



# SUNPOWER GROUP LTD.

Investor Presentation  
10 November 2021





## **AGENDA**

**01 Sunpower Group At a Glance**

02 Investment Highlights

03 Financial Highlights

04 Project Updates

05 Outlook

06 Q&A Session

# Sunpower Group at a Glance

- **Proven Track Record of >20 years:** Established in 1997, listed on SGX since 2005.
- **Leading provider of industrial steam that generates 100% recurring, long-term, high-quality income and cashflows on typically 30-year concessions**
- **Pioneer in attaining Carbon Peak and Carbon Neutrality and the development of the circular economy. Practices ESG and sustainability values in all aspects**
- **Sizeable Green Investments (“GI”) portfolio:** 11 projects, with 9 operational and 2 under construction
- **GI projects maintained strong resilient growth in 9M 2021**
  - Total steam sales volume maintained strong growth momentum, +72.0% YoY to 5.88 million tons
  - GI recurring revenue <sup>(1)</sup> rose 67.6% YoY to record RMB1,392.6 million
  - GI recurring EBITDA <sup>(1)</sup> rose 34.9% YoY to RMB 408.0 million
  - GI recurring PATMI <sup>(1)</sup> rose 2.8% YoY to RMB 127.7 million
  - GI operating cashflow <sup>(1)</sup> rose 239.7% YoY to RMB181.2 million
- **Proven ability to provide a high Net Present Value (NPV) of long-term and recurring cashflows, backed by an attractive double-digit project IRR**
- **For its contributions and industry leadership, Sunpower is recognized as a member by reputable national associations including China Association of Environmental Protection Industry, and some provincial associations**



(1) The Company uses the terms “GI recurring revenue”, “GI recurring EBITDA”, “GI recurring PATMI”, and “GI operating cashflow” to reflect the true operating results of the GI business. This Earnings Presentation should be read in conjunction with the comprehensive Financial Results Statements and Earnings Release announced at the same time. Definitions are disclosed in slide 13 of this Earnings Presentations.

# Sunpower Group at a Glance

## Green Investments

Investor and operator of centralized facilities to supply

- › Clean industrial steam to a wide range of diverse industries supported by structural demand
- › Pollution-free civil heating to a large base of households, and
- › Electricity to the State Grid

Position

**Leading**  
industrial steam  
provider with  
proven **track**  
**record**

Sizeable GI Portfolio

**9** plants in operation  
**2** plants under  
construction  
**Robust** pipeline

Recurring Income and  
Cashflow Generated by  
GI plants

**100%**

**Circular Economy Model**  
To help industrial parks  
achieve **0** waste emissions

Exclusive Concessions  
Typically **~30** years

**Total Current Length  
of Pipelines**  
**>300km**

Capability to Achieve Ultra-low  
Emissions

Capable of emissions below national  
standards for natural gas  
Dust <5 mg/m<sup>3</sup>, SO<sub>2</sub><35 mg/m<sup>3</sup>, NO<sub>x</sub> <50 mg/m<sup>3</sup>

**Number of  
customer industries**  
**>20**

**Current number  
of customers**  
**~ 480**





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# Investment Highlights

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- 1 **Leading** Industrial Service Provider with Long-term Strategy in **Alignment** with Government Policies
- 2 Robust and **Superior Business Model** Generating **Long-term, High-quality, Recurring** Income and Cash Flows
- 3 **Robust Financial Performance** with Rapid Growth, High Margins and Strong Cash Generation
- 4 Well-positioned to Realise **Long-term Growth Potential** with Established **Sizeable Portfolio** and **Strong Pipeline**
- 5 Professional and Disciplined **Management Team** with **Strong Execution Capabilities and Entrepreneurship**
- 6 Established **Operational Management System** with **Proven Risk Management Capabilities**
- 7 Practises **ESG and Sustainability Values** In Every Aspect
- 8 DCP and CDH are **Strategic Institutional Investors**

# Leading Industrial Service Provider with Long-term Strategy in Alignment with Government Policies

01

Leading market position with sizeable high-quality GI portfolio across developed areas in China

- › **Best-in-class industrial steam supplier**  
Rapid expansion and quick scale-up to 9 projects in operation and 2 under construction
- › **Industry pioneer with strong brand equity**

TOP  
2020 CHINA ENERGY GROUP 500 LIST



BEST  
MANAGED  
COMPANIES  
民企卓越管理公司

**March 2017**

**0** projects in operation

**1st** mover in the industry

**2020**

**9** projects in operation

**2** projects under construction



To build sizeable GI portfolio delivering **long-term, recurring and high-quality income and cashflows**

On track to unlock **enormous potential** of GI strategy

# Leading Industrial Service Provider with Long-term Strategy in Alignment with Government Policies

02

## Best “clean” solution for rising steam demand



Strategy aligned with the goals of Carbon Neutrality and Carbon Peak, and facilitates their early achievement



Already contributed to boiler shutdowns that reduced emissions

9 operating GI projects have helped closed **several hundred** small highly pollutive low-efficiency boilers



Eliminate “Multiple” pollution risk sources with just “One” centralized clean facility that achieves emission levels equal to or even lower than the national standard for natural gas emissions



Annual reduction of CO2 emissions > **600,000 tons** <sup>(1)</sup>



Expected to replace **more** high-polluting small boilers <sup>(1)</sup>



Annual reduction of dust, SO<sub>2</sub> and NO<sub>x</sub> > **65,000 tons** <sup>(1)</sup>

<sup>(1)</sup> by end of 2021

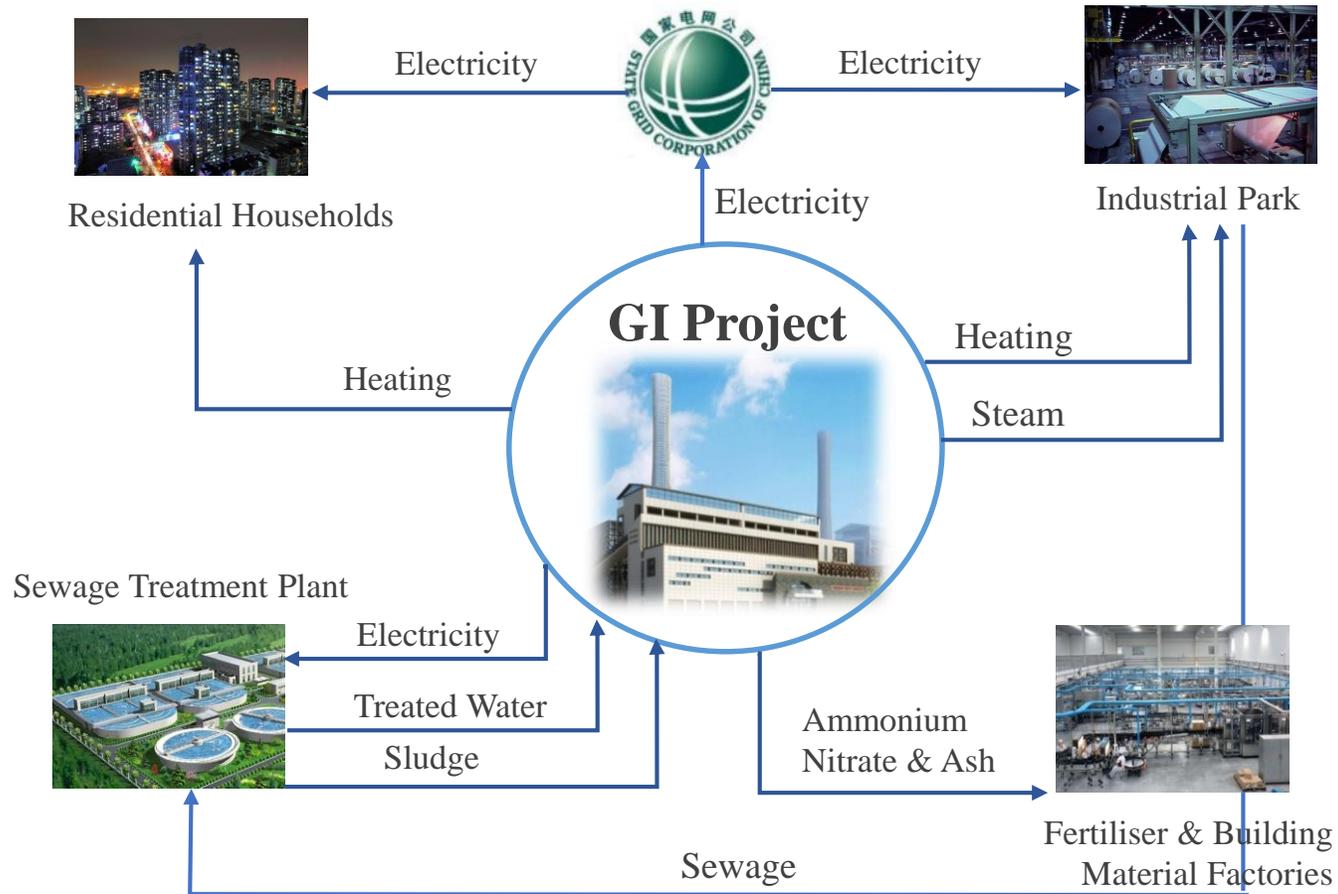


# Leading Industrial Service Provider with Long-term Strategy in Alignment with Government Policies

03

## Pioneer Adopter of the Circular Economy Model (“CEM”)

The 14th Five-Year Plan promotes development of **the circular economy** industrial parks and **centralized steam facilities**



### Benefits for Society

- Achieves the comprehensive utilization of resources.
- Helps solve people’s livelihood problems and improve their well-being.
- Facilitates the development of the circular economy of the country.



