt, the Excess Performance Adjustment Sharing (if any) and the Excess Return Sharing (if any) are distinct.</p> <p>The Bondholders will not participate in any amounts paid to the Company and/or distributed to Shareholders as special dividends under Excess Performance Adjustment</p>

				Sharing.
Fully Diluted Shares Used as Basis of Performance Targets	<p>The Performance Targets set out in the definitions below are based on the fully-diluted shares of the Issuer as of the date of the Purchase Agreement, after taking into account the Existing Bonds (as defined below) and the Bonds (as defined below), but without taking into account any other securities (whether equity or equity-linked instruments) issued or to be issued by the Issuer after the date of the Purchase Agreement.</p>	<p><u>Clarification that US\$130 million in total Issued Bonds used to calculate fully diluted shares</u></p> <p>The Performance Targets set out in the definitions below are based on the fully-diluted shares of the Issuer as of the date of the Purchase Agreement, after taking into account the Existing Bonds (as defined below) and the Bonds (as defined below) <u>that are outstanding which have been issued on or before the date of the Amendment Agreement</u>, but without taking into account any other securities (whether equity or equity-linked instruments) issued or to be issued by the Issuer after the date of the Purchase Agreement.</p> <p>The Parties acknowledge and confirm that as of the date of the Amendment Agreement, the aggregate principal amounts of the Existing Bonds and the New Bonds that have been issued are US\$130 million, consisting of (a) US\$110 million, being the aggregate principal amounts of the Existing Bonds that have</p>	<p>As disclosed under Paragraph 8.3 of this Circular, this 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.</p>	<p>Please refer to Appendix G to this Circular for a revised illustration of fully-diluted shareholding of the Company on the revised basis under the Amended Terms, whereby the fully-diluted shareholding of the Bondholders is 31.08%.</p>

		been issued and (b) US\$20 million, being the aggregate principal amounts of the New Bonds that have been issued.		
Adjustment to Performance Targets	<p><u>Existing Adjustment to Performance Targets by Mutual Agreement</u></p> <p>Without prejudice to the Bondholders' rights under Condition 6(F), if, after the date of the Purchase Agreement, the Issuer issues any securities (including any equity or equity-linked instrument) other than the Existing Convertible Bonds or the Convertible Bonds, the Performance Targets may be adjusted in a manner to be agreed between the Bondholders and the Issuer to reflect the dilution in earnings per Share reflected by the Performance Targets.</p> <p>Without prejudice to the Bondholders' rights under Condition 6(F), the Performance Targets may also be adjusted accordingly in a manner to be agreed between the Bondholders and the Issuer, in the event that there is a</p>	<p><u>Amended Adjustment to Performance Targets in Proportion to Additional Bonds Issued</u></p> <p>Without prejudice to the Bondholders' rights under Condition 6(F), if, after the date of the Purchase Agreement, the Issuer issues any securities (including any equity or equity-linked instrument) other than the Existing Bonds or the Bonds, the Performance Targets may be adjusted in a manner to be agreed between the Bondholders and the Issuer to reflect the dilution in earnings per Share reflected by the Performance Targets. Without prejudice and in addition to the preceding sentence, <u>if after the date of the Amendment Agreement, the Issuer issues any further Bonds ("Additional Bonds"), the Performance Target for FY2022 (initially being RMB 325,000,000) shall be adjusted</u> by multiplying the</p>	As disclosed under Paragraph 8.3 of this Circular, this is to clarify the adjustments to be made to the performance targets in the event that there is additional drawdown on the Convertible Bonds, which were absent under the Existing Terms.	In the event there is additional drawdown on the Convertible Bonds, the performance targets will be adjusted in accordance with the formula set out herein.

	<p>divestment of the Issuer's green investments assets.</p> <p>For the purposes of the formulation of the Performance Targets and Adjusted PATMI (as defined below), it is the intention of the Issuer and the management to prioritise long term sustainable recurring income from green investment businesses over generating short term one-off green investment engineering, procurement and construction profits.</p> <p>For further details on Excess Performance Adjustment Sharing under the Existing Terms, please refer to the Company's circular to Shareholders in respect of, amongst others, the entry into the Tranche 2 Convertible Bonds, dated 21 August 2018.</p>	<p>Performance Target for FY2022 in effect immediately before such issuance by the following fraction, unless otherwise agreed by the Issuer and the Bondholders in writing:</p> $\frac{A + B}{A}$ <p>Where:</p> <p>A the aggregate principal amounts of the Existing Bonds and the Bonds that have been issued before the issuance of the Additional Bonds.</p> <p>As at the date of the Amendment Agreement, A means US\$130 million, representing the total of (i) US\$110 million, being the principal amounts of the Existing Bonds and (ii) US\$20 million, being the principal amounts of the Bonds that have been issued as at the date of the Amendment Agreement.</p> <p>B the principal amounts of the</p>		
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		issued Additional Bonds.		
Maturity Date and Adjustment Period	<p><u>Existing Maturity Date of 3 March 2022 and Adjustment Period up to 31 December 2021</u></p> <p>"Maturity Date" means the later of (1) March 3, 2022 (the "Initial Maturity Date") and (2) if so elected by the Bondholders (at their sole discretion) by written notice to the Issuer delivered not less than 10 Business Days before the Initial Maturity Date, the date that is the 15th Business Day after the date on which the Issuer's audited financial statements for 2021 are issued.</p> <p>"Adjustment Period" means the period commencing on January 1, 2020 and ending on December 31, 2021.</p>	<p><u>Amended Maturity Date of 3 March 2023 and Adjustment Period up to 31 December 2022 (Extended by one Financial Year)</u></p> <p>"Maturity Date" means the later of (1) March 3, 2023 (the "Initial Maturity Date") and (2) if so elected by the Bondholders (at their sole discretion) by written notice to the Issuer delivered not less than 10 Business Days before the Initial Maturity Date, the date that is the 15th Business Day after the date on which the Issuer's audited financial statements for 2022 are issued.</p> <p>"Adjustment Period" means the period commencing on January 1, 2020 and ending on December 31, 2022.</p>	<p>This is to align with the changes in the Performance Targets to Adjusted PATMI for FY2022 instead of FY2021.</p>	<p>There is no material financial impact to the Company. On the Maturity Date, unless previously redeemed or converted or cancelled as provided under the Convertible Bond Purchase Agreements, each Convertible Bond will be redeemed by the Company and the Company's and the Bondholders' rights and obligations in relation to the Convertible Bonds will cease except to the extent specified otherwise under the Convertible Bond Purchase Agreements.</p>
Incorporation of Adjustment Waiver	N/A	<p><u>Waiver of Performance Shortfall Adjustment upon Receiving Specified Pre-Exit Proceeds</u></p> <p>In respect of an Investor, if and to the extent such Investor has, before the occurrence of its Final</p>	<p>As disclosed under Paragraph 8.3 of this Circular, this amendment seeks to ensure that, in the event a Bondholder is able to receive returns in excess</p>	<p>There is no material financial impact to the Company.</p> <p>For the avoidance of doubt, any Adjustment Waiver made by a Bondholder will</p>

