CIRCULAR DATED 21 AUGUST 2018

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

IF YOU ARE IN ANY DOUBT AS TO THE ACTION THAT YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISOR OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your ordinary shares in the capital of Sunpower Group Ltd. (the "**Company**") held through The Central Depository (Pte) Ltd ("**CDP**"), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Special General Meeting and the enclosed Depositor Proxy Form (as defined herein) to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements. No public offer of securities is to be made by the Company in the United States.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular. Approval in-principle granted by the SGX-ST to the Company for the listing and quotation of the Conversion Shares or the Warrant Shares is not to be taken as an indication of the merits of the Convertible Bonds, the Proposed Convertible Bonds Issue, the Conversion Shares, the Warrants, the Proposed Warrants Issue, the Warrant Shares (each as defined herein), the Company, its subsidiaries and their securities.

YOUR ATTENTION IS DRAWN TO THE SECTION ENTITLED "RISK FACTORS" ON PAGES 43 TO 45 OF THIS CIRCULAR FOR A DISCUSSION ON CERTAIN RISKS IN CONNECTION WITH THE ORDINARY RESOLUTIONS TO BE PASSED AT THE SPECIAL GENERAL MEETING.

中璟集團
SUNPOWER GROUP LTD.

SUNPOWER GROUP LTD.

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

(1) THE PROPOSED SUBSCRIPTION BY BLUE STARRY ENERGY LIMITED (ULTIMATELY INDIRECTLY AND BENEFICIALLY OWNED BY DCP CAPITAL PARTNERS L.P.) AND GLORY SKY VISION LIMITED (ULTIMATELY INDIRECTLY AND BENEFICIALLY OWNED BY CDH CHINA MANAGEMENT COMPANY LIMITED) OF CONVERTIBLE BONDS DUE 2022 OF AN AGGREGATE PRINCIPAL AMOUNT OF UP TO US$70 MILLION WITH AN INITIAL CONVERSION PRICE OF S$0.60 (THE "PROPOSED CONVERTIBLE BONDS ISSUE") TOGETHER WITH WARRANTS EXERCISABLE AT AN AGGREGATE AMOUNT OF US$30 MILLION WITH EXERCISE PRICE OF S$0.70 (IF EXERCISED BETWEEN ISSUANCE AND UP TILL THE END OF 2019) AND S$0.80 (IF EXERCISED IN 2020) TO FUND THE GREEN INVESTMENT RELATED BUSINESS OF THE COMPANY (THE "PROPOSED WARRANTS ISSUE", AND TOGETHER WITH THE PROPOSED CONVERTIBLE BONDS ISSUE, THE "PROPOSED TRANSACTIONS")

(2) THE PROPOSED ISSUE OF CONVERSION SHARES PURSUANT TO THE PROPOSED CONVERTIBLE BONDS ISSUE AND THE PROPOSED ISSUE OF WARRANT SHARES PURUSANT TO THE PROPOSED WARRANTS ISSUE

(3) THE PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

(4) THE PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST TO BLUE STARRY ENERGY LIMITED, GLORY SKY VISION LIMITED AND/OR THEIR RESPECTIVE TRANSFEREES PURSUANT TO THE CONVERSION OF ALL THE CONVERTIBLE BONDS AND THE EXERCISING OF ALL THE WARRANTS

(5) THE PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF THE TRANCHE 1 CONVERTIBLE BONDS (AS DEFINED HEREIN)

Financial Adviser

STIRLING COLEMAN
施霖高诚

STIRLING COLEMAN CAPITAL LIMITED

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

IMPORTANT DATES AND TIMES

Last date and time for deposit of Depository Proxy Form	:	4 September 2018 at 10.00 a.m. (Singapore time)
Date and time of Special General Meeting	:	6 September 2018 at 10.00 a.m. (Singapore time)
Place of Special General Meeting	:	Level 1, Libra & Gemini, Marina Mandarin Singapore 6 Raffles Boulevard, Marina Square Singapore 039594

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For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

"Adjusted PATMI"	:	Adjusted net profit attributable to equity owners of the Company, as more particularly described in Appendix 1 to this Circular
"Aggregate Pro Rata Warrant Exercise Price"	:	In respect of an Investor, means the aggregate exercise price paid by such Investor to the Issuer in connection with such Investor's Pro Rata Warrants
"**Aggregate Warrant Exercise Price**"	:	In respect of an Investor, means the aggregate exercise price paid by such Investor to the Company in connection with the exercise of the such Investor's Warrants
"**Financial Adviser**" or "**SCCL**"	:	Stirling Coleman Capital Limited
"**Board**"	:	The board of Directors as at the date of this Circular
"**Bondholder**"	:	The person in whose name a Tranche 1 Convertible Bond or a Tranche 2 Convertible Bond is registered
"**Bermuda Companies Act**"	:	The Companies Act 1981 of Bermuda, as amended or modified from time to time
"**Bye-laws**"	:	The bye-laws of the Company as amended, modified or supplemented from time to time
"**CDH**"	:	Glory Sky Vision Limited (ultimately indirectly and beneficially owned by CDH China Management Company Limited) and, together with CDH China Management Company Limited and its affiliates
"**CDH Fund V**"	:	CDH Fund V, L.P.
"**CDH V Manager**"	:	CDH V Management Company Limited, a limited liability company incorporated under the laws of the Cayman Islands
"**CDP**"	:	The Central Depository (Pte) Limited
"**Change of Control**"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular
"**Circular**"	:	This circular to Shareholders dated 21 August 2018
"**Closing**"	:	The closing of the purchase and issue of the relevant tranche of Tranche 2 Convertible Bonds in accordance with the terms of the Tranche 2 Convertible Bonds Purchase Agreement
"**Closing Date**"	:	(In respect of Tranche 2 Convertible Bonds) the date of issue of the relevant tranche of Tranche 2 Convertible Bonds, or (in respect of Tranche 1 Convertible Bonds) 3 March 2017
"**Code**"	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time