### Benefits for Industrial Parks

- Helps the parks eliminate multiple sources of pollution risks, and ensure safe and controlled emissions.
- Helps enterprises to achieve quality and sustainable development
- Help the parks attract new investments and expand further, thus achieving win-win development.



### Benefits for the Shareholders

- Increases additional revenue from sludge treatment and sale of waste products.
- Realises greater economies-of-scale from an integrated operational model
- Reduces costs from measures such as blending sludge as a coal substitute and use of treated recycled water.

# Robust and Superior Business Model Generating Long-term, High-quality, Recurring Income and Cash Flows

01

## High entry barriers

- Typically ~ **30-year exclusive concession rights** with first right of renewal
- Further, extensive network of steam pipelines also strengthen de facto exclusivity for the supply of steam

02

## Strong tariff collection

- B2B business model
- Contracts are signed directly with customers instead of the government

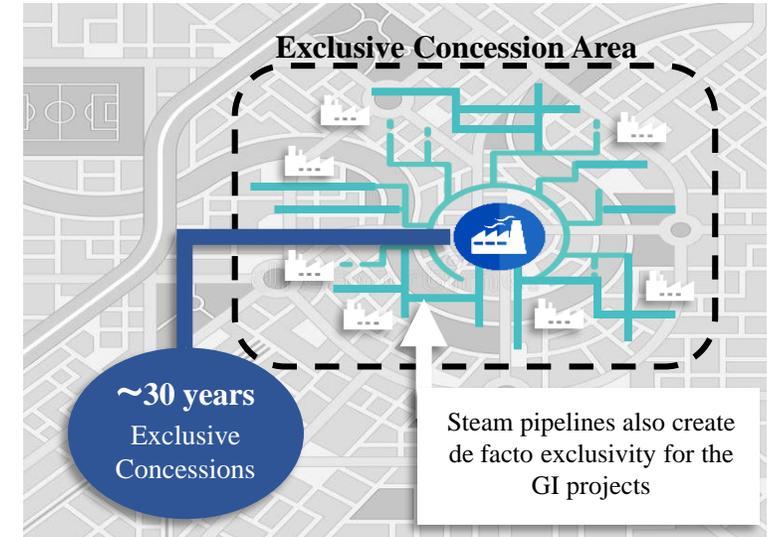
## High-quality cashflows

- Able to require customers to prepay or pay immediately after use, as steam is a non-discretionary production input and Sunpower is the exclusive steam supplier within its coverage area.

03

## Fuel cost pass-through mechanism

- Allows long-term stable profitability when viewed across cycles
- Maintain operational flexibility to achieve long-term sustainable growth



## B2B Business Model

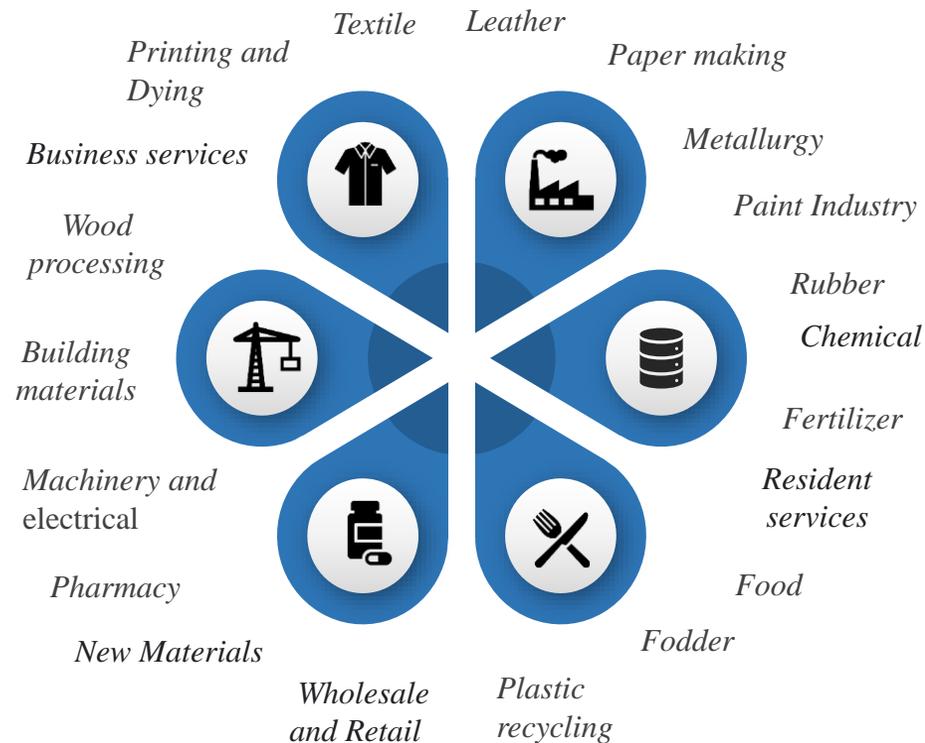


# Robust and Superior Business Model Generating Long-term, High-quality, Recurring Income and Cash Flows

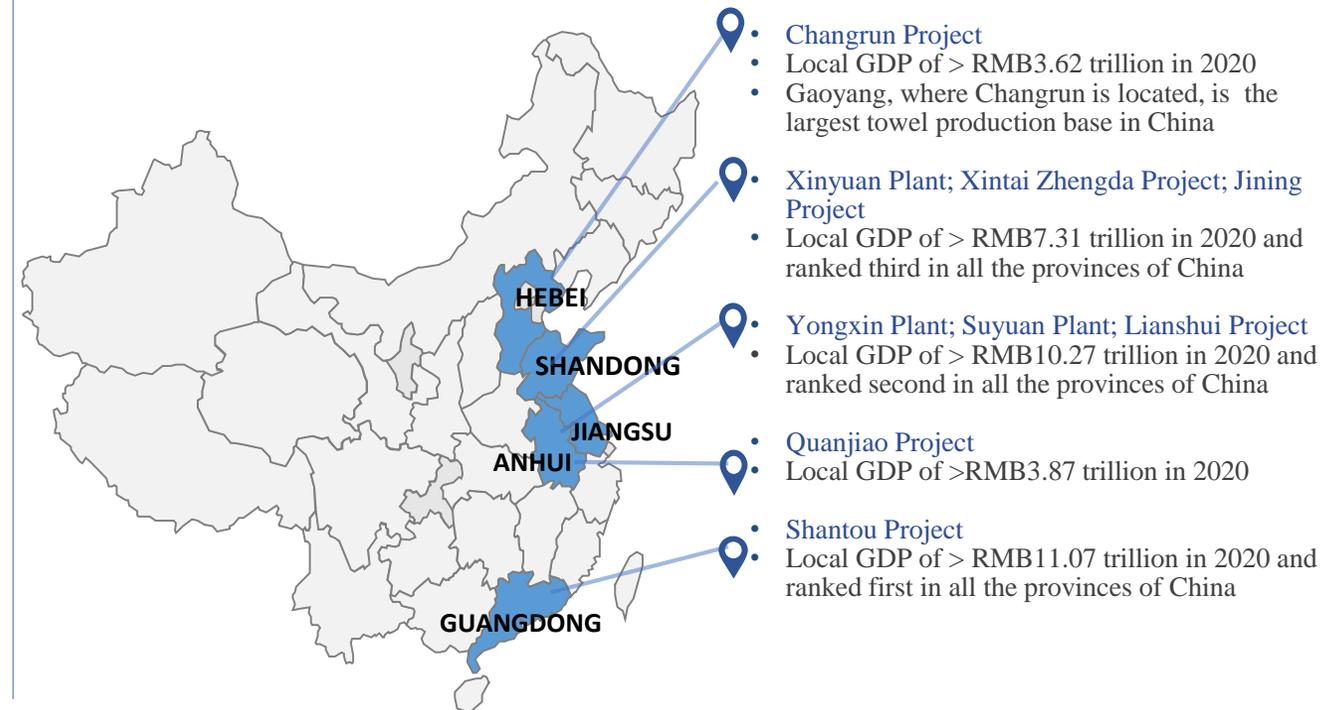
04

**Resilient and counter-cyclical steam demand**

➤ **Large and captive customer base from a diverse and wide range of industries**