		<p>Exit, actually received Pre-Exit Proceeds that are in excess of the higher of the Trigger Threshold and the Adjustment Target A, <u>such Investor shall waive any further adjustment to the Conversion Price of the Existing Bonds and New Bonds</u> set out in Condition 6(C)(10)(B) (regarding Performance Target for FY2022 and adjustment to Conversion Price) in the Terms and Conditions (Existing Bonds) and the Terms and Conditions (New Bonds), provided that after giving effect to such waiver the Investor's actual Pre-Exit Proceeds shall still achieve the higher of the Trigger Threshold and the Adjustment Target A.</p> <p>(For the avoidance of doubt, as of the date of the Amendment Agreement, the aggregate principal amounts of the total issued Existing Bonds and New Bonds are set out in Section 1.3 of the Amendment Agreement.)</p> <p>"Pre-Exit Proceeds" means, in respect of an Investor, before such Investor's Final Exit occurs, the cash Proceeds actually</p>	<p>of certain pre-agreed thresholds prior to Final Exit due to, for example, a high sale price achieved in respect of its Bondholder's Securities under favourable market conditions, the Bondholder will forego any further returns they may achieve by way of the performance shortfall adjustments.</p> <p>The Trigger Threshold and the Adjustment Target A are the minimum thresholds for excess return sharing to occur under the Existing Terms. As such, if the Bondholders are able to achieve returns meeting such thresholds as already contemplated under the Existing Terms, they would waive further performance shortfall adjustments. This is beneficial to the Company, as the Company no longer needs to meet the relevant performance</p>	<p>not result in the disapplication of Excess Performance Adjustment Sharing as set out earlier under this Appendix E, whereby the excess being shared by the Bondholders with the Company may be declared as special dividends in cash to Shareholders and the Bondholders will not participate in any such amounts paid to the Company and/or distributed to Shareholders as special dividends.</p>
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		received by such Investor from such Investor's Subject Securities as a result of (a) distributions made by the Issuer to such Investor following sale by the Issuer of its assets (which may include shares of the Issuer's Subsidiaries), for the avoidance of doubt, <u>including any dividend distribution made by the Issuer to such Investor following disposition of M&S</u> ; (b) in case of a share swap transaction in relation to the Issuer, sale of such shares obtained by such Investor in the share swap transaction and (c) sale of all or part of such Investor's Subject Securities.	targets once such Adjustment Waiver occurs.	
Excess Return Sharing	<p><u>Excess Return Sharing of US\$10 million and US\$30 million to be Paid to the Company and Shared 50% with Management and 50% with Shareholders</u></p> <p>(a) In respect of an Investor, if before such Investor's Final Exit occurs, such Investor has received Proceeds equal to or in excess of the Trigger Threshold,</p>	<p><u>Excess Return Sharing will up to US\$5 million and US\$15 million and will only be Shared with Management (excluding Mr. Guo and Mr. Ma) and no longer Shared with Shareholders</u></p> <p>(a) In respect of an Investor, if before such Investor's Final Exit occurs, such Investor has received Proceeds equal to or in excess of the Trigger Threshold,</p>	As disclosed under Paragraph 8.3 of this Circular, instead of the sharing of 100% of the excess returns as stipulated under the Existing Terms, the Bondholders will share 50% of such excess returns with the Company as recognition of the management's contributions. This also means that the previous	Please refer to Appendices I, J and K to this Circular for revised illustrations of Excess Performance Adjustment Sharing followed by the Excess Return Sharing and the special dividends (in respect of Excess Performance Adjustment Sharing) that may be declared as cash to Shareholders as a result thereof under the Amended