"Company"	:	Sunpower Group Ltd.
"Conditions Precedent"	:	Has the meaning ascribed to it in paragraph 3.2 of this Circular
"Control"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular
"Conversion Price"	:	The price at which Shares will be issued upon conversion of the Tranche 2 Convertible Bonds, being S$0.60 initially, subject to adjustment in the manner provided in the Terms and Conditions (CB2)
"Conversion Shares"	:	The new fully paid Shares to be allotted and issued by the Company following the conversion of the Tranche 1 Convertible Bonds and/or the Tranche 2 Convertible Bonds from time to time in accordance with Terms and Conditions (CB1) and Terms and Conditions (CB2)
"DCP"	:	Blue Starry Energy Limited (an indirect subsidiary of DCP Capital Partners L.P.), and together with DCP Capital Partners L.P. and its affiliates
"Depositor Proxy Form"	:	Has the meaning ascribed to it in paragraph 16 of this Circular
"Directors"	:	The directors of the Company as at the date of this Circular
"Enlarged Share Capital"	:	The enlarged share capital of the Company comprising 1,324,740,856 Shares on a fully-diluted basis, assuming: (i) the full conversion of US$110 million in principal amount of Tranche 1 Convertible Bonds at the initial conversion price of S$0.50 and the issuance of the 313,368,000 Conversion Shares; (ii) the full conversion of US$70 million in principal amount of Tranche 2 Convertible Bonds at the initial Conversion Price of S$0.60 and the issuance of 156,870,000 Conversion Shares; (iii) the issue of 57,625,714 Warrant Shares assuming the full exercise of 57,625,714 Warrants at the exercise price of S$0.70; and (iv) the issue of 59,220,000 Shares pursuant to the outstanding options granted under the ESOS as at the Latest Practicable Date are exercised in full
"EPS"	:	Earnings per Share
"ESOS"	:	The employee share option scheme approved by the Shareholders at a special general meeting of the Company held on 29 April 2015
"Excess Performance Adjustment Sharing"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular

"**Excess Performance Adjustment Sharing Proceeds**"	:	Means the proceeds received by the Company pursuant to the Excess Performance Adjustment Sharing
"**Excess Return Sharing**"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular
"**Excess Return Sharing Proceeds**"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular
"**Existing Share Capital**"	:	The issued share capital of the Company as at the Latest Practicable Date of US$7,376,571.42 comprising 737,657,142 Shares of US$0.01 each
"**Final Exit**"	:	In respect of an Investor, means a sale or redemption of any of the Investor's Securities, following which the Investor does not hold any Tranche 1 Convertible Bonds, Tranche 2 Convertible Bonds, Warrants, Conversion Shares or Warrant Shares
"**FY**"	:	Financial year ended or ending 31 December
"**Group**"	:	The Company and its subsidiaries
"**Initial Maturity Date**"	:	3 March 2022
"**Interest**"	:	The cash coupon of 2.5% per annum on the Tranche 2 Convertible Bonds, and the difference between the amount of dividends paid by the Company in a financial year which would have been received by the Investors (on an as converted basis) and the amount of cash coupon for such financial year
"**Internal Return Rate**" or "**IRR**"	:	In respect of any Tranche 1 Convertible Bond or Tranche 2 Convertible Bond held by an Investor, 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 Closing Date to the date on which such payment is made in full
"**Investors**"	:	Blue Starry Energy Limited and Glory Sky Vision Limited collectively, being the purchasers of the Tranche 2 Convertible Bonds *Where the context requires, references to "Investors" in this Circular will include any subsequent holders of the convertible bonds.*
"**Investor Director**"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular

"**Investors' CB Investments**"	:	At any time, collectively, the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds, in each case that are outstanding at such time
"**Investors' Original CB Investments**"	:	Collectively, (a) the Tranche 1 Convertible Bonds that have been issued to Glory Sky Vision Limited pursuant to the Tranche 1 Convertible Bonds Purchase Agreement and (b) the Tranche 2 Convertible Bonds that have been issued to the Investors pursuant to the Tranche 2 Convertible Bonds Purchase Agreement.
"**Investor's Securities**"	:	In respect of an Investor, means the Tranche 1 Convertible Bonds, Tranche 2 Convertible Bonds, Warrants, Conversion Shares and Warrant Shares converted, exercised, redeemed or sold (as applicable) while held by such Investor.
"**Key Men**"	:	Mr Guo Hongxin and Mr Ma Ming, collectively, and each of them a "**Key Man**"
"**Latest Practicable Date**"	:	14 August 2018, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The Listing Manual of the SGX-ST, as may be amended or modified from time to time
"**Material Adverse Effect**"	:	A material adverse effect on the business, operations, property, condition (financial or otherwise) or prospects of the Group taken as a whole, or on the ability of the Company to perform its obligations under any of the Transaction Documents
"**Maturity Date**"	:	The later of (a) the Initial Maturity Date and (b) if so elected by the Bondholders (at their sole discretion) by written notice to the Company 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 Company's audited financial statements for 2021 are issued
"**Negative Pledge**"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular
"**Net Proceeds**"	:	Has the meaning ascribed to it in paragraph 3.7 of this Circular
"**Notice of SGM**"	:	Notice of SGM set out in pages 109 to 112 this Circular
"**NTA**"	:	Net tangible assets
"**Performance Adjustment**"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular
"**Performance Targets**"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular
"**PRC**"	:	The People's Republic of China

"**Pre-Emptive Right**"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular
"**Proceeds**"	:	In relation to an Investor, means an amount equal to (i) the aggregate of (a) the actual proceeds received by such Investor from sale of such Investor's Securities, (b) all redemption payments made in respect of such Investor's Securities, (c) all cash interest (including default interest, redemption premium and default premium) paid on such Investor's Securities, including cash interest received by any prior Investor holding such Investor's Securities, and (d) any cash dividends and distributions (including distributions in specie that have been sold by such Investor for cash payments) paid on such Investor's Securities, including cash dividends and distributions received by any prior Investor holding such Investor's Securities, minus (ii) the aggregate amount of all transaction expenses incurred by such Investor in connection with the transactions contemplated under the Transaction Documents, and minus (iii) in the case of a calculation for purposes of Excess Return Sharing only, any Excess Performance Adjustment Sharing Proceeds which are made or required to be made by such Investor to the Company pursuant to Excess Performance Adjustment Sharing; provided that for the purposes of calculating the First Threshold and Second Threshold, in respect of such Investor's Pro Rata Warrant Shares, the sale proceeds or cash distributions referred to in this definition of Proceeds shall mean the actual sale proceeds or cash dividends and distributions (as applicable) received by such Investor from such Investor's Pro Rata Warrant Shares, in each case minus the exercise price paid to the Company in relation to such Pro Rata Warrant Shares. For purposes of determining an Investor's Proceeds so as to calculate the IRR in relation to such Investor: (a) the Proceeds received by such Investor's affiliates shall be included in the calculation; and (b) for purposes of Excess Return Sharing upon Final Exit only, (i) the Proceeds from such Investor's Pro Rata Warrants shall be calculated based on the average sale price of all the Warrants sold by such Investor on or before such Investor's Final Exit; and (ii) the Proceeds from such Investor's Conversion Shares (upon conversion of the Tranche 1 Convertible Bonds) or Pro Rata Warrant Shares (as applicable) shall be calculated based on the average sale price of all the Shares sold by such Investor on or before such Investor's Final Exit.

"**Proposed Convertible Bonds Issue**"	:	The proposed issue of Tranche 2 Convertible Bonds to the Investors pursuant to the Tranche 2 Convertible Bonds Purchase Agreement
"**Proposed Increase in Authorised Share Capital**"	:	The proposed increase of authorised share capital of the Company by US$9,000,000 from US$14,000,000 divided into 1,400,000,000 Shares of US$0.01 each to US$23,000,000 divided into 2,300,000,000 Shares of US$0.01 each
"**Proposed Potential Transfer of Controlling Interest**"	:	The proposed potential transfer of a controlling interest in the Company to the Investors under the circumstances described in this Circular as a result of the Proposed Convertible Bonds Issue
"**Pro Rata Warrants**"	:	In respect of an Investor, means the Warrants issued to such Investor multiplied by a fraction, the numerator of which is US$110 million (being the aggregate principal amount of the Tranche 1 Convertible Bonds), and the denominator of which is total of (a) US$180 million (being the aggregate principal amounts of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds) and (b) the Aggregate Warrant Exercise Price paid by such Investor.
"**Pro Rata Warrant Shares**"	:	In respect of an Investor, means the Shares issued to such Investor upon exercise by such Investor of its Pro Rata Warrants.
"**Proposed Transactions**"	:	The Proposed Convertible Bonds Issue, the proposed issue of Conversion Shares, the Proposed Increase in Authorised Share Capital, the Proposed Potential Transfer of Controlling Interest, the Proposed Warrants Issue and the proposed issue of Warrant Shares collectively
"**Proposed Warrants Issue**"	:	The proposed issue of Warrants to the Investors pursuant to the Tranche 2 Convertible Bonds Purchase Agreement
"**Purchase Agreements**"	:	Tranche 1 Convertible Bonds Purchase Agreement and Tranche 2 Convertible Bonds Purchase Agreement
"**Redemption YTM**"	:	Total Internal Rate of Return of 8.0%
"**Registration Date**"	:	The date on which a Bondholder is registered in the Company's register of members pursuant to its exercise of the conversion rights attaching to the Bonds and the subsequent conversion of the Bonds into Conversion Shares
"**Relevant Event**"	:	Has the meaning ascribed to it in paragraph 3.1 of this Circular
"**RMB**"	:	Renminbi or Chinese Yuan
"**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
"**SFRS**"	:	Singapore Financial Reporting Standards
"**SGM**"	:	The special general meeting of the Company to be held on 6 September 2018, notice of which is set out on pages 109 to 112 of this Circular
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Registered holders of Shares except that where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares, mean the Depositors whose Securities Accounts maintained with CDP are credited with Shares
"**Shares**"	:	Issued ordinary shares in the capital of the Company (excluding treasury Shares)
"**SIC**"	:	The Securities Industry Council of Singapore
"**Singapore Companies Act**"	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
"**Singapore Share Transfer Agent**"	:	RHT Corporate Advisory Pte. Ltd.
"**Substantial Shareholder**"	:	A person whose interest or interests in one or more voting Shares in the Company carry total votes of not less than 5% of the total votes attaching to all the voting Shares in the Company
"**S$**" and "**cents**"	:	Singapore dollars and cents, respectively
"**Terms and Conditions (CB1)**"	:	The amended and restated terms and conditions of the Tranche 1 Convertible Bonds
"**Terms and Conditions (CB2)**"	:	The terms and conditions of the Tranche 2 Convertible Bonds
"**Terms and Conditions (Warrants)**"	:	The terms and conditions of the Warrants
"**Total Convertible Bonds**" or "**Total CBs**"	:	Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds
"**Tranche 1 Convertible Bonds**" or "**CB1s**"	:	Convertible bonds due 2022 of an aggregate principal amount of US$110 million issued by the Company to Glory Sky Vision Limited, an affiliate of CDH Fund V on 3 March 2017, with an initial conversion price of S$0.50
"**Tranche 1 Convertible Bonds Purchase Agreement**"	:	The US$110 million convertible bonds purchase agreement dated 14 December 2016 between the Company and Glory Sky Vision Limited.
"**Tranche 2 Conversion Shares**"	:	The new fully paid Shares to be allotted and issued by the Company following the conversion of the Tranche 2 Convertible Bonds from time to time in accordance with Terms and Conditions (CB2)