➤ **Strong economic viability** of downstream customer enterprises as they are located in industry clusters of excellence within economically-developed areas

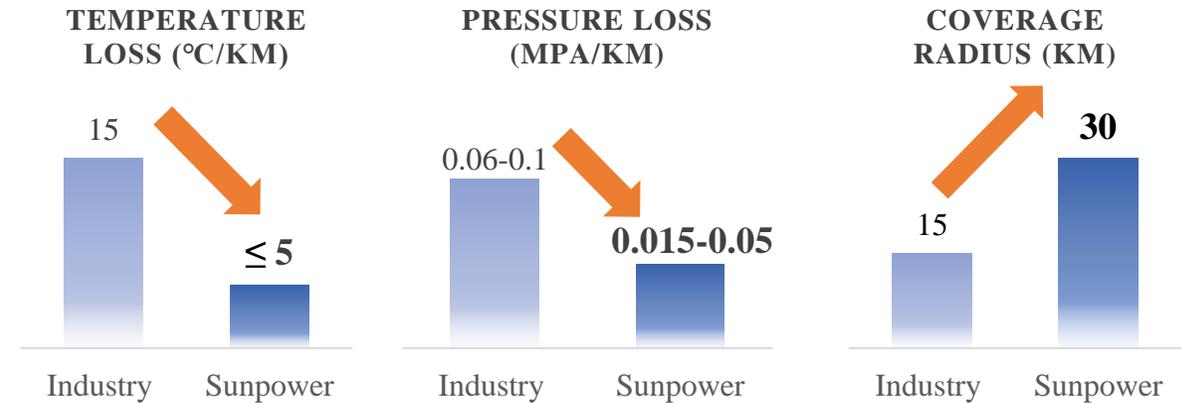


# Robust and Superior Business Model Generating Long-term, High-quality, Recurring Income and Cash Flows

05

## Application of innovative technologies

- **Long Distance Steam Distribution Pipelines Technology**
  - Increase geographical reach to captive customers. Achieve economies of scale
  - Reduce feedstock ~ minimal temperature and pressure lost in transmission
- **Environmental Protection Technologies**
  - Low nitrogen combustion technology
  - Desulphurization and denitrification technology
  - Technology to eliminate haze and ammonia escape
  - Bag filter + wet electrostatic precipitator
- **Energy Saving Technologies**
  - High efficiency heat exchange technology
  - Gas-gas heater technology
  - Low temperature economizer technology
  - Flue gas sludge drying & comprehensive utilisation technology
- **Strong and proven ability to revamp and upgrade acquired plants to improve operational efficiency**



## Ability to meet or even be lower than emission standard of natural gas

Emission Limit (mg/m <sup>3</sup> )	Newly-built Coal-fired Boilers <sup>(1)</sup>	Newly-built Coal-fired Power Generation Boilers <sup>(2)</sup>	Coal-fired Power Generation Boilers in Key Areas* <sup>(2)</sup>	Natural Gas Boilers & Gas Turbines <sup>(2)</sup>	Sunpower's Capabilities
Dust	50	30	20	5	< 5
SO <sub>2</sub>	300	100	50	35	< 35
NO <sub>x</sub>	300	100	100	50	< 50

(1) 'Boiler Air Pollutant Emission Standard' by the Ministry of Ecology and Environment of the PRC (GB13271-2014)

[http://www.mee.gov.cn/ywgz/fgbz/bz/bzwb/dqjhbh/dqgdwrywrwpfbz/201405/t20140530\\_276318.shtml](http://www.mee.gov.cn/ywgz/fgbz/bz/bzwb/dqjhbh/dqgdwrywrwpfbz/201405/t20140530_276318.shtml)

(2) 'Emission Standard of Air Pollutants for Thermal Power Plants' by the Ministry of Ecology and Environment of the PRC (GB 13223-2011)

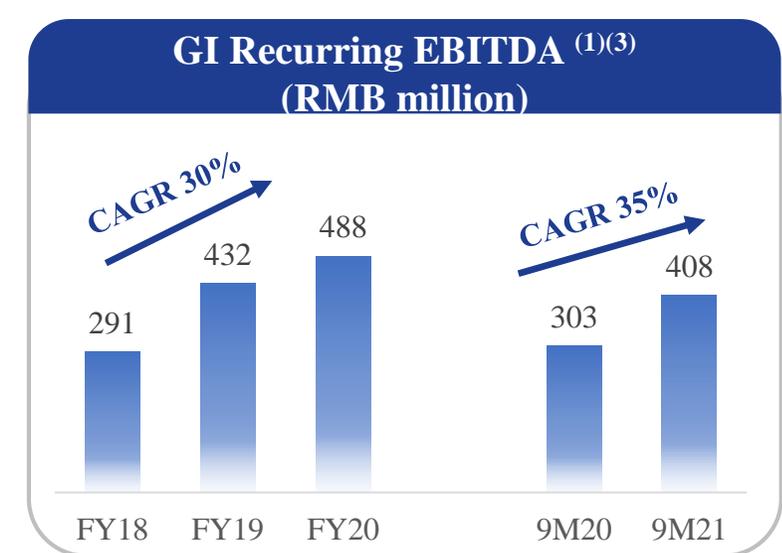
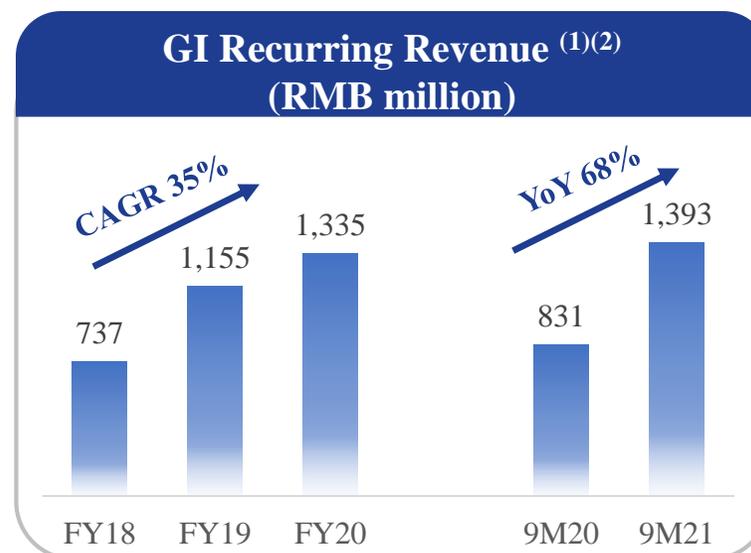
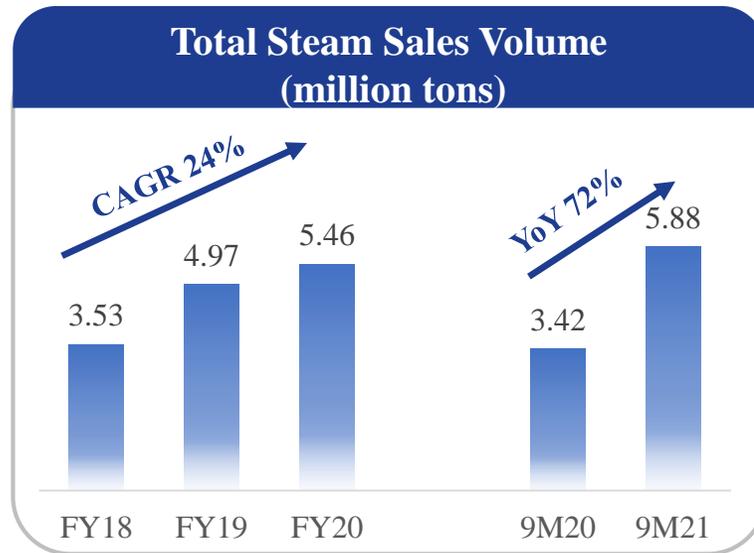
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\* Key regions mainly refer to the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Pearl River Delta region

# Robust Financial Performance with Rapid Growth, High Margins and Strong Cash Generation

- For 9M2021, total steam sales volume was up 72% YoY to 5.88 million tons in 9M2021. GI recurring revenue in 9M2021 up 68% YoY to record RMB1,393 million and recurring EBITDA up 35% to RMB408 million.
- Despite the short-term headwinds, GI's proven ability to generate long-term and recurring income and cashflows.
- GI projects are still ramping up with long-term NPV of future cashflows expected to be substantially higher than the latest reported period\*.