	<p>(i) where such Investor's Pre-Exit Proceeds are in excess of Adjustment Target A (without having regard to any previous excess to which this Section has applied), such Investor shall pay to the Issuer an amount (which shall be deemed to be zero if less than zero) equal to the lesser of:</p> <p>(3) the amount of such excess; and</p> <p>(4) the Payment A minus (X) the total amounts already paid by such Investor under this Section minus (Y) the total amounts paid by all prior holders of such Investor's Securities and such Investor's Affiliates under this Section; or</p> <p>(ii) where such Investor's Pre-Exit Proceeds,</p>	<p>(i) where such Investor's Pre-Exit Proceeds are in excess of Adjustment Target A (without having regard to any previous excess to which this Section has applied), such Investor shall pay to the Issuer an amount (which shall be deemed to be zero if less than zero) equal to 50% of the lesser of:</p> <p>(1) the amount of such excess; and</p> <p>(2) the Payment A minus (X) the total amounts already paid by such Investor under this Section minus (Y) the total amounts paid by all prior holders of such Investor's Securities and such Investor's Affiliates under this Section; or</p> <p>(ii) where such Investor's Pre-Exit Proceeds, after deducting any amounts</p>	<p>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.</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> <p>As a preliminary point, the excess return mechanism entails the Bondholders effectively sharing their own returns arising from the Convertible Bonds held by them. As such, the utilisation of such returns would logically lie with the Bondholders. In this case, the Bondholders</p>	<p>Terms.</p> <p>For the avoidance of doubt, the Excess Performance Adjustment Sharing (if any) and the Excess Return Sharing (if any) are distinct.</p> <p>In terms of the impact of the Proposed Amendments to the Excess Return Sharing, under the Existing Terms, (i) if the Bondholders enjoy investment returns on a cumulative basis over time such that it exceeds the Adjustment Target A under the Existing Terms, the Bondholders will return such excess to the Company but subject always to a cap of US\$10 million; and (ii) if the Bondholders enjoy investment returns on a cumulative basis over time such that it exceeds the Adjustment Target B (as defined under the Existing Terms), the Bondholders will simply pay the Company a total of US\$30 million. Where a Bondholder makes any</p>
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	<p>after deducting any amounts paid under Section (a)(i) above, are equal to or in excess of Adjustment Target B, such Investor shall pay to the Issuer an amount (which shall be deemed to be zero if less than zero) equal to the Payment B minus (X) the total amounts already paid by such Investor under Section (a)(i) and (a)(ii) minus (Y) the total amounts paid by all prior holders of such Investor's Securities and such Investor's Affiliates under this Section.</p> <p>(b) If, upon a Final Exit by an Investor, such Investor has received Proceeds from such Investor's Subject Securities in excess of Adjustment Target A, such Investor shall pay to the Issuer an amount (which shall be deemed to be zero if less than zero) equal to the lesser of:</p>	<p>paid under Section (a)(i) above, are equal to or in excess of Adjustment Target B, such Investor shall pay to the Issuer an amount (which shall be deemed to be zero if less than zero) equal to <u>50% of the following amount:</u> the Payment B minus (X) the total amounts already paid by such Investor under Section (a)(i) and (a)(ii) minus (Y) the total amounts paid by all prior holders of such Investor's Securities and such Investor's Affiliates under this Section.</p> <p>(b) If, upon a Final Exit by an Investor, such Investor has received Proceeds from such Investor's Subject Securities in excess of Adjustment Target A, such Investor shall pay to the Issuer an amount (which shall be deemed to be zero if less than zero) equal to <u>50% of</u> the lesser of:</p> <p>(i) the amount of such</p>	<p>have decided to share such excess returns solely with the Company's management so as to motivate and to give clear recognition to management's contribution. Through the deliverables achieved by management, Shareholders will stand to benefit from the value created by management. The thresholds for the Excess Return Sharing were arrived at after the Bondholders considered their own returns as balanced against the sufficiency of the Excess Return Sharing threshold in order to motivate and to give clear recognition to the contribution of the Company's management.</p> <p>It should be noted that the relevant thresholds for Excess Return Sharing set out here are</p>	<p>payments to the Company in accordance with the Excess Return Sharing under the Existing Terms, the Company (i) proposes to pay fifty per cent. (50%) of the amount paid to it to management employees and (ii) distributes the remaining fifty per cent. (50%) to its Shareholders by way of special dividends.</p> <p>Under the Amended Terms, there will be no distribution of excess returns to Shareholders by way of special dividends. Hence, Shareholders will be foregoing a potential special dividend of up to US\$5 million assuming the Bondholders enjoy investment returns on a cumulative basis over time which exceeds the Adjustment Target A, and/or a maximum potential special dividend of up to US\$15 million assuming the Bondholders enjoy investment returns on a cumulative basis over</p>
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	<p>(i) the amount of such excess; and</p> <p>(ii) the Payment A minus (X) the total amounts paid by such Investor under the other provisions of this Section minus (Y) the total amounts paid by all prior holders of such Investor's Securities and such Investor's Affiliates under this Section.</p> <p>(c) If, upon a Final Exit by an Investor, such Investor has received Proceeds from such Investor's Subject Securities that are equal to or in excess of Adjustment Target B:</p> <p>(i) such Investor shall not be obliged to pay any amount under Section (b); and</p> <p>(ii) such Investor shall pay to the Issuer an amount (which shall be deemed to be zero if less than zero) equal to: the</p>	<p>excess; and</p> <p>(ii) the Payment A minus (X) the total amounts paid by such Investor under the other provisions of this Section minus (Y) the total amounts paid by all prior holders of such Investor's Securities and such Investor's Affiliates under this Section.</p> <p>(c) If, upon a Final Exit by an Investor, such Investor has received Proceeds from such Investor's Subject Securities that are equal to or in excess of Adjustment Target B:</p> <p>(i) such Investor shall not be obliged to pay any amount under Section (b); and</p> <p>(ii) such Investor shall pay to the Issuer an amount (which shall be deemed to be zero if less than zero) equal to <u>50% of the following amount:</u> the Payment B minus (X) the total amounts paid by</p>	<p>not being amended and remain the same as those under the Existing Terms, which have been previously approved by the Shareholders at a special general meeting of the Company held on 6 September 2018. It should also be noted that such amendment was part of the Proposed Amendments effected in connection with the Proposed Disposal and as such should not be viewed in isolation from the rest of the Proposed Amendments as part of an overall commercial agreement.</p>	<p>time which exceeds the Adjustment Target B. However, Shareholders should note that this special dividend is not guaranteed as there is no assurance that such excess return thresholds will be exceeded.</p> <p>Notwithstanding that Shareholders may potentially be forgoing up to a maximum of US\$15 million special dividends as a result of the Proposed Amendments in respect of Excess Return Sharing, we note that the following benefits will accrue to the Company and its Shareholders from the Proposed Amendments and the Proposed Disposal:</p> <p>(a) the Proposed Disposal is at a significant premium of between 21.2% to 32.7% above the fair market value of M&S Group of between RMB1,726 million to RMB1,890 million as at</p>
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	<p>Payment B minus (X) the total amounts paid by such Investor under the other provisions of this Section minus (Y) the total amounts paid by all prior holders of such Investor's Securities and such Investor's Affiliates under this Section.</p> <p>(d) If an Investor makes any payments to the Issuer in accordance with the foregoing provisions of this Section, the Issuer (i) proposes to pay fifty per cent. (50%) of the amount paid to it under this Section, to management employees pursuant to an incentive plan to be approved by the remuneration committee of the Board and otherwise adopted by the Issuer in accordance with applicable law and (ii) distributes the remaining fifty per cent. (50%) of the amount paid to it under this Section to its shareholders by way of special dividends.</p>	<p>such Investor under the other provisions of this Section minus (Y) the total amounts paid by all prior holders of such Investor's Securities and such Investor's Affiliates under this Section.</p> <p>(d) If an Investor makes any payments to the Issuer in accordance with the foregoing provisions of this Section, <u>the Issuer proposes to pay such amount paid to it under this Section, to management employees pursuant to an incentive plan approved (or to be approved)</u> by the remuneration committee of the Board and otherwise adopted by the Issuer in accordance with applicable law.</p>		<p>30 September 2020 as assessed by the Independent Valuer; and</p> <p>(b) as a result of the Proposed Disposal, the Company will recognise a gain on disposal of approximately S\$155 million and intends to distribute to Shareholders a Proposed Special Dividend that amounts to approximately RMB1.1627 per Share (equivalent to approximately S\$0.2398 per Share based on the Exchange Rate) on a fully-diluted basis, which is computed based on Issued Bonds of US\$130 million as opposed to the aggregate amount of the Convertible Bonds of US\$180 million.</p> <p>In addition, we note that</p>
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				under the Amended Terms, the 50% Excess Return Sharing will be distributed to the Company's management as recognition of their contributions but 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.
Redemption Bondholders	by	<u>Existing Redemption Right Tied to Adjusted PATMI of both M&S Business and GI Business</u> If the Issuer's Adjusted PATMI for any financial year is less than the Adjusted PATMI for the immediately preceding financial year during the term of the Bonds, the holder of each Bond shall have the right, at its sole option, to require the Issuer, by delivering a written notice (an "Adjusted PATMI Redemption Notice") to the Issuer, to redeem the Bond at a redemption price equal to (i) 100% of the outstanding	<u>Amended Redemption Right Tied to Adjusted PATMI of Remaining Business</u> If the Issuer's <u>Adjusted PATMI in respect of its Remaining Business</u> (as defined below) for any financial year is less than the <u>Adjusted PATMI in respect of its Remaining Business for the immediately preceding financial year</u> during the term of the Bonds (the "Adjusted PATMI Redemption Trigger Event"), the holder of each Bond shall have the right, at its sole option, to require the Issuer, by delivering a written notice (an "Adjusted	This is to align with the changes in the Performance Targets to be in respect of the GI Business alone. In the event a Bondholder exercises its redemption right under the Amended Terms, the redemption price will be equal to (i) 100% of the outstanding principal amount of the Bond, plus (ii) accrued and unpaid Interest on the outstanding principal amount, plus (iii) a premium that would generate for the holder of such Bond, the Redemption YTM, being a total IRR of 8.0%.