"**Tranche 2 Convertible Bonds**", "**Bonds**" or "**CB2s**"	:	Convertible bonds due 2022 of an aggregate principal amount of up to US$70 million to be issued by the Company to the Investors pursuant to the Tranche 2 Convertible Bonds Purchase Agreement and the Terms and Conditions (CB2)
"**Tranche 2 Convertible Bonds Purchase Agreement**"	:	The purchase agreement dated 22 May 2018 between the Company and the Investors pursuant to which the Company has agreed to issue, and the Investors have agreed to purchase the Tranche 2 Convertible Bonds and the Warrants on the terms and conditions set out therein
"**Tranche 2 Issuance**"	:	Tranche 2 Convertible Bonds and Warrants
"**Transaction Documents**"	:	The Purchase Agreements, any assumption agreement entered into pursuant to the Purchase Agreements, the undertaking letters issued pursuant to the Purchase Agreements, the Tranche 1 Convertible Bonds certificate (including the Terms and Conditions (CB1)), the Tranche 2 Convertible Bonds certificate (including the Terms and Conditions (CB2)) and (when executed) the Warrant Deed Poll (including the Terms and Conditions (Warrants)).
"**Undertakings**"	:	Has the meaning ascribed to it in paragraph 5 of this Circular
"**US$**" or "**USD**"	:	United States dollars
"**VWAP**"	:	Volume weighted average price of the Shares
"**Warrants**"	:	Warrants exercisable at an aggregate amount of US$30 million for the purchase of Warrant Shares at an exercise price per share of (a) in case of exercise in full or in part by the end of 2019, S$0.70 or (b) in case of exercise in full or in part in 2020, S$0.80
"**Warrant Deed Poll**"	:	The deed poll to be executed by the Company for the purpose of constituting the Warrants and containing, *inter alia*, provisions for the protection of the rights and interests of the Warrantholders
"**Warrantholders**"	:	Registered holders of the Warrants
"**Warrant Shares**"	:	the common shares of the Company to be issued if the Warrants were exercised by the Warrantholders
"**%**" or "**per cent.**"	:	Percentage or per centum

The expressions "**associate**", "**associated company**", "**related entity**", "**related corporation**" and "**subsidiary**" shall have the meaning ascribed to them respectively in the Fourth Schedule of the Securities and Futures (Offer of Investment) (Shares and Debentures) Regulations 2005, the Singapore Companies Act and the Listing Manual.

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

For the purposes of this Circular, the exchange rates of US$1:S$1.4244 and US$1:S$1.3446 as fixed in Tranche 1 Convertible Bonds Purchase Agreement and Tranche 2 Convertible Bonds Purchase Agreement shall apply for Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds respectively.

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 or term defined under the Bermuda Companies Act, the Singapore Companies Act, the SFA, the Listing Manual or any modification thereof and used in this Circular shall have the same meaning assigned to it thereunder, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular is made by reference to Singapore time 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 aggregation of the figures that preceded them.

SUNPOWER GROUP LTD.