\* Based on the company's long-term discounted cashflow forecasts



- (1) The Company uses the terms "GI recurring revenue", "GI recurring EBITDA", "GI recurring PATMI", and "GI operating cashflow" to reflect the true operating results of the GI business. This document should be read in conjunction with the comprehensive financial results statements released at the same time.
- (2) GI recurring revenue refers to recurring revenue generated by the GI business. It excludes one-time contributions from internal EPC services for BOT projects that are provided by the Group's internal project management department, recognised in accordance with IFRIC 12 Service Concession Arrangements.
- (3) GI recurring EBITDA refers to the recurring Earnings before Interest, Tax, Depreciation and Amortisation of the GI Business. It excludes gains or costs incurred by way of the M&S disposal such as excess cash dividends, gain on disposal, withholding tax, etc.; one-time contributions from internal EPC services for BOT projects that are provided by the Group's internal project management department, recognised under IFRIC 12 Service Concession Arrangements; as well as expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and remuneration of the employees at the group level, etc., which reflects the true operating results of the GI business.

# Well-positioned to Realise Long-term Growth Potential with Established Sizeable Portfolio and Strong Pipeline

01

The existing GI portfolio is still ramping up and is expected to have long-term growth potential

## Key Growth Drivers



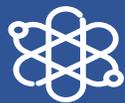
Organic growth of customers and industrial parks served by GI plants



Continuous closures of small dirty boilers drive demand to centralised facilities



Enterprises' continuous relocation to industrial parks due to government mandate and/or cost benefits



Technological transformation and upgrades that improve project profitability



# Well-positioned to Realise Long-term Growth Potential with Established Sizeable Portfolio and Strong Pipeline

02

## Large demand for urban heat supply to provide enormous growth potential for GI business

With the promotion of energy conservation and emission reduction, the total demand for China's urban steam industry is forecasted to ~4.88 billion GJ by 2025\*. This is expected to provide enormous growth potential and opportunities for our GI.

Forecast of total demand of China's urban steam supply industry from 2020 to 2025 (100 million GJ)



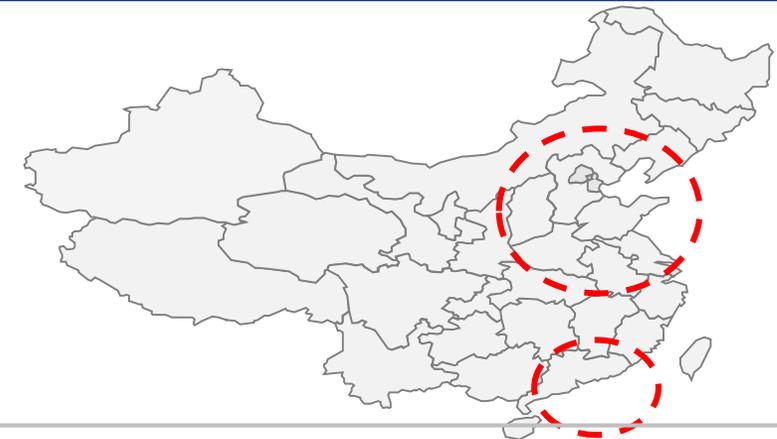
03

## Strong pipeline of high-quality projects to fuel continued growth in the foreseeable future

Disciplined investment strategy

Robust pipeline of projects in different stages of evaluation including a couple of projects in late stages of evaluation

Pipeline under Evaluation



\* <https://m.chyxx.com/view/874350.html>

# Well-positioned to Realise Long-term Growth Potential with Established Sizeable Portfolio and Strong Pipeline

04

**Mature and replicable business model with a unique competitive edge across the GI business cycle to drive sustainable growth**

**01  
NEW PROJECT  
IDENTIFICATION &  
SECUREMENT**

**04  
PROJECT OPERATION,  
REFORM & UPGRADE**



**02  
PROJECT  
INVESTMENT**

**03  
PROJECT  
CONSTRUCTION**

**01**

- › Proven track record, experienced teams
- › Disciplined project sourcing and evaluation process
- › Robust pipeline being evaluated

**02**

- › Ability to establish high entry barriers
- › Successfully established resilient and adaptable GI business model
- › Strong strategic support by renowned PE firms DCP and CDH
- › Multiple potential sources of funds to fund GI growth strategy

**03**

- › Application of innovative integrated technologies
- › Experienced in project planning, management and construction
- › Built a complete supervision system to reduce the potential construction risks and cost overruns

**04**

- › Seasoned management with a proven track record in achieving excellent results
- › Adoption of CEM
- › Refined management of each project
- › Know-how to reform and upgrade acquired plants to improve operation efficiency

# Professional and Efficient Management and Operational Team with Strong Execution Capabilities and Entrepreneurship

Management are proven professionals with high personal integrity and follow international best practices in corporate governance

## ➤ Top management team remains stable

- Post-disposal, the GI continues to be led by Mr Ma Ming, cofounder of Sunpower



**Ma Ming**  
Co-Founder & Executive Director

## ➤ Extensive experience of decades in GI business

- Seasoned and well-disciplined executives with specialised skills, strong execution capabilities and entrepreneurship



**Tang Hao**  
Group Vice President  
General Manager of  
JSCE\*



**Shi Shaolin**  
Group Financial  
Director  
Deputy General  
Manager of JSCE\*



**Sha Jianhua**  
Deputy General  
Manager of JSCE\*



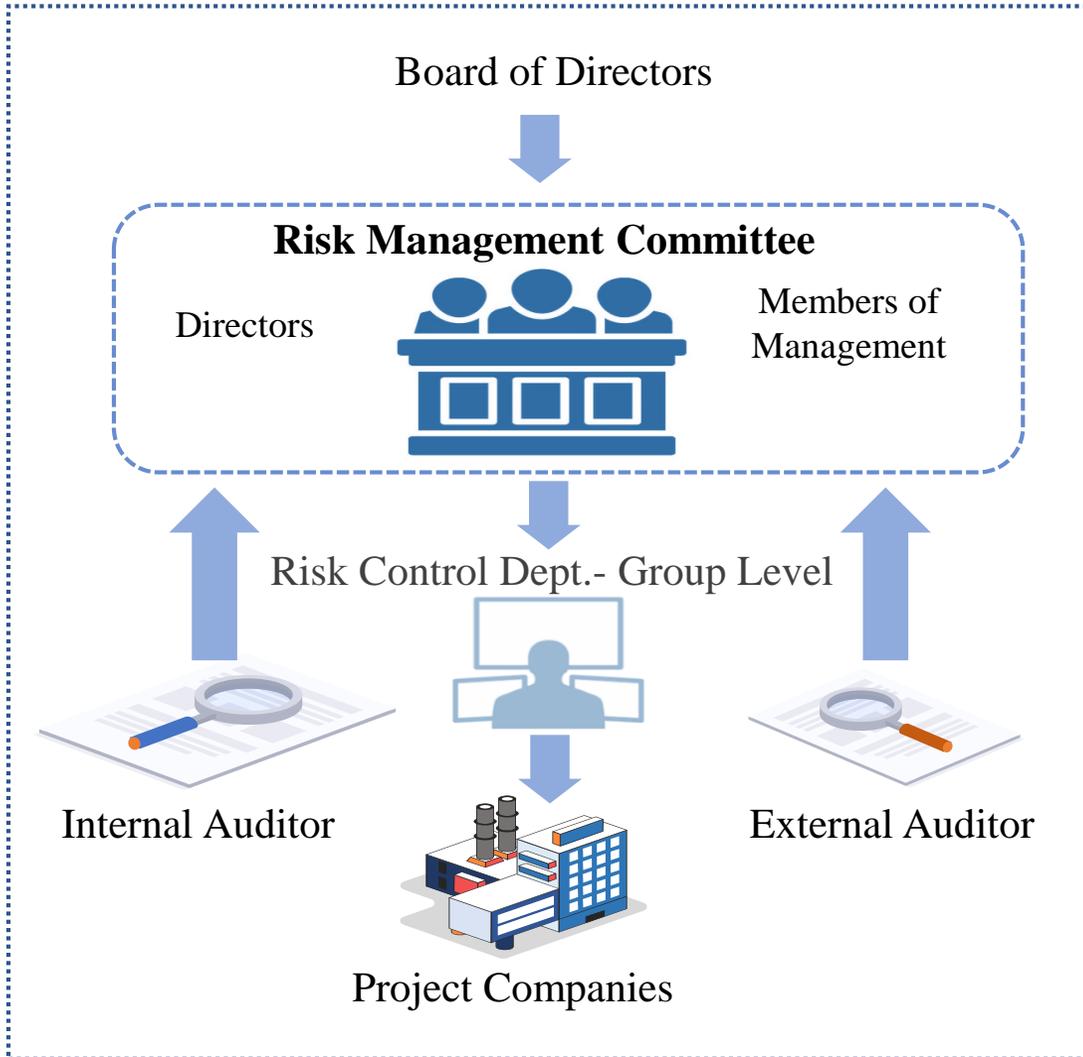
**Zheng Xiaodong**  
Deputy General  
Manager of JSCE\*



**Chen Shouzhong**  
Deputy General  
Manager of JSCE\*

\* JSCE refers to Jiangsu Sunpower Clean Energy Co., Ltd.