	<p>principal amount of the Bond, plus (ii) accrued and unpaid Interest on the outstanding principal amount, plus (iii) a premium that would generate for the holder of such Bond, the Redemption YTM assuming that the holder acquired such Bond at its initial principal amount on the Closing Date and taking into account all interest, cash dividends and/or distributions paid by the Issuer and received by the holder in respect of such Bond (and would have been paid by the Issuer and received by the holder had the holder acquired such Bond at its initial principal amount on the Closing Date). Within fourteen (14) days after receipt of such Adjusted PATMI Redemption Notice, the Issuer shall redeem the Bonds the subject of Adjusted PATMI Redemption Notices delivered as aforesaid on the Relevant Event Redemption Date.</p>	<p>PATMI Redemption Notice") to the Issuer, to redeem the Bond at a redemption price equal to (i) 100% of the outstanding principal amount of the Bond, plus (ii) accrued and unpaid Interest on the outstanding principal amount, plus (iii) a premium that would generate for the holder of such Bond, the Redemption YTM assuming that the holder acquired such Bond at its initial principal amount on the Closing Date and taking into account all interest, cash dividends and/or distributions paid by the Issuer and received by the holder in respect of such Bond (and would have been paid by the Issuer and received by the holder had the holder acquired such Bond at its initial principal amount on the Closing Date). Within fourteen (14) days after receipt of such Adjusted PATMI Redemption Notice, the Issuer shall redeem the Bonds the subject of Adjusted PATMI Redemption Notices delivered as aforesaid on the Relevant Event Redemption Date.</p> <p>As used herein, "Remaining Business" means, collectively,</p>		
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		the businesses operated by the Group Members after completion of the sale of the Disposal.		
Key Men-related Terms	<p><u>Existing Designation of Mr. Guo as Executive Chairman and Mr. Ma as Executive Director</u></p> <p>The Issuer undertakes and covenants with each Investor that unless and until the Investors' CB Investments have fallen below 5% of the Investors' Original CB Investments, the Issuer shall use reasonable endeavours to ensure that Mr. Guo Hong Xin and Mr. Ma Ming shall remain as executive chairman of the Issuer and executive director of the Issuer respectively, subject to (1) the approval of the nominating committee of the Board, (2) election by the Issuer's shareholders in accordance with the requirements of the Issuer's byelaws and all applicable law, (3) such Key Man not being incapacitated or prevented by illness, injury, accident or any other circumstances beyond his control from discharging in all material respects his duties as executive chairman or, as</p>	<p><u>Amended Designation of Mr. Guo as Non-Executive Director</u></p> <p>The Issuer undertakes and covenants with each Investor that unless and until the Investors' CB Investments have fallen below 5% of the Investors' Original CB Investments, the Issuer shall use reasonable endeavours to ensure that Mr. Guo Hong Xin and Mr. Ma Ming shall remain as <u>non-executive director</u> of the Issuer and <u>executive director</u> of the Issuer respectively, subject to (1) the approval of the nominating committee of the Board, (2) election by the Issuer's shareholders in accordance with the requirements of the Issuer's byelaws and all applicable law, (3) such Key Man not being incapacitated or prevented by illness, injury, accident or any other circumstances beyond his control from discharging in all material respects his duties as executive chairman or, as applicable, executive director of the Issuer and (4) such Key Men</p>	As disclosed under Paragraph 8.3 of this Circular, this is to align with the re-designation of Mr. Guo and Mr. Ma in connection with the Proposed Disposal.	There is no financial impact to the Company. In this regard, please also refer to Paragraph 2.6 of this Circular for further details on the key management of the Group following completion of the Proposed Disposal.

	applicable, executive director of the Issuer and (4) such Key Men not being disqualified under the Issuer's byelaws and all applicable law from holding office.	not being disqualified under the Issuer's byelaws and all applicable law from holding office.		
Force Majeure Provisions	N/A	<p><u>Good Faith Negotiations on Performance Shortfall Adjustment and Redemption Right in the Event of Force Majeure</u></p> <p>In respect of performance shortfall adjustments:</p> <p>Notwithstanding the above adjustments in relation to Performance Target, if after the date of the Amendment Agreement, (a) the businesses, operations and financial positions of the Group, taken as a whole, are materially, seriously and adversely affected by any pandemic (such as COVID-19) or other natural disaster or act of God that generally, materially, seriously and adversely affects similarly situated companies in the same industry in the jurisdictions where the Group operates businesses and (b) the effect of such pandemic or other natural disaster or act of God on</p>	As disclosed under Paragraph 8.3 of this Circular, with the onset of COVID-19 and its impact on the global economy in 2020, the Company and the Bondholders became more alive to instances whereby the Company's performance may be affected by factors beyond its control. As a result, the Company and the Bondholders wish to expressly provide for force majeure events under the Amended Terms.	There is no material financial impact to the Company.

		<p>the Group's GI Business and similarly situated companies' businesses in the same industry in the jurisdictions where the Group operates businesses is not less severe than the effect of COVID-19 in FY2020 on those businesses (both (a) and (b), collectively, the "Subject Event"), then the Issuer will, upon the occurrence of the Subject Event, discuss with the Bondholders as to an amendment to the adjustments that may be mutually agreed by the Issuer and the Bondholders in writing upon friendly negotiation in good faith.</p> <p>In respect of Bondholders' redemption right:</p> <p>Notwithstanding the above provisions regarding the Adjusted PATMI Redemption Trigger Event, if after the date of the Amendment Agreement, the Subject Event has occurred, then the Issuer will, upon the occurrence of the Subject Event, discuss with the Bondholders as to an amendment to the Adjusted PATMI Redemption Trigger Event that may be mutually</p>		
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		agreed by the Issuer and the Bondholders in writing upon friendly negotiation in good faith.		
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APPENDIX F – DEFINITION OF ADJUSTED PATMI

All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in the Convertible Bond Purchase Agreements, copies of which are available for inspection at the registered office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 for a period of three (3) months from the date of this Circular.

*For the avoidance of doubt, references to "Warrants" (being the 57,625,714 free unlisted warrants exercisable at an aggregate amount of US\$30 million for the purchase of Shares issued to Blue Starry Energy Limited and Glory Sky Vision Limited on 6 September 2018 in connection with the Convertible Bond Purchase Agreements) in the Amended Terms have been removed from this **Appendix F** as all such Warrants have expired unexercised on 31 December 2020 at 5:00 p.m., as disclosed by the Company in its announcement dated 2 January 2021.*

Under the Amended Terms, the definition of "Adjusted PATMI" shall be as follows, whereby the amendment from the definition under the Existing Terms is marked in italicised font:

"Adjusted PATMI shall mean the actual PATMI for such relevant financial year as set out in the audited financial statements of the Issuer for such financial year, and adjusted as set out below:

1. Where there is non-recurring income from the sale of assets and businesses of the Issuer, actual PATMI shall be:
 - reduced by the non-recurring income from the sale of assets and businesses for such financial year; or
 - increased by the non-recurring losses from the sale of assets and businesses for such financial year.
2. In respect of these Bonds and the Existing Bonds, actual PATMI shall be:
 - reduced by the fair value gain on financial liabilities and embedded derivatives at fair value of the Bonds, the Existing Bonds and any other equity financing or equity-linked financing as accounted for in the profit and loss statements of the Issuer for such financial year.
 - increased by the fair value loss on financial liabilities and embedded derivatives at fair value of the Bonds, the Existing Bonds and any other equity financing or equity-linked financing as accounted for in the profit and loss statements of the Issuer for such financial year.
 - increased by the accrued interest of the Bonds, the Existing Bonds and any other equity financing or equity-linked financing at "effective rate" (including the increase by cash coupon on the Bonds and the Existing Bonds).
 - increased by any foreign exchange loss or reduced by any foreign exchange gain arising from re-denomination of USD/foreign denominated currency Bonds, Existing Bonds or any other equity financing or equity-linked financing into RMB as reflect in the financial statements of the Issuer for such financial year (for e.g. there will be a foreign exchange loss if RMB depreciates against USD after the Closing Date).

- increased by an amount of such transaction costs and professional fees which are payable in connection with the issue of the Bonds, the Existing Bonds, debt, equity financing, equity-linked financing and other similar instruments which are reflected in the profit and loss statement of the Issuer for such financial year.
 - reduced or increased by any other (i) accounting expenses, (ii) taxes, duties or assessments as referred to under 9, or (iii) administrative expenses and all other costs and direct expenses arising from the issue of the Bonds, the Existing Bonds and any other equity financing or equity-linked financing.
 - increased by expenses relating to share-based remuneration for management and employees.
3. Where there has been an amortization of intangibles arising from merger and acquisition activities undertaken by the Issuer, actual PATMI shall be:
- increased by such amount of amortization of goodwill and/or customer relationship (as and when it arises) arising from the purchase price allocation and impairment and charges of property, plant and equipment and intangible assets arising from mergers and acquisitions (if any) if required by the auditors (including any amortization of non-cash items and non-performance related items).
 - increased by an amount of fair value interest cost (including any amounts relating to non-performance related and non-cash items) which is a result of the deal structuring and any deferment of consideration payable to a later date.
4. Incentive payments
- Actual PATMI shall be increased by any accounting expenses reflected in the profit and loss statement of the Issuer for such financial year which may arise as a result of any incentive payments payable to the Issuer pursuant to the Existing Bonds Purchase Agreement or the Purchase Agreement.