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

Directors	**Registered Office**
Guo Hong Xin (Executive Director, Chairman)	Canon's Court
Ma Ming (Executive Director)	22 Victoria Street
Jiang Ning (Lead Independent Director)	Hamilton HM 12
Lau Ping Sum Pearce (Independent Director)	Bermuda
Chin Sek Peng (Independent Director)	
Yang Zheng (Independent Director)	
Li Lei (Non-executive Director)	
Liu Haifeng David (Non-executive Director)	

Date: 21 August 2018

To: The Shareholders of Sunpower Group Ltd.

Dear Sir/Madam

(1) THE PROPOSED SUBSCRIPTION BY BLUE STARRY ENERGY LIMITED (ULTIMATELY INDIRECTLY AND BENEFICIALLY OWNED BY DCP CAPITAL PARTNERS L.P.) AND GLORY SKY VISION LIMITED (ULTIMATELY INDIRECTLY AND BENEFICIALLY OWNED BY CDH CHINA MANAGEMENT COMPANY LIMITED) OF CONVERTIBLE BONDS DUE 2022 OF AN AGGREGATE PRINCIPAL AMOUNT OF UP TO US$70 MILLION WITH AN INITIAL CONVERSION PRICE OF S$0.60 (THE "PROPOSED CONVERTIBLE BONDS ISSUE") TOGETHER WITH WARRANTS EXERCISABLE AT AN AGGREGATE AMOUNT OF US$30 MILLION WITH EXERCISE PRICE OF S$0.70 (IF EXERCISED BETWEEN ISSUANCE AND UP TILL THE END OF 2019) AND S$0.80 (IF EXERCISED IN 2020) TO FUND THE GREEN INVESTMENT RELATED BUSINESS OF THE COMPANY (THE "PROPOSED WARRANTS ISSUE", AND TOGETHER WITH THE PROPOSED CONVERTIBLE BONDS ISSUE, THE "PROPOSED TRANSACTIONS")

(2) THE PROPOSED ISSUE OF CONVERSION SHARES PURSUANT TO THE PROPOSED CONVERTIBLE BONDS ISSUE AND THE PROPOSED ISSUE OF WARRANT SHARES PURUSANT TO THE PROPOSED WARRANTS ISSUE

(3) THE PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

(4) THE PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST TO THE INVESTORS AND/OR THEIR RESPECTIVE TRANSFEREES PURSUANT TO THE CONVERSION OF ALL THE CONVERTIBLE BONDS AND THE EXERCISING OF ALL THE WARRANTS

(5) THE PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF THE TRANCHE 1 CONVERTIBLE BONDS (AS DEFINED HEREIN)

1. INTRODUCTION

The Board refers to the Company's announcement dated 22 May 2018 (the "**Announcement**") in connection with, *inter alia*, its entry into the Tranche 2 Convertible Bonds Purchase Agreement relating to the proposed issue of Tranche 2 Convertible Bonds due 2022 of an aggregate principal amount of up to US$70 million to the Investors, convertible into Conversion Shares at the initial Conversion Price of S$0.60 per share, together with the issue of Warrants exercisable at an aggregate amount of US$30 million with an exercise price per share of S$0.70 (if exercised between issuance and up till the end of 2019) or S$0.80 (if exercised in 2020) for green investment ("**GI**") portfolio expansion.

Previously 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, to fund its GI related business. Subsequent to the issuance of the Tranche 1 Convertible Bonds, CDH Fund V, L.P. (an affiliate of CDH) transferred US$60 million in principal amount of the Tranche 1 Convertible Bonds to DCP.

1.1 Build a Sizeable GI portfolio and Maximize Present Value of High-Quality Cashflows from GI

The Board has set out its medium-to-long term vision and strategy, to create value for the Group and its Shareholders. Going forward, the Group will focus on building a sizable GI portfolio of assets which generates long-term, recurring and high quality cashflows as its value creator and growth driver. The Company secured its first centralised steam and electricity facilities Build-Operate-Transfer (BOT) project in the Gaoyang Circular Economy Industrial Park (the "**Changrun Project**") in December 2015. The construction of the Changrun Project was completed and the plant commenced operations to supply steam to industrial customers in late 3Q 2017. Up to today, there are 4 GI projects already in operation with annualized active production capacity of 3.5 million tonnes for steam and 0.23 million MWh for electricity. In addition, the Company's 5th project, Jining Project, started to sell steam in 1Q 2018 through its proprietary long-distance steam distribution pipelines. Please refer to Appendix 11 for more details on the Company's existing GI projects.

As a result of heightened environmental consciousness of the government of PRC to resolve pollution-related issues and relieve the severe smog situations in its major industrial cities, the PRC government has imposed and is expected to continue to impose stringent environmental policies in its bid to improve the air quality of the nation. With manufacturing plants in the PRC being increasingly concentrated in industrial parks, resulting in the expansion of such industrial parks, the Group has become the de-facto monopolistic steam supplier to captive industrial customers within such industrial parks with usually 30 year concession agreements (with a right of first refusal to renew).

The Group believes that it holds a scarce and realisable portfolio of GI assets. Such GI portfolio, if successfully operated and realized, will deliver high net present value to the Group. The Group has exercised strong discipline in project evaluation and has a proven track record in manufacturing and services which helps it to minimise risk of cost overruns in construction. The Group's GI portfolio generates long term, recurring and stable cashflows with usually 30 year concession agreements (with a right of first refusal for the renewal of such concessions). With captive customers and steam being a non-discretionary input for its industrial customers, such cashflows are of high quality. The Group can even demand prepayment for its steam tariffs from some customers. The cashflows also have strong growth potential, with increasing steam demand from the mandatory closure of small boilers by the PRC government (*e.g.* in Gaoyang) and the natural expansion of industrial parks.