# Established Operational Management System with Proven Risk Management Capabilities



- › Over the years, Sunpower's management has created and refined a set of **Operational Management** practices that allow the highest level of efficiency and effectiveness possible within the organisation.
- › **Risk Management** groups and practices have been implemented throughout the organisation to provide sound internal evaluation, control and oversight of financial, operational, compliance and other risks.
- › **Implementation of Comprehensive Budget Management for decades**
- › With this refined and standardised management approach, the Group **has delivered excellent results over the long-term** and achieved high levels of satisfaction from stakeholders including end-customers, suppliers, bankers and investors.

# Practises ESG and Sustainability Values In Every Aspect

- Committed to sustainability by incorporating environmental, social and governance (ESG) values into every aspect.
- Undertakes the social responsibility to support the sustainable development of the economy and helps to build zero-emission circular economy industrial parks.



Ultra-low emissions replacing high-polluted emissions



Zero discharge of sewage



Zero discharge of sludge



Recycle of Waste

## Environment

- Pioneer in achieving carbon emission peak and carbon neutrality goals for China
- Helps build zero-emission circular economy industrial parks and facilitate sustainable development of the local economy
- Practises benefit-driven environmental protection to help the Company and customers attain quality, green and low-carbon growth
- Promotes the utilisation of biomass energy and achieves the integrated benefit of clean energy and rural ecology governance

## Social

- Protects rights of employees, established a sound personnel management system, and provides a healthy working environment
- Increases and stabilises local employment, promoting the sustainability of enterprises and local economy
- Participate in social welfare programs, contributes to the fight against the pandemic

## Governance

- Win the government's trust and support through addressing its key concerns by leveraging on key competitive edges
- Complete operational system, risk management and internal control system in place to counter various risks. including compliance
- Zero-tolerance for corruption, bribery, etc. with established policies to prohibit such misconduct

# DCP and CDH are Strategic Institutional Investors

➤ Among the largest and most experienced Chinese private equity (PE) investors

➤ Invested US\$130 million in Sunpower through convertible bonds issued to-date. Provide institutional support for Sunpower's long-term growth

➤ Strong track record of investing and nurturing many leading companies in China

## DCP AND CDH TEAMS' SELECTED INVESTMENT PORTFOLIO



**Belle International**  
(百丽鞋业)

China's Leading Women Shoes Retailer



**Mengniu Dairy**  
(蒙牛乳业)

China's Leading Dairy Company



**Nanfu Battery**  
(南孚电池)

China's Leading Alkaline Battery Producer



**Qingdao Haier**  
(青岛海尔)

Global Leader in Home Appliances



**Hengan International**  
(恒安集团)

China's Largest Napkin and Diaper Producer



**Ping An Insurance**  
(平安保险)

China's Leading Insurance Provider



**Modern Dairy**  
(现代牧业)

China's Leading Dairy Company



**WH Group**  
(万州国际)

Global Leader in Meat Processing



**Greenland Group**  
(绿地集团)

China's Leading Real Estate Conglomerate



**Midea Group**  
(美的集团)

Global Leader in Home Appliances



**CICC**  
(中国国际金融有限公司)

China's Leading Investment Bank



**Focus Media**  
(分众传媒)

China's Largest Out-of-home Advertising Network



**COFCO Meat**  
(中粮肉食)

China's Leading Meat Processing Company



**Uxin**  
(优信拍)

China's Leading Online Used-car Platform

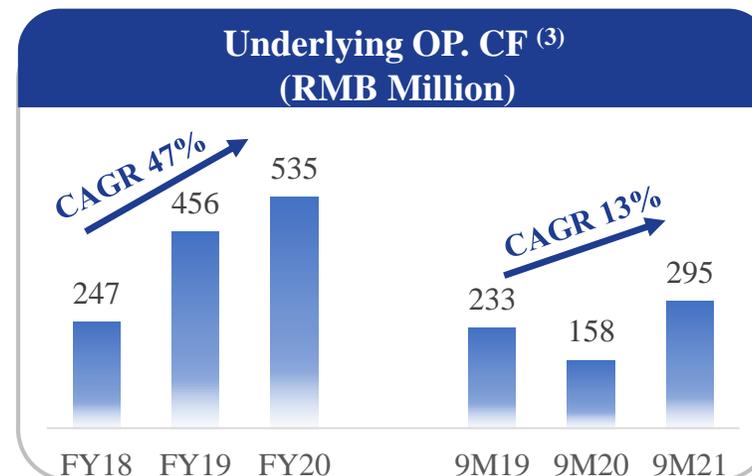
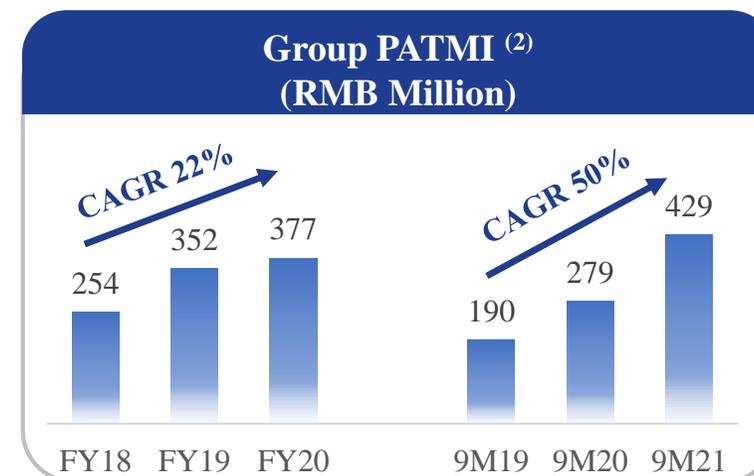
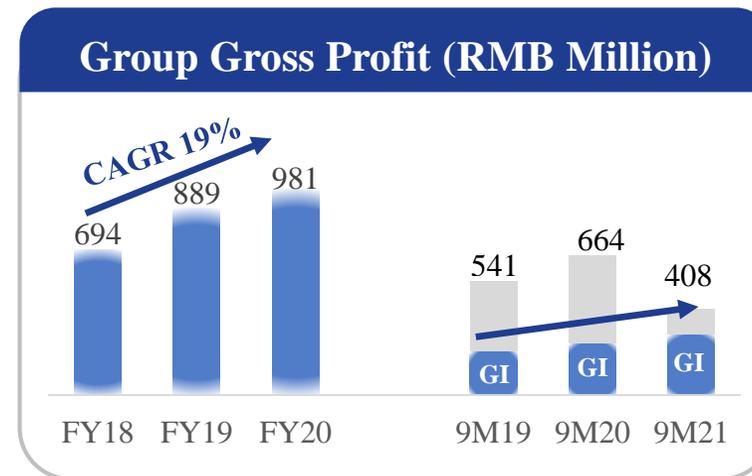
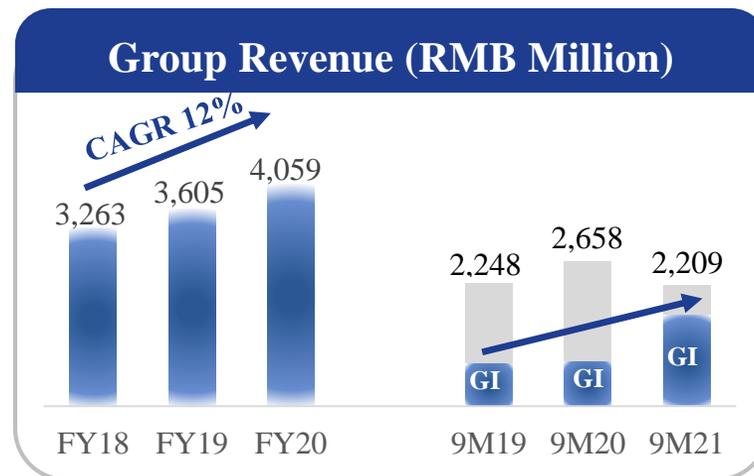


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# Continued Performance Growth in 9M 2021<sup>(1)</sup>

- The M&S business was deconsolidated on 30 April 2021 following the disposal.<sup>(4)</sup>
- Including the items in connection with the disposal<sup>(5)</sup>, group PATMI without financial effects of CBs rose 54.0% YoY to RMB429.2 million in 9M 2021.
- Excluding the items in connection with the disposal<sup>(5)</sup>, group PATMI in 9M 2021 was RMB149.6 million, which reflects the operating results of the Group.
- Group underlying operating cash flow rose 87.2% YoY to RMB295.1 million.
- The Group's ability to generate a high NPV of high-quality, recurring income and cashflows over the long term is intact.
- The surge in feedstock price is exceptional. The Group has taken various measures to navigate these headwinds.