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.

As used herein, "GI Business" means the green investment business segment, which involves the supply of industrial steam to a range of diverse industries, such as chemical, printing & dyeing, paper making, food & beverages, 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 State Grid Corporation of China."

APPENDIX G – SCHEDULE OF ILLUSTRATION OF FULLY-DILUTED SHAREHOLDING

All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in this Circular.

This **Appendix G** is purely for illustration purposes only and does not prejudice the provisions of the Existing Terms and/or the Amended Terms.

		As at Latest Practicable Date and post ESOS Options Exercise		Post Conversion of Tranche 1 Convertible Bonds and ESOS Options Exercise		Post Conversion of Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds and ESOS Options Exercise	
		Number of Shares	%	Number of Shares	%	Number of Shares	%
<u>Interests of Directors</u>							
Directors with Deemed Interests	Substantial Shareholders						
Mr. Guo Hong Xin (Executive Chairman) ⁽¹⁾	Allgreat Pacific Limited ⁽²⁾ Sunpower Business Group Pte. Ltd.	82,209,983	10.35%	82,209,983	7.42%	82,209,983	7.13%
		71,428,571	8.99%	71,428,571	6.45%	71,428,571	6.20%
		153,638,554	19.34%	153,638,554	13.87%	153,638,554	13.33%
Mr. Ma Ming (Executive Director) ⁽³⁾	Claremont Consutancy Limited ⁽⁴⁾ Tournan Trading Pte. Ltd.	66,081,166	8.32%	66,081,166	5.97%	66,081,166	5.73%
		71,428,571	8.99%	71,428,571	6.45%	71,428,571	6.20%
		137,509,737	17.31%	137,509,737	12.41%	137,509,737	11.93%
		291,148,291	36.65%	291,148,291	26.28%	291,148,291	25.26%
<u>Interests of Substantial Shareholders</u>							
Dr. Lin Yucheng		100,000,000	12.59%	100,000,000	9.03%	100,000,000	8.68%
Joyfield Group Limited		66,154,120	8.33%	66,154,120	5.97%	66,154,120	5.74%
Ms. Pan Shuhong ⁽⁵⁾		19,393,198	2.44%	19,393,198	1.75%	19,393,198	1.68%
		85,547,318	10.77%	85,547,318	7.72%	85,547,318	7.42%
<u>Bondholders</u>							
Tranche 1 Convertible Bonds				313,368,000	28.29%	313,368,000	27.19%

Tranche 2 Convertible Bonds (Drawdown Amount)			0.00%	44,820,000	3.89%
	313,368,000		28.29%	358,188,000	31.08%
Public Shareholders	273,309,533	34.41%	273,309,533	24.67%	273,309,533
ESOS Share Options Held by Employees⁽⁶⁾	44,330,000	5.58%	44,330,000	4.00%	44,330,000
TOTAL	794,335,142	100.00%	1,107,703,142	100.00%	1,152,523,142

If Presented as Fully Diluted Shareholding of Bondholders

	Tranche 1 Convertible Bonds	Tranche 2 Convertible Bonds (Drawdown Amount)	Convertible Bonds Investment	
Blue Starry Energy Limited (an affiliate of DCP)	170,928,000	38,417,143	209,345,143	18.16%
Glory Sky Vision Limited (an affiliate of CDH)	142,440,000	6,402,857	148,842,857	12.91%
	313,368,000	44,820,000	358,188,000	31.08%

Notes:

- (1) Mr. Guo Hong Xin is (i) deemed to be interested in 82,209,983 Shares held by Allgreat Pacific Limited, which is an investment holding company wholly owned by him, and (ii) deemed to be interested in 71,428,571 Shares held by Sunpower Business Group Pte. Ltd., which is an investment holding company wholly owned by Allgreat Pacific Limited, which is in turn wholly owned by him.
- (2) Sunpower Business Group Pte. Ltd. is a wholly-owned subsidiary of Allgreat Pacific Limited. Accordingly, Allgreat Pacific Limited is deemed to be interested in 71,428,571 Shares held by Sunpower Business Group Pte. Ltd.
- (3) Mr. Ma Ming is (i) deemed to be interested in 66,081,166 Shares held by Claremont Consultancy Limited which is an investment holding company wholly owned by him, and (ii) deemed to be interested in 71,428,571 Shares held by Tournan Trading Pte. Ltd., which is an investment holding company wholly owned by Claremont Consultancy Limited, which is in turn wholly owned by him.
- (4) Tournan Trading Pte. Ltd. is a wholly owned subsidiary of Claremont Consultancy Limited. Accordingly, Claremont Consultancy Limited is deemed to be interested in 71,428,571 Shares held by Tournan Trading Pte. Ltd.
- (5) Ms. Pan Shuhong is deemed to be interested in 66,154,120 Shares held by Joyfield Group Limited, which is wholly owned by her.
- (6) For the purpose of calculating the Proposed Special Dividend per Share, it is assumed that all of the share options which have been granted as part of the ESOS have been fully exercised and issued (including 2,529,000 share options which have not been fully exercised and issued as at the Latest Practicable Date).
- (7) Excluding 2,542,000 Shares which are held in treasury.

APPENDIX H – SCHEDULE OF ILLUSTRATION OF PERFORMANCE SHORTFALL ADJUSTMENTS

All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in this Circular.

This **Appendix H** is purely for illustration purpose only and does not prejudice the provisions of the Existing Terms and/or the Amended Terms.

Illustration of Performance Shortfall Adjustments

Illustration

Illustrative Adjusted PATMI
Performance Target
Floor

FY2022 (RMB' million)

300

325

108

Illustrative ratio

92%

Illustrative applicable ratio to be applied to the conversion price

For the Tranche 1 Convertible Bonds, the revised conversion price will be S\$0.50 x the applicable ratio

S\$ 0.462

For the Tranche 2 Convertible Bonds, the revised conversion price will be S\$0.60 x the applicable ratio

S\$ 0.554

We set out below the adjusted conversion price and adjusted number of Shares to be issued to the Bondholders, assuming varied Adjusted PATMI achieved. For purposes of illustration, we had applied FY2022 performance target of RMB325 million as the denominator.

Tranche 1 Convertible Bonds

Conversion Price			S\$0.50	
Investment			US\$110,000,000	S\$156,684,000
US\$1: S\$1.4244 (illustrative)				
Applicable Adjusted PATMI (RMB' million)	Applicable Adjusted PATMI as Percentage of Performance Target	Applicable Conversion Price (S\$)	Entitled Conversion Shares	
325 and above	Performance target met.	0.500	313,368,000	
300	92.31%	0.462	339,482,000	
270	83.08%	0.415	377,202,222	
108 and below	33.23%	0.166	943,005,556	

Tranche 2 Convertible Bonds

Conversion Price			S\$0.600	
Investment			US\$70,000,000	S\$94,122,000
Drawdown Investment	28.6%		US\$20,000,000	S\$26,892,000
US\$1: S\$ (illustrative)				1.3446
Applicable Adjusted PATMI (RMB' million)	Applicable Adjusted PATMI as Percentage of Performance Target	Applicable Conversion Price (S\$)	Entitled Conversion Shares	
325 and above	Performance target met.	0.600	44,820,000	
300	92.31%	0.554	48,555,000	
270	83.08%	0.498	53,950,000	
108 and below	33.23%	0.199	134,875,000	

Resultant Shareholdings After Illustrative Adjustments

Applicable Adjusted PATMI (RMB' million)	Entitled Conversion Shares	% of Fully Diluted Share Capital	Existing Share Capital plus Unissued Shares Reserved for ESOS	% of Fully Diluted Share Capital	Fully Diluted Share Capital	% of Fully Diluted Share Capital
325 and above	358,188,000	31.08%	794,335,142	68.92%	1,152,523,142	100%
300	388,037,000	32.82%	794,335,142	67.18%	1,182,372,142	100%
270	431,152,222	35.18%	794,335,142	64.82%	1,225,487,364	100%
108 and below	1,077,880,556	57.57%	794,335,142	42.43%	1,872,215,698	100%

Notes:

- (1) For purposes of illustration, the FY2022 performance target of RMB325 million has been used as the denominator.
- (2) Adjustments, if any, will be based on Adjusted PATMI, to be calculated using audited financial statements for the applicable financial year.
- (3) An initial adjustment will be carried out after FY2022 audited financial statements are available, if applicable.