With a robust pipeline of attractive return projects and its unique competitive edge in the GI business, the Group intends to leverage on its proprietary knowledge, technical know-how, expertise and technology and its experienced management team to rapidly expand its GI portfolio in the PRC and entrench its position as a first mover in this green energy segment.

1.2 DCP and CDH invest a further US$70 million as Tranche 2 Convertible Bonds with an initial conversion price at S$0.60 (total aggregate investment of US$180 million)

DCP Capital Partners L.P. and CDH China Management Company Limited, the existing bondholders (through their respective affiliates) of the Group (the "**Existing Bondholders**"), share the vision and strategy of the Group's management in its GI business. The Existing Bondholders acknowledge that the Group has the technical expertise, capability and know-how to achieve earnings growth with increasing contribution from its GI business. Therefore, the Company has on 22 May 2018 entered into the Tranche 2 Convertible Bond Purchase Agreement with the Investors (DCP and CDH) in relation to the Proposed Transactions.[1]

1 It is intended that up to US$60 million in principal amount of the Tranche 2 Convertible Bonds will be allocated to DCP and up to US$10 million in principal amount of the Convertible Bonds will be allocated to CDH.

This additional investment of US$70 million by the Existing Bondholders in the Tranche 2 Convertible Bonds of the Group, which have a Conversion Price of S$0.60 per Share, are at a premium of 20% to the Existing Bondholders' earlier investment in US$110 million of the Tranche 1 Convertible Bonds at an initial conversion price of S$0.50 per Share. In aggregate, the Existing Bondholders will have invested in aggregate US$180 million in the Group.

1.3 Target Equity Investments of US$391 million in GI

The Group is focused and committed to create Shareholders' value and is of the view that GI is the best approach. GI, if successful, will bring long-term, recurring and high quality cashflows to the Group, and be value accretive and earnings per Share accretive to the Group and to Shareholders. The cashflows from operating the centralised steam and electricity plants are expected to grow further once the Group expands its production facilities as soon as appropriate. In aggregate, the Group targets to invest equity of US$391 million in GI by 2021, comprising:

(a) approximately US$146 million equity already invested and committed in operating projects and projects under construction. This equity includes Tranche 1 Convertible Bonds of US$110 million[2] and cashflows from operations; and

(b) approximately additional US$244 million target equity investment by 2021 in other projects in different phases. This equity includes Tranche 2 Convertible Bonds of US$70 million[3] which are expected to be fully utilized in 2019, cash in hand and future cashflows from operations[4].

Typically, the Group is able to procure project financing from banks based on a 40% equity : 60% debt ratio. Applying this ratio, the total target capital deployed and to be deployed in GI is expected to be approximately US$1 billion.[5]

The purpose of this Circular is to provide Shareholders with relevant information pertaining to and to seek the approval of Shareholders for the Proposed Transactions at the SGM to be held on 6 September 2018 at 10.00 a.m. (Singapore time) at Level 1, Libra & Gemini, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, the notice of which is attached to this Circular.

The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Circular.

2. RATIONALE OF THE PROPOSED TRANSACTIONS

The rationale for the Proposed Transactions given by the Board are as follows:

(a) Increase Shareholders' value with GI expansion

GI businesses are able to generate long-term, stable and recurring income for the Group and the Group is well positioned to capitalize on the high quality earnings from the GI businesses to maximize the present value of future cash flows. The Group will have an additional funding of approximately US$175 million, with equity of US$70 million[6] from the Tranche 2 Convertible Bonds and debt of US$105 million based on the 40% equity: 60% debt ratio[7] to expand its GI portfolio. The Warrants, if exercised by the Investors, will provide up to US$30 million for the Group's GI expansion and at a higher valuation than the Tranche 2 Convertible Bonds. By securing this capital to expand its GI portfolio, the Group will be well-positioned to build and acquire scarce and attractive assets immediately, and if successful, such GI will be EPS accretive and value accretive to the Group. This will allow the Group to continue to leverage its unique competitive edge to further cement its market leadership and first mover advantage in the GI business.

2 The monies invested in the convertible bonds are construed as equity for purposes of procuring bank loans for GI projects.

3 See footnote 2 above.

4 The Company has estimated future cashflow based on current cashflow from existing operations.

5 This ratio is in line with typical capital structure of the Company's existing GI projects. In arriving at the US$1 billion capital deployed, the Company has aggregated US$146 million equity already invested with the additional US$244 million target equity investment and assumed that the balance amount will be met by bank financing on the basis that banks will lend up to 60% of the capital structure of any project against 40% equity component.

6 See footnote 2 above.

7 See footnote 5 above.

(b) More monies from Holders of Tranche 1 Convertible Bonds for GI expansion at a premium to current market price

(i) The Tranche 2 Convertible Bonds will be convertible into Conversion Shares at an initial Conversion Price of S$0.60 per Conversion Share and in accordance with the Terms and Conditions (CB2). The Conversion Price represents a premium of 20.0%, 20.0% and 25.5%, respectively, to the conversion price of Tranche 1 Convertible Bonds of S$0.50, to the last trading price of S$0.50 on 18 May 2018 being the last trading day before the Announcement (the "**LTP**") and to the one month VWAP prior to 18 May 2018 of S$0.4782 respectively.