(1) Group results (reflecting aggregated results of continuing operations and discontinued operations), without financial effects of CBs and Warrants. This document should be read in conjunction with the comprehensive financial results statements released at the same time.  
 (2) Group PATMI refers to the "Profit/(Loss) for the period" in the "WITHOUT financial effects of Convertible Bonds and Warrants" column of the P&L statement, which adjusts "Profit/(Loss) for the period" in the "WITH financial effects of Convertible Bonds and Warrants" column for amortised interest expenses, fair value adjustments and foreign exchange gains or losses associated with the Convertible Bonds and Warrants.  
 (3) Underlying operating cashflow excludes CB interest of RMB17.4 million in FY18, RMB19.7 million in FY19, RMB22.7 million in FY20 and RMB21.0 million in 9M21.  
 (4) Due to the disposal, the M&S business contributed 4 months to the group financial results in 9M 2021 vs 9 months in 9M 2020.  
 (5) Items including gain on disposal recorded in 1H 2021, expenses incurred in connection with the disposal such as the excess cash dividend paid to CB holders which is recognised as finance cost, project adviser fees and withholding taxes.



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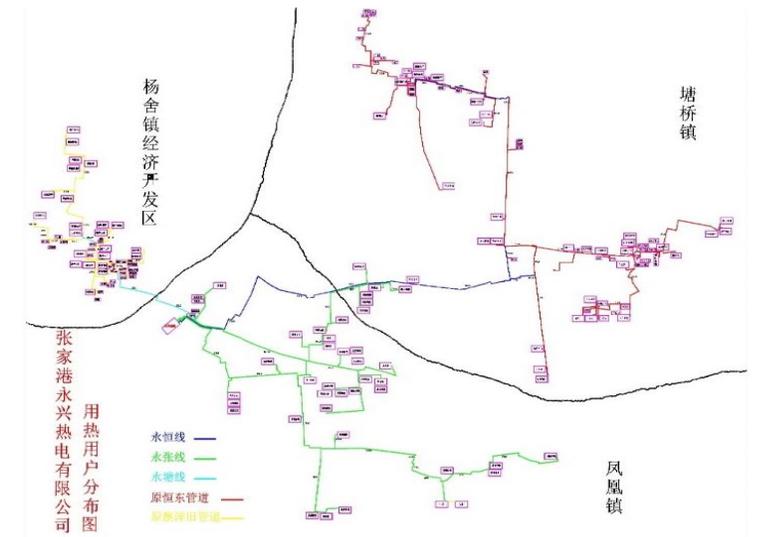
# Changrun Project

Investment	Total investment of RMB934 million
Capacity	<ul style="list-style-type: none"> <li>• 2×220t/h (steam) + 2×25MW (electricity).</li> <li>• &gt;60 km* of pipeline</li> </ul>
Customer mix	<ul style="list-style-type: none"> <li>• Over 70 captive customers.</li> </ul>
Product mix	<ul style="list-style-type: none"> <li>• Steam</li> <li>• Electricity</li> </ul>
Location	<ul style="list-style-type: none"> <li>• Gaoyang, Hebei Province (supplies 1/3 of towels in the whole of China).</li> </ul>
Plant highlights	<ol style="list-style-type: none"> <li>1. Solid business fundamentals:           <ul style="list-style-type: none"> <li>• Added sales of electricity to complement steam from 2018.</li> <li>• Sludge incineration project passed “Project Environmental Completion Acceptance” assessment and went into operation smoothly in 2020.</li> <li>• <b>Steam supply to new customer Sanli started in May 2021 following the completion of the pipeline connection.</b></li> </ul> </li> <li>2. Sustainable business model:           <ul style="list-style-type: none"> <li>• Exclusive centralized steam supplier: 30-year concession + first right to renew.</li> <li>• “Zero waste” circular economy model: Treated wastewater is used to generate steam, while plant waste outputs are sold to external factories.</li> <li>• Ultra-low emissions.</li> </ul> </li> <li>3. High IRR: double-digit investment returns.</li> </ol>



# Yongxing Project

<b>Investment</b>	<ul style="list-style-type: none"> <li>• Transaction done at attractive valuation multiple</li> <li>• Total investment of RMB765 million</li> </ul>
<b>Capacity</b>	<ul style="list-style-type: none"> <li>• 350t/h (steam)+36MW (electricity)</li> <li>• ~160 km of pipeline.</li> </ul>
<b>Customer mix</b>	<ul style="list-style-type: none"> <li>• Captive customers concentrated in diverse, cashflow-rich industries</li> <li>• Textile, printing &amp; dyeing, food, chemical, metallurgy, paper making and others</li> </ul>
<b>Product mix</b>	<ul style="list-style-type: none"> <li>• Steam</li> <li>• Electricity</li> </ul>
<b>Location</b>	Zhangjiagang, Suzhou, Jiangsu Province
<b>Plant highlights</b>	<ol style="list-style-type: none"> <li>1. Strong fundamentals</li> <li>2. Latest status: <ul style="list-style-type: none"> <li>• Post-acquisition upgrades completed. Strong improvements seen in operational efficiency and financial results.</li> <li>• <b>Commencement of blended sludge combustion in 1Q 2021 improved efficiency and increased revenue.</b></li> </ul> </li> <li>3. Sustainable business model: <ul style="list-style-type: none"> <li>• Exclusive centralized steam supplier.</li> <li>• Cost effective: River water used to generate steam. Zero waste.</li> </ul> </li> <li>4. Ultra-low emissions: lower than natural gas.</li> <li>5. Long-term growth potential supported by organic growth of large customer base.</li> <li>6. High IRR: double-digit investment returns.</li> </ol>



# Shantou Project - Phase 1 in Full Operation, Phase 2 will Come Online Soon

Investment	<ul style="list-style-type: none"> <li>Phase 1: RMB 167 million (<b>Currently in full production</b>)</li> <li>Phase 2: RMB 133 million (<b>Under construction: Expected completion soon</b>)</li> </ul>
Current Designed steam capacity (t/h)	<ul style="list-style-type: none"> <li>Phase 1: 3×150 (=450)</li> <li>Phase 1 + Phase 2: 3×150 + 2×260 (=970)</li> </ul>
Location	<ul style="list-style-type: none"> <li>Shantou Textile Circular Economy Industrial Park managed by Chaonan Textile, Printing and Dyeing Comprehensive Environmental Treatment Center</li> </ul>
Plant highlights	<ol style="list-style-type: none"> <li>Strong fundamentals: Exclusive steam supplier with 38.5 years concession.</li> <li>Ready-made, resilient customer base:~128 qualified printing &amp; dyeing companies relocating into the park in phases.</li> <li>Strong demand from the ~128 qualified printing &amp; dyeing companies that have substantially moved into the industrial park.</li> <li>New revenue sources are being added, e.g. compressed air, sludge incineration, sale of waste products, etc.</li> <li>Large potential: Textile and garment dyeing industry is a pillar industry in Shantou which contributed ~30% of the local GDP in 2017. Shantou is a major national producer of garments and has an established industry cluster.</li> <li>Anticipated strong contributions of long-term, recurring and high-quality income and cashflows, with attractive double-digit IRR.</li> <li>Urgent need to deal with river pollution: Shantou Project is a key water pollution control and alleviation measure to clean up heavily-polluted Lianjiang River.</li> </ol>



# Xinyuan Project

<b>Investment</b>	<ul style="list-style-type: none"><li>Total investment of ~RMB250 million</li></ul>
<b>Capacity</b>	<ul style="list-style-type: none"><li>Steam: 3×75+220 t/h (=445 t/h)</li><li>Electricity: 2×6+25 M/W (=37 M/W)</li></ul>
<b>Customer mix</b>	<ul style="list-style-type: none"><li>Captive customers concentrated in energy, printing and dyeing, clothing industries etc.</li></ul>
<b>Location</b>	<ul style="list-style-type: none"><li>Jimo, Qingdao, Shandong Province</li></ul>
<b>Plant highlights</b>	<ol style="list-style-type: none"><li>Steady growth in the business of steam supply due to solid customer base in the local area, and its current manufacturing capacities have yielded stable sales of electricity.</li><li>Development potential of Jimo district is expected to boost growth in the business of Xinyuan Project.</li><li>Further expanded clean heating supply coverage area by 2 million m<sup>2</sup> area in Jimo International Trade Park. <b>The construction of the city heating network system will be completed in 2021.</b></li><li>Professional and experienced team that ensures continued smooth operation.</li></ol>