APPENDIX I – SCHEDULE OF ILLUSTRATION OF EXCESS PERFORMANCE ADJUSTMENT SHARING

All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in this Circular.

This **Appendix I** is purely for illustration purpose only and does not prejudice the provisions of the Existing Terms and/or the Amended Terms.

Illustration of Excess Performance Adjustment Sharing

	Tranche 1 Convertible Bonds	Tranche 2 Convertible Bonds	Assumed Exchange Rate on Final Exit Proceeds
Illustrative Exchange Rate of US\$1: S\$	1.4244	1.3446	1.3446

On Final Exit (if after 3 March 2022)

Step 1. To Determine Excess Performance Adjustment Sharing

Excess Performance Adjustment Sharing (to be Returned to the Company in Cash) (S\$)	(A) - (B) (S\$)	(A) Illustrative Return (S\$)	Illustrative Number of Conversion Shares (in the event of Performance Adjustment)	Illustrative Exit Price (S\$)	(B) Higher of (i) Entitled Return and (ii) Target Return of 20% IRR (S\$)	(i) Entitled Return (Based on the Respective Initial Conversion Price for Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds (S\$))	Number of Entitled Shares under Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds (if no Conversion Price Adjustment)	Illustrative Exit Price (S\$)	(ii) Investors Proceeds from Final Exit (S\$)	(ii) Investors Proceeds from Final Exit (US\$)
35,818,800	35,818,800	465,644,400	388,037,000	1.20	429,825,600	429,825,600	358,188,000	1.20	355,243,320	264,200,000
29,849,000	29,849,000	388,037,000	388,037,000	1.000	358,188,000	358,188,000	358,188,000	1.00	355,243,320	264,200,000
-	(44,813,720)	310,429,600	388,037,000	0.80	355,243,320	286,550,400	358,188,000	0.80	355,243,320	264,200,000

(US\$)	3 March 2017	3 March 2018	30 Sep 2018	3 March 2019	3 March 2020	3 March 2021	30 June 2021	31 Dec 2021	3 March 2022	3 March 2023	Absolute Return (US\$)
Tranche 1 Convertible Bonds	(110,000,000)										(110,000,000)
Tranche 2 Convertible Bonds (Drawdown Amount)			(20,000,000)								(20,000,000)
Convertible Bonds Investment											(130,000,000)
Cash Coupon Cash Payment from Proposed Disposal		2,750,000		2,860,000	3,250,000	3,250,000	37,296,600	26,531,554	3,250,000	3,250,000	18,610,000
Less: Interest Accrued in the Same Financial Year (Assuming no Conversion or Redemption of the Convertible Bonds)							(3,250,000)				(3,250,000)
Proceeds from Final Exit (less Transaction Costs)										264,200,000	264,200,000
											343,388,154
	(110,000,000)	2,750,000	(20,000,000)	2,860,000	3,250,000	3,250,000	34,046,600	26,531,554	3,250,000	267,450,000	213,388,154

Absolute Return (x)	2.64
IRR	20.00%

Notes:

- (1) The above illustration assumes the sale of Tranche 1 Convertible Bonds, Tranche 2 Convertible Bonds and Conversion Shares is on 3 March 2023.
- (2) The above Final Exit price, actual Conversion Shares and exchange rates are presented purely for illustrative purposes. The actual Conversion Shares will materialise subject to the performance and applicable adjustment mechanism. There is no certainty in achieving such Final Exit price.
- (3) The proceeds on exit include return on the Bondholder's Securities, and will less off any Excess Return Sharing already paid to the Company.
- (4) Any special dividend paid to the Shareholders of the Company arising from this Excess Performance Adjustment Sharing will be net of costs necessary for the transaction.
- (5) It is assumed that the Shareholders and the Bondholders receive the Tranche 1 Special Dividend and the Excess Cash Dividend Amount portion of the corresponding cash payment on 30 June 2021 and Tranche 2 Special Dividend and the Excess Cash Dividend Amount portion of the corresponding cash payment on 31 December 2021, and exchange rates as at the Latest Practicable Date has been assumed. Actual receipt date and foreign exchange conversion rate may differ.

Illustrative Excess Performance Adjustment Sharing Paid to the Company and Declared as Special Dividend

Special Dividend to the Shareholders of the Company (Excluding the Bondholders) (S\$)	Illustration 35,818,800
Number of Shares (Including ESOS Options on an As-exercised Basis)	794,335,142
Gross Special Dividend per Share (S\$)	0.0451
Gross Special Dividend per 1,000 Share (cents)	45.09

Step 2. To Determine Excess Return Sharing

After the Excess Performance Adjustment Sharing, the Excess Return Sharing will be assessed accordingly and paid to the Company.

APPENDIX J – SCHEDULE OF ILLUSTRATION OF EXCESS RETURN SHARING (US\$5 MILLION)

*All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in this Circular. This **Appendix J** is purely for illustration purpose only and does not prejudice the provisions of the Existing Terms and/or the Amended Terms.*

Illustrative Exchange Rate of US\$1: S\$1.34460

On Final Exit (if after 3 March 2022)

(US\$)	3-Mar-17	3-Mar-18	30-Sep-18	3-Mar-19	3-Mar-20	3-Mar-21	30-Jun-21	31-Dec-21	3-Mar-22	3-Mar-23	Absolute Return (US\$)
Tranche 1 Convertible Bonds	(110,000,000)										(110,000,000)
Tranche 2 Convertible Bonds (Drawdown Amount) Convertible Bonds Investment			(20,000,000)								(20,000,000)
											(130,000,000)
Cash Coupon Cash Payment from Proposed Disposal		2,750,000		2,860,000	3,250,000	3,250,000	37,296,600	26,531,554	3,250,000	3,250,000	18,610,000
Less: Interest Accrued in the Same Financial Year (Assuming no Conversion or Redemption of the Convertible Bonds)							(3,250,000)				63,828,154
Proceeds from Final Exit (less Transaction Costs)										264,200,000	(3,250,000)
											264,200,000
											343,388,154
	(110,000,000)	2,750,000	(20,000,000)	2,860,000	3,250,000	3,250,000	34,046,600	26,531,554	3,250,000	267,450,000	213,388,154

Absolute Return (Test 1)	
Investments (US\$)	(130,000,000)
2x Investments (US\$)	260,000,000
Amount In excess of 2x (US\$)	83,388,154
Absolute Return (x)	2.64
IRR Return (Test 2)	20.00%
Pay up to a Maximum of US\$5 million to the Company for GI Management (excluding Mr. Guo and Mr. Ma), subject to the Amendment Agreement (US\$)	5,000,000

APPENDIX K – SCHEDULE OF ILLUSTRATION OF EXCESS RETURN SHARING (US\$15 MILLION)