(ii) The Warrants exercise price of S$0.70 and S$0.80 represents a premium of 40.0% and 60.0% to the LTP.

(c) Value-added partnership with the Investors

DCP and CDH are experienced, leading private equity firms in the PRC with outstanding long-term track record. Given the credentials and track record of DCP and CDH, they may value-add for the Group through their resources, operational expertise and in-depth knowledge of the PRC market. Their affiliates' additional investment into the Group via the Tranche 2 Convertible Bonds and the Warrants (if fully exercised) signal a strong vote of confidence in the Group's future performance as well as the medium and long-term growth potential of the Group.

3. PROPOSED TRANSACTIONS

3.1. Principal Terms of the Proposed Convertible Bonds Issue and Warrant Issue

Pursuant to the Tranche 2 Convertible Bonds Purchase Agreement, the Company has agreed to issue Tranche 2 Convertible Bonds due 2022 of an aggregate principal amount of US$70 million to the Investors and the Investors have agreed to purchase and pay for the Tranche 2 Convertible Bonds, subject to the Terms and Conditions (CB2). Together with the issue of Tranche 2 Convertible Bonds, the Company shall also issue Warrants exercisable at an aggregate amount of US$30 million to the Investors and subject to the Terms and Conditions (Warrants).

The Warrants will be issued at nil consideration. This is a commercial decision which is arrived at based on a willing-buyer-willing-seller basis. The issuance of Tranche 2 Convertible Bonds and the Warrants is a stapled deal and the pricing and valuation of the Tranche 2 Convertible Bonds and Warrants took into account the total required returns for the Investors to make the Proposed Transactions commercially viable.

The principal terms and conditions of the Tranche 2 Convertible Bonds are summarised as follows:

Principal Amount	:	Up to US$70 million in principal amount of the Tranche 2 Convertible Bonds to be issued in tranches to the Investors. A maximum of US$60 million in principal amount of the Tranche 2 Convertible Bonds will be issued to Blue Starry Energy Limited and a maximum of US$10 million principal amount of the Tranche 2 Convertible Bonds will be issued to Glory Sky Vision Limited.
Initial Conversion Price	:	S$0.60 per Share, subject to any adjustment in accordance with the Terms and Conditions (CB2)

Interest : The Tranche 2 Convertible Bonds shall bear 2.5% cash coupon on their principal amount from and including the relevant Closing Date until the Maturity Date.

If the Company pays dividends to its shareholders in any year, it will pay additional interest on the Tranche 2 Convertible Bonds equal to any excess amount, above the abovementioned annual cash coupon, that the Investors would have received as Shareholders on an as converted basis.

Performance Targets : The initial Conversion Price is based on the projections that the Adjusted PATMI for the Company will be at least RMB370 million for FY 2020 and RMB460 million for FY 2021 (the "**Performance Targets**"). In addition, for so long as any of the Tranche 1 Convertible Bonds or the Tranche 2 Convertible Bonds remains outstanding, the Company undertakes to the Investors that the Adjusted PATMI for 2022 will not be less than the Adjusted PATMI for 2021.

Adjustment to Conversion Price as a result of not meeting Performance Targets: : If, based on the audited financial statements of the Company for FY 2020 or FY 2021 (as the case may be), the Performance Target for any year is not met, the Conversion Price thereafter will be adjusted (the "**Conversion Price Adjustment**") as follows:

(a) if Performance Target for FY 2020 is not met, the Conversion Price shall be adjusted by multiplying the Conversion Price in force by the following fraction:

$$\frac{A}{B}$$

Where:

A the higher of (a) the Adjusted PATMI for FY 2020 and (b) RMB 154 million[8]; and

B is the Performance Target for FY 2020;

(b) if the Performance Target for FY 2021 is not met, the Conversion Price shall be adjusted, to the extent necessary, to be equal to the lower of:

(i) the Conversion Price in force (after taking into account any adjustment made pursuant to Clause (a) above); and

(ii) the original Conversion Price as adjusted pursuant to any other provision other than Clause (a) above multiplied by the following fraction:

$$\frac{A}{B}$$

Where:

A the higher of (a) the Adjusted PATMI for FY 2021 and (b) RMB 154 million[9]; and

B is the Performance Target for FY 2021.

8 In setting RMB154 million as the floor for Conversion Price Adjustment, reference was taken to the net profit attributable to equity holders of the Company of RMB145.8 million for FY 2017.

9 See footnote 8 above.

When calculating the Adjusted Conversion Price, the numerator of the factor in the above formula will never be less than RMB154 million.

In the event that:

(i) the Conversion Price is adjusted ("**FY 2020 adjustment**") due to failure to meet the Performance Target for FY 2020 (the adjusted price being referred to as the "**FY 2020 Adjusted Price**"); and

(ii) there is also a failure to meet the Performance Target for FY 2021,

there will only be a further adjustment if, by applying the same adjustment formula to the original Conversion Price as adjusted pursuant to any adjustment provision other than as a result of failure to meet the Performance Target for FY 2020 (and not the FY 2020 Adjusted Price), the application of the adjustment formula (A ÷ B) results in an adjusted Conversion Price that is lower than the FY 2020 Adjusted Price. If that is not the case, then there will be no further adjustment.