# Suyuan Project

<b>Investment</b>	Total investment of ~RMB293 million
<b>Capacity</b>	<ul style="list-style-type: none"> <li>• Steam: 1×90 (t/h) + 2×75t/h</li> <li>• Electricity: 1×B7MW</li> </ul>
<b>Customer mix</b>	<ul style="list-style-type: none"> <li>• ~49 captive customers in printing &amp; dyeing industries</li> <li>• Downstream customers are recovering from the pandemic</li> </ul>
<b>Location</b>	<ul style="list-style-type: none"> <li>• Changshu, Suzhou, Jiangsu Province</li> <li>• The textile industry has been a mainstay of Changshu's economy for the last 40 years with annual turnover of &gt;RMB100 billion</li> </ul>
<b>Plant highlights</b>	<ol style="list-style-type: none"> <li>1. Major upgrades: Operational performance and efficiency are further improved with substantial completion of plant upgrades.</li> <li>2. Promising addition to the GI portfolio, with a positive and growing impact on medium to long term profitability. Projected to have attractive IRR.</li> <li>3. Exclusive centralized steam supplier within its coverage area.</li> <li>4. Steam and electricity businesses have grown steadily in past 4 years.</li> <li>5. Steam sales continued to grow due to newly-added customers, increased demand, etc.</li> <li>6. Established industry cluster in Changshu provides Suyuan Plant with a resilient and attractive customer base.</li> <li>7. Continuously upgrading and reforming and using suitable substitute feedstock to reduce fuel and power consumption costs.</li> </ol>



# Tongshan Project

<b>Investment</b>	<ul style="list-style-type: none"> <li>• ~RMB420 million for Phase 1</li> </ul>
<b>Designed steam capacity (t/h)</b>	<ul style="list-style-type: none"> <li>• Phase 1: 1×130</li> <li>• Total: 2×130 (=260)</li> </ul>
<b>Designed electricity capacity (MW)</b>	<ul style="list-style-type: none"> <li>• Phase 1: 1 x 35</li> <li>• Total: 2×35 (=70)</li> </ul>
<b>Construction completion</b>	<ul style="list-style-type: none"> <li>• Construction of Phase 1 is substantially complete and is on schedule for full completion by end-2021.</li> </ul>
<b>Location</b>	<ul style="list-style-type: none"> <li>• Xuzhou, Jiangsu province, ranked 28<sup>th</sup> among China's "Top 100 Districts" for investment potential in 2018</li> </ul>



<b>Plant highlights</b>	<ul style="list-style-type: none"> <li>• Diversifies the Group's feedstock mix as Tongshan uses biomass as feedstock, such as bark, straw and other agricultural product waste; part of Group's green development.</li> <li>• Used as a natural gas replacement, biomass as a fuel source to supply steam/heating will help the local government to address people's livelihood issues and alleviate the cost of heating subsidies. It will also reduce pollution and realise energy conservation through the combustion of local agricultural waste. This investment is aligned with China's national development policies and is expected to gain more support from the local government.</li> <li>• Grant of 30-year concession right by the local government, effectively delivering the Group a captive market for heat within a radius of 20 kilometers of the project.</li> <li>• Ready base of resilient customers in the concession area can be expected to ensure immediate customer subscriptions, providing immediate revenue flows for the Project once commissioned.</li> <li>• Abundant local biomass resources can meet the biomass demand of the project.</li> </ul>
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# Shanxi Xinjiang Project

<b>Investment</b>	<ul style="list-style-type: none"> <li>~RMB328 million for Phase 1</li> </ul>
<b>Designed steam capacity (t/h)</b>	<ul style="list-style-type: none"> <li>Phase 1: 1×130</li> <li>Total: 3×130 (=390)</li> </ul>
<b>Designed electricity capacity (MW)</b>	<ul style="list-style-type: none"> <li>Phase 1: 1×C15</li> <li>Total: 1×C15+1×C25 (=40)</li> </ul>
<b>Construction completion</b>	<ul style="list-style-type: none"> <li><b>Construction is expected to complete in 2022</b></li> </ul>
<b>Location</b>	<ul style="list-style-type: none"> <li>Xinjiang Circular Economy Demonstration Park, Economic and Technological Development Zone, Yuncheng City, Shanxi Province</li> </ul>
<b>Plant highlights</b>	<ul style="list-style-type: none"> <li>Xinjiang Circular Economy Demonstration Park is a provincial-level industrial park with an established complete upstream and downstream value chain.</li> <li>Existing concentration of high-end customers provides ready pool of demand from industries such as high-end equipment manufacturing, new materials, fine chemicals and dyes.</li> <li>Operating under the concept of circular economy, the park already has centralized utilities infrastructure in place, such as a water treatment facility.</li> <li>Shanxi Province is the largest source of natural fuel resources in China, which will enable Shanxi Xinjiang Project to have access to fuel supply in close proximity.</li> </ul>



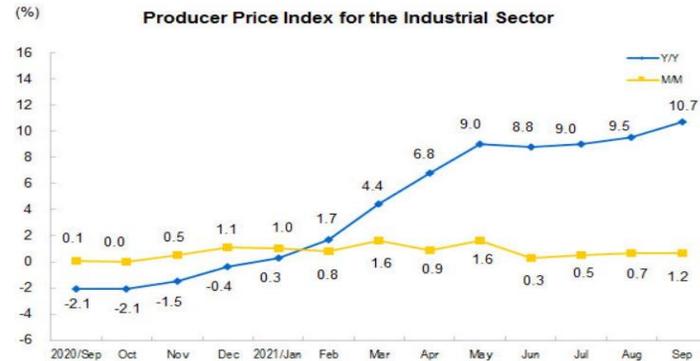


## AGENDA

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# Despite Challenges, Industrial Economy sustained steady recovery in 9M 2021 and Tight Energy Supply is Expected to be Temporary in the Longer-term

- China's industrial economy has shown a steady recovery during the first three quarters, demonstrating strong resilience in the face of challenges,<sup>(1)</sup> with industrial production up 11.8% YoY, profits of industrial companies soaring 44.7% YoY, and total trade surging 22.7% YoY to a record high RMB28.3 trillion<sup>(2)</sup>
- The producer price index for manufactured goods rose by 10.7% YoY in September 2021, the highest level in 2021, and 6.7% YoY in 9M 2021, suggesting China companies are increasingly able to raise prices to pass on rising input costs due to higher commodity prices.<sup>(3)</sup>



- Recently, the National Development and Reform Commission (NDRC) stated in the meeting that the vigorous promotion of the implementation of energy supply and price stabilisation has achieved initial results, and more measures will be taken to ensure supply and stable prices of energy<sup>(4)</sup>. Meanwhile, it will crack down on illegal profit-making activities such as fabricating and spreading price misinformation, price collusion and hoarding in the market.<sup>(5)</sup>

Thus, the current tight energy supply is expected to be temporary in the longer term and feedstock price volatility will be expected to be progressively alleviated.

Source: (1) <https://enapp.chinadaily.com.cn/a/202110/20/AP616f5331a310b7d50bab4f5b.html> (2) National Bureau of Statistics of China (3) [http://www.stats.gov.cn/english/PressRelease/202110/t20211015\\_1822928.html](http://www.stats.gov.cn/english/PressRelease/202110/t20211015_1822928.html) (4) <https://mp.weixin.qq.com/s/3foWnE0FoJC2uWc88YYVtUw> (5) [https://mp.weixin.qq.com/s/r8MSWv1\\_g1KY138Gmdjzcv](https://mp.weixin.qq.com/s/r8MSWv1_g1KY138Gmdjzcv)

# FY2021 Outlook

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Barring unforeseen circumstances, the Group expects the following business trends to benefit the GI business in FY2021. Please note that our financial results should be viewed on a 12-month basis to arrive at a balanced perspective.