*All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in this Circular. This **Appendix K** is purely for illustration purpose only and does not prejudice the provisions of the existing terms and/or the amended terms.*


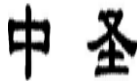

Illustrative Exchange Rate of US\$1: S\$1.34460

**On Final Exit (if after 3 March 2022)
(US\$)**

	3-Mar-17	3-Mar-18	30-Sep-18	3-Mar-19	3-Mar-20	3-Mar-21	30-Jun-21	31-Dec-21	3-Mar-22	3-Mar-23	Absolute Return (US\$)
Tranche 1 Convertible Bonds	(110,000,000)										(110,000,000)
Tranche 2 Convertible Bonds (Drawdown Amount)			(20,000,000)								(20,000,000)
Convertible Bonds Investment											(130,000,000)
Cash Coupon Cash Payment from Proposed Disposal		2,750,000		2,860,000	3,250,000	3,250,000	37,296,600	26,531,554	3,250,000	3,250,000	18,610,000
Less: Interest Accrued in the Same Financial Year (Assuming no Conversion or Redemption of the Convertible Bonds)							(3,250,000)				(3,250,000)
Proceeds from Final Exit (less Transaction Costs)										355,500,000	355,500,000
											434,688,154
	(110,000,000)	2,750,000	(20,000,000)	2,860,000	3,250,000	3,250,000	34,046,600	26,531,554	3,250,000	358,750,000	304,688,154

Absolute Return (Test 1)	
Investments (US\$)	(130,000,000)
3x Investments (US\$)	390,000,000
Absolute Return (x)	3.34
IRR Return (Test 2)	25.00%
Amount to be Paid to the Company for GI Management (excluding Mr. Guo and Mr. Ma), subject to the Amendment Agreement (US\$)	15,000,000

APPENDIX L – M&S TRADEMARKS

No.	Registration No.	Trademark	Expiry Date	Registered Owner	Registration Category
1.	1639737		6 September 2021	Jiangsu Sunpower Energy Conservation and Environment Protection Technology Research Institute Co., Ltd. (江苏中圣节能环保技术研究院有限公司)	Category 35: Marketing (for others)
2.	1947460		20 January 2023	Jiangsu Sunpower Energy Conservation and Environment Protection Technology Research Institute Co., Ltd. (江苏中圣节能环保技术研究院有限公司)	Category 40: Welding; electroplating; metal processing; grinding and polishing; laser cutting; boiler manufacturing; metal casting; metal forging; air purification; water purification
3.	1640060		26 September 2021	Jiangsu Sunpower Energy Conservation and Environment Protection Technology Research Institute Co., Ltd. (江苏中圣节能环保技术研究院有限公司)	Category 17: Hard rubber (vulcanized), non-metallic pipe joints, synthetic resin (semi-finished products), semi-processed plastic materials, filter materials (unprocessed foam or plastic film), non-metallic hoses, non-conductive materials for thermal insulation, thermal insulation materials for boilers

NOTICE OF SPECIAL GENERAL MEETING

SUNPOWER GROUP LTD.

(Company Registration No. 35230)
(Incorporated in Bermuda with limited liability)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting ("**SGM**") of the Shareholders of Sunpower Group Ltd. (the "**Company**") will be convened and held at 9.00 a.m. (Singapore time) on 16 April 2021 by way of electronic means for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular dated 31 March 2021 issued by the Company.

ORDINARY RESOLUTION 1 – THE PROPOSED DISPOSAL OF THE ENTIRE MANUFACTURING AND SERVICES (M&S) BUSINESS OF THE COMPANY AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION AND THE TRANSACTION IPTS AS INTERESTED PERSON TRANSACTIONS

That, subject to and contingent upon the passing of **Ordinary Resolution 2, Ordinary Resolution 3** and **Ordinary Resolution 4**:

- (a) approval be and is hereby given for the Proposed Disposal, on the terms and subject to the conditions set out in the SPA, being a deemed interested person transaction and a major transaction for the purposes of Chapters 9 and 10 of the Listing Manual respectively;
- (b) approval be and is hereby given for the Transaction IPTs, which are deemed to be interested person transactions for the purposes of Chapter 9 of the Listing Manual; and
- (c) the Directors and any of them be and are hereby authorised to do all acts and things (including without limitation, executing all such documents and approving any amendments, alterations or modifications to any such documents as may be required in connection with the Proposed Disposal and/or the Transaction IPTs) as they or each of them deem necessary, desirable, expedient or in the interests of the Company to give effect to this Ordinary Resolution, the Proposed Disposal and/or the Transaction IPTs as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

Note to Ordinary Resolution 1:

- (1) Pursuant to Rule 919 of the Listing Manual, Mr. Guo Hong Xin, Mr. Ma Ming and each of their respective Associates will abstain from exercising any voting rights in relation to Ordinary Resolution 1.

ORDINARY RESOLUTION 2 – THE PROPOSED SPECIAL DIVIDEND

That, subject to and contingent upon the Special Dividend Conditions and the passing of **Ordinary Resolution 1, Ordinary Resolution 3** and **Ordinary Resolution 4**:

- (a) a special one-tier tax-exempt cash dividend of RMB1.1627 for each Share held by Shareholders, on a fully-diluted basis (the "**Proposed Special Dividend**") to be declared and distributed to

- (b) Shareholders whose names appear on the register of members of the Company on the record date to be fixed by the Directors of the Company and the Proposed Special Dividend to be paid on the date to be determined by the Directors of the Company be and is hereby approved; and
- (c) the Directors of the Company and/or any of them be and is hereby authorised to complete and do all such acts and things (including, without limitation, approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may in their/his absolute discretion consider necessary or expedient to implement, finalise and give effect to this Ordinary Resolution 2.

Note to Ordinary Resolution 2:

- (1) Mr. Guo Hong Xin, Mr. Ma Ming and each of their respective Associates will voluntarily abstain from exercising any voting rights in relation to Ordinary Resolution 2.

ORDINARY RESOLUTION 3 – THE PROPOSED AMENDMENTS TO THE CONVERTIBLE BOND PURCHASE AGREEMENTS

That, subject to and contingent upon the passing of **Ordinary Resolution 1, Ordinary Resolution 2** and **Ordinary Resolution 4**:

- (a) approval be and is hereby given for the Proposed Amendments to the Convertible Bond Purchase Agreements; and
- (b) the Directors and any of them be and are hereby authorised to do all acts and things (including without limitation, executing all such documents and approving any amendments, alterations or modifications to any such documents as may be required in connection with the Proposed Amendments to the Convertible Bond Purchase Agreements) as they or each of them deem necessary, desirable, expedient or in the interests of the Company to give effect to this Ordinary Resolution and/or the Proposed Amendments to the Convertible Bond Purchase Agreements as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

Note to Ordinary Resolution 3:

- (2) Mr. Guo Hong Xin, Mr. Ma Ming and each of their respective Associates will voluntarily abstain from exercising any voting rights in relation to Ordinary Resolution 3.

ORDINARY RESOLUTION 4 – THE PROPOSED ADOPTION OF THE SHAREHOLDERS' GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

That, subject to and contingent upon the passing of **Ordinary Resolution 1, Ordinary Resolution 2** and **Ordinary Resolution 3**:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies that are considered to be "entities at risk" (as that term is used in Chapter 9), or any of them to enter into any of the transactions falling within the types of Mandated Transactions described in the Circular with any Mandated Interested Persons described in the Circular, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions;

- (b) the approval given in paragraph (a) above shall, unless revoked or varied by the Company in general meeting, shall continue in force until the conclusion of the next annual general meeting of the Company; and
- (c) the Directors and any of them be and are hereby authorised to do all acts and things (including without limitation, executing all such documents and approving any amendments, alterations or modifications to any such documents as may be required in connection with the Proposed IPT Mandate) as they or each of them deem necessary, desirable, expedient or in the interests of the Company to give effect to this Ordinary Resolution and/or the Proposed IPT Mandate as they or each of them may in their or each of their absolute discretion deem fit in the interests of the Group.