To illustrate this, please see the illustrations in Appendix 2 of the Circular and in particular, please note notes (4) and (5) on page 61 of the Circular.

For the avoidance of doubt, should there be any adjustment to the Conversion Price due to failure to meet the Performance Target for FY 2021, the adjustment formula (A ÷ B) shall be applied to the original Conversion Price as adjusted pursuant to any adjustment provision other than as a result of failure to meet the Performance Target for FY 2020 and not the FY 2020 Adjusted Price.

Please refer to Appendix 2 to this Circular for illustrations on the impact of adjustments to the Conversion Price pursuant to the Terms and Conditions (CB2) ("**Performance Adjustments**").

The Performance Targets may be adjusted accordingly in a manner to be agreed between the Bondholders and the Company, in the event that the Company issues further securities[10] or there is a divestment of the Company's GI assets.

Excess Performance Adjustment Sharing : Excess Performance Adjustment Sharing (as defined below) applies in the event:

(i) a downward adjustment has been applied to the conversion price arising from the failure to a relevant Performance Target; and

(ii) the actual investment returns enjoyed by an Investor upon Final Exit exceeds agreed threshold.

If a Performance Adjustment has been applied to reduce the conversion price in connection with a conversion of any Tranche 1 Convertible Bonds or Tranche 2 Convertible Bonds issued to an Investor, and upon a Final Exit such Investor, after deducting any amounts paid by such Investor before its Final Exit in relation to Excess Return Sharing (further details of which are set out below), following such Performance 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 Investor shall pay to the Company an amount equal to the lesser of (i) the amount of such excess and (ii) the amount of Proceeds that such Investor has received solely as a result of the Performance Adjustment (collectively referred to as "**Excess Performance Adjustment Sharing**").

10 The Company has no concrete plan(s) for further equity fund-raising up to the end of this year.

"**Target Return**", in respect of an Investor, means an amount which would generate a total internal rate of return of 20% on the Investor's Securities.

For the avoidance of doubt, the Excess Performance Adjustment Sharing (if any) and the Excess Return Sharing (if any) are distinct. Please refer to Appendices 3, 4 and 5 to this Circular for illustrations on the Excess Performance Adjustment Sharing followed by the Excess Return Sharing. The Investors will not participate in any amounts paid to the Company under Excess Performance Adjustment Sharing.

Excess Return Sharing : **Objective**

In order to motivate the management team towards a common goal and to align the interest of all stakeholders in the Company, the Investors have agreed that they will return a portion of their investment returns when they enjoy certain stipulated investment returns on exit as set out below (the "**Excess Return Sharing**").

Excess Return Sharing applies when the actual investment returns enjoyed by an Investor exceeds certain agreed thresholds.

Thresholds

(i) the "**First Threshold**":

(a) If determined on or before Maturity Date:

2 x principal amount of Tranche 1 Convertible Bonds held by Investors

(b) If determined after Maturity Date:

2 x principal amount of Tranche 1 Convertible Bonds held by Investors

or

the amount which would generate an IRR of 20% on Tranche 1 Convertible Bonds and the exercise price paid in connection with Pro Rata Warrants,

whichever is higher;

(ii) the "**Second Threshold**":

(a) If determined on or before Maturity Date:

3 x principal amount of Tranche 1 Convertible Bonds held by Investors

(b) If determined after Maturity Date:

3 x principal amount of Tranche 1 Convertible Bonds held by Investors

or

the amount which would generate an IRR of 25% on Tranche 1 Convertible Bonds and the exercise price paid in connection with Pro Rata Warrants,

whichever is higher.

When calculating the investment return, returns and proceeds derived from the sale of (i) the Tranche 1 Convertible Bonds, (ii) any Conversion Shares derived from the conversion of Tranche 1 Convertible Bonds and (iii) the Pro Rata Warrants and/or Pro Rata Warrant Shares (if any) (the "**Excess Return Sharing Proceeds**") will be taken into account in the calculations.

Quantum of Excess Return Sharing

If the investment returns enjoyed by the Investors exceed certain thresholds described above, the Investors will return such excess subject to prescribed caps. This is elaborated as follows:

(i) if the Investors enjoy investment returns on a cumulative basis over time such that it exceeds the First Threshold, 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, the Investors will simply pay the Company a total of **US$30 million**.

It is anticipated that the First Threshold will be met (if any) before the Second Threshold is met. The cap on Excess Return Sharing made on a cumulative basis upon meeting the First Threshold is US$10 million, whereas a fixed sum of US$30 million (less any amounts previously paid) will be paid to the Company once the Second Threshold is met.

Sequence of payments made pursuant to Excess Performance Adjustment Sharing and Excess Return Sharing

Upon a Final Exit, the payments from an Investor to the Company pursuant to Excess Performance Adjustment Sharing and Excess Return Sharing will be determined in accordance with the steps as follows:

(a) Step 1 – the amount required to be paid by an Investor pursuant to Excess Performance Adjustment Sharing will be assessed