## ➤ **Mitigation Measures Have Been Taken Against Higher Feedstock Price**

- › Steam prices have been raised and the steam price adjustment period has been shortened, while feedstock price will be closely monitored.
  - › Additional measures include controlling unit material consumption, stocking up feedstock when prices are conducive, pursuing cost savings through blended combustion of sludge and by increasing efficiency, and adding new customers.
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## ➤ **Anticipated Contributions From New Plants**

- › **Shantou Project:** Phase 1 is in full production, while Phase 2 construction is expected to be completed soon.
  - › **Xintai Zhengda Project:** The biomass boiler currently in operation is being ramped up, the portion of the project under construction is expected to be completed in 2021.
  - › **Tongshan Project:** Construction of Phase 1 is expected to be completed in 2021.
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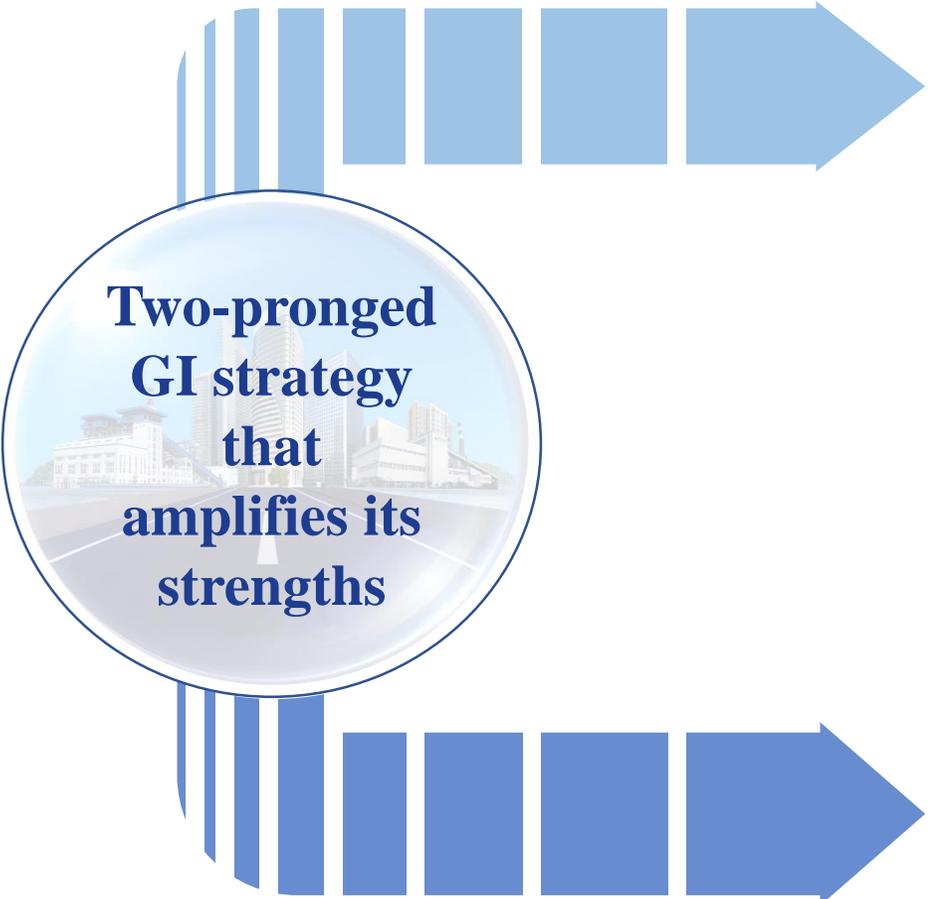
## ➤ **Continued Ramp-up Of Each Existing GI Project**

- › Continuous connection of new customers due to mandatory closures of small dirty boilers and location/relocation of new factories into industrial parks, and organic growth of customers and industrial parks our GI plants serve.
  - › **Changrun Project:** Steam supply to new large customer Sanli started in May 2021.
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## ➤ **The Group Continues To Generate A High NPV Of High-quality, Recurring Income And Cashflows Over The Long Term.**

# Strategy to Grow Earnings with Quality Remains on Track

For 2021, Sunpower intends to continue to execute the two-pronged strategy with emphasis on the quality of development that amplifies its strengths:



**Two-pronged  
GI strategy  
that  
amplifies its  
strengths**

**(1) By solidifying its market position as an environmentally-clean centralized provider of industrial steam, heating and electricity through:**

- › Ramp-up of existing GI portfolio, supported by further expansion of the coverage areas and customer base of the projects but with less intense capital expenditure
- › Proceeding with the planned construction of the expansion phases of certain existing projects
- › Continuous closure of small “dirty” boilers, and
- › Continuous cultivation of the earnings quality and asset returns of existing projects

**(2) By tapping into its proven ability to identify and invest in additional promising GI projects that meet the investment hurdles of the Company**



# Appendices

# Financial Effects of Convertible Bonds (CBs) and Warrants

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CBs were issued on 3 March 2017 and 15 October 2018 with the carrying amount of the Convertible Bonds currently stated at fair value as at 31 March 2017 and 15 October 2018 respectively. In accordance with SFRS(I), the financial effects on profit or loss associated with the issuance of compound financial instruments are as follows: (i) fair value change arising from fair valuation relating to the conversion option and Warrants and (ii) amortised interest charge relating to the amortised cost liability component of the Convertible Bonds and commitment fees of Warrants. The fair value change is an accounting treatment arising from the compliance with the accounting standards and has no cash flow effect and no financial impact on the performance targets in relation to the Convertible Bonds as stipulated in the Convertible Bonds Agreement stated in the circular dated 13 February 2017 and 21 August 2018 respectively.

The fair value change of the Convertible Bonds and Warrants and the related financial effects to the statement of profit or loss and other statements have no operational effects to the financial performance of the Group. Financial effects of Convertible Bonds and Warrants consist of unrealised foreign exchange translation, amortised interest expense (inclusive of interest charges) and fair value gain/(loss) of Convertible Bonds and Warrants.

In order to reflect the true operating performance of the Group, Sunpower uses PATMI, which refers to the “Profit for the year attributable to equity holders” in the “WITHOUT financial effects of Convertible Bonds and Warrants” column of the P&L statement, which adjusts “Profit for the year attributable to equity holders” in the “WITH financial effects of Convertible Bonds and Warrants” column for amortised interest expenses, fair value adjustments and foreign exchange gains or losses associated with the Convertible Bonds and Warrants.

# Income Statement Summary\*

	9M 2021	9M 2020
<b>Revenue</b> (RMB million)	2,209.0	2,658.0
<b>Gross Profit</b> (RMB million)	408.3	664.5
<b>EBITDA</b> (RMB million)	1,335.5	555.5
<b>PATMI<sup>(2)</sup></b> (RMB million)	429.2	278.7
<b>EPS</b> (RMB cents)	54.1 <sup>(3)</sup>	35.3 <sup>(4)</sup>

\*Group results (reflecting aggregated results of continuing operations and discontinued operations), without financial effects of CBs and Warrants

(1) The M&S business was deconsolidated on 30 April 2021, following the disposal.

(2) PATMI refers to the “Profit for the year attributable to equity holders” in the “WITHOUT financial effects of Convertible Bonds and Warrants” column of the P&L statement, which adjusts “Profit for the year attributable to equity holders” in the “WITH financial effects of Convertible Bonds and Warrants” column for amortised interest expenses, fair value adjustments and foreign exchange gains or losses associated with the Convertible Bonds and Warrants.

(3) Based on the weighted average number of ordinary issued share capital (excluding treasury shares) of 793,278,889 ordinary shares.

(4) Based on the weighted average number of ordinary issued share capital (excluding treasury shares) of 789,306,142 ordinary shares.

# Balance Sheet Summary\*

(RMB million)	As of 30 September 2021	As of 31 December 2020
<b>Cash and cash equivalents &amp; pledged bank deposits</b>	853.8	743.3
<b>Trade Receivables</b>	371.9	1,452.3
<b>Inventories</b>	56.7	541.0
<b>Total Current Assets</b>	1,777.3	3,354.4
<b>Non-Current Assets</b>	4,956.1	4,930.7
<b>Short-term Borrowings</b>	616.0	766.4
<b>Current Liabilities</b>	1,524.6	2,950.3
<b>Long-term Borrowings</b>	2,207.2	1,783.1
<b>Convertible bonds liability</b>	773.2	794.3
<b>Equity attributable to equity holders of the Company</b>	1,736.2	2,221.8
<b>Total equity</b>	2,006.0	2,535.1

\*Group results (reflecting aggregated results of continuing operations and discontinued operations), without financial effects of CBs and Warrants

# Cash Flow Summary\*

(RMB million)	9M 2021	9M 2020
<b>Net cash generated from operating activities</b>	274.0	134.9
<b>Underlying operating cash flow</b>	295.1 <sup>(1)</sup>	157.6 <sup>(2)</sup>
<b>Net cash (used in) investing activities</b>	645.2	(595.3)
<b>Net cash from (used in) financing activities</b>	(675.2)	362.0

\*Group results (reflecting aggregated results of continuing operations and discontinued operations), without financial effects of CBs and Warrants

(1) Underlying operating cash flow adjusting for CB interest of RMB21.0 million

(2) Underlying operating cash flow adjusting for CB interest of RMB22.7 million



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