Note to Ordinary Resolution 4:

- (1) Pursuant to Rule 920(1)(b)(viii) of the Listing Manual, Mr. Guo Hong Xin, Mr. Ma Ming and each of their respective Associates will abstain from exercising any voting rights in relation to Ordinary Resolution 4.

By Order of the Board

Yang Zheng
Lead Independent Director

31 March 2021

Notes:

1. The SGM will be convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. This Notice of SGM will be published on the Company's website at <http://www.sunpower.com.cn> and on SGXNET.
2. **Due to the current COVID-19 situation in Singapore, Shareholders will not be able to attend the SGM in person.** Alternative arrangements relating to attendance at the SGM via electronic means (including arrangements by which the meeting can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman of the SGM ("**Chairman**") in advance of the SGM, addressing of substantial and relevant questions either before or at the SGM, and voting by appointing the Chairman as proxy at the SGM, are set out below. Any reference to a time of day is made by reference to Singapore time.
3. The proceedings of the SGM will be broadcasted "live" through an audio-and-video webcast and an audio-only stream. Shareholders who wish to follow the proceedings through a "live" audio-and-video webcast or listen to the proceedings through a "live" audio-only stream via their mobile phones, tablets or computers must **pre-register at the Company's pre-registration website at <https://conveneagm.sg/sunpoweregm> no later than 9.00 a.m. on 14 April 2021** (the "**Registration Deadline**") to create an account and to enable the Company to verify their status as Shareholders. Following the verification, authenticated Shareholders will receive an email on their authenticated status and will be able to access the "live" audio-and-video webcast and "live" audio-only stream of the proceedings of the SGM using the account created.

Shareholders who have pre-registered by the Registration Deadline but do not receive any email by 2.00 p.m. on 15 April 2021 should contact the Company at ir@sunpower.com.cn stating: (a) the Shareholder's full name; and (b) the Shareholder's identification/registration number.
4. **If a Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the SGM, he/she/it must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the SGM.** The instrument for the appointment of proxy (the "**Depositor Proxy Form**") appointing such person other than the Chairman shall be deemed to appoint the Chairman as proxy. The Chairman, as proxy, need not be a member of the Company. The Depositor Proxy Form may be accessed at the Company's website at <http://www.sunpower.com.cn> and on SGXNET. The Depositor Proxy Form is circulated with the Circular, of which this Notice of SGM forms part.

Printed copies of the Depositor Proxy Form will also be sent to Shareholders.

Where a Shareholder (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Depositor Proxy Form. If no specific direction as to voting is given, the Chairman may vote or abstain from voting at his/her discretion.

5. The completed and signed Depositor Proxy Form appointing the Chairman as proxy must be submitted to the Company in the following manner:
 - (a) if submitted electronically, be submitted via email to ir@sunpower.com.cn; or
 - (b) if submitted by post, be deposited at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. (formerly known as RHT Corporate Advisory Pte. Ltd.), at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712,

in either case, by **9.00 a.m. on 14 April 2021** (being 48 hours before the time appointed for holding the SGM), in accordance with the instructions stated in this Notice of SGM and the Depositor Proxy Form, failing which the Company shall be entitled to regard the Depositor Proxy Form as invalid.

Due to the current COVID-19 situation in Singapore and the related safe distancing measures, Shareholders are strongly encouraged to submit completed Depositor Proxy Forms electronically via email.

The Depositor Proxy Form must be signed by the appointor or his attorney duly authorised in writing. In the case of joint appointor(s), all joint appointor(s) must sign the Depositor Proxy Form. Where the Depositor Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Depositor Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney appointing the attorney or other authority, or a notarially certified copy thereof, if any, under which the Depositor Proxy Form is signed must (unless previously registered with the Company) be lodged with the Depositor Proxy Form, failing which the Company shall be entitled to regard the Depositor Proxy Form as invalid.

The Company shall be entitled to reject the Depositor Proxy Form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Depositor Proxy Form (such as in the case where the appointor submits more than one (1) Depositor Proxy Form).

A Shareholder who wishes to submit the Depositor Proxy Form must first complete and sign the Depositor Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

6. In the case of Shareholders of the Company whose Shares are entered against their names in the Depository Register, the Company may, at its discretion, reject any Depositor Proxy Form lodged if such Shareholders are not shown to have Shares entered against their names in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), as at 48 hours before the time appointed for holding the SGM as certified by The Central Depository (Pte) Limited to the Company.
7. The Company has put in place arrangements to allow Shareholders to be able to communicate with each other electronically during the course of the SGM. However, Shareholders will not be able to ask questions "live" during the broadcast of the SGM. Shareholders may submit questions related to the resolutions to be tabled for approval for the SGM in advance of the SGM. In order to do so, their questions must be submitted in the following manner no later than **9.00 a.m. on 13 April 2021** (being three (3) Market Days before the SGM):
 - (a) via the pre-registration website at the URL <https://conveneagm.sg/sunpoweregm>;
 - (b) by email to ir@sunpower.com.cn; or
 - (c) by post to the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

Shareholders submitting questions are required to state: (a) the Shareholder's full name; and (b) the Shareholder's identification/registration number, failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

Due to the current COVID-19 situation in Singapore and the related safe distancing measures, Shareholders are strongly encouraged to submit their questions via the pre-registration website or by email.

The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the SGM as received from Shareholders either before the SGM on SGXNET and the Company's website

at the URL <http://www.sunpower.com.cn> or during the SGM.

8. Investors who hold their Shares through a relevant intermediary should not use the Depositor Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions.

A "relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Shares in that capacity;
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289 of Singapore) who holds Shares in that capacity; or
- (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act (Chapter 36 of Singapore) ("**CPF Act**"), in respect of Shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

9. All documents (including the Depositor Proxy Form and this Notice of SGM) or information relating to the business of the SGM have been, or will be, published on SGXNET and/or the Company's website at <http://www.sunpower.com.cn>.

Important Notice on COVID-19:

As the COVID-19 situation continues to evolve, the Company is closely monitoring the situation, including any precautionary measures which may be required or recommended by government agencies to minimise the risk of community spread of COVID-19. **Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the SGM at short notice. Shareholders are advised to regularly check the Company's website at the URL <http://www.sunpower.com.cn> or announcements released by the Company on SGXNET for updates on the status of the SGM.**

Personal Data Privacy:

By pre-registering for the "live" audio-and-video webcast or the "live" audio-only stream of the SGM, submitting the Depositor Proxy Form appointing the Chairman to attend, speak and vote at the SGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the SGM or the Company's businesses and operations, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of (i) administering the "live" audio-and-video webcast or the "live" audio-only stream (including, but not limited to, verifying his identity and shareholding status, registering an account for him to access the "live" audio-and-video webcast and/or the "live" audio-only stream, facilitating and administering the "live" audio-and-video webcast and/or the "live" audio-only stream and disclosing his personal data to the Company's agents or third-party service provider for any such purposes), (ii) the processing of any questions submitted to the Company, (iii) the processing, administration and analysis by the Company (or its agents or its service providers) of the appointment of the Chairman as proxy for the SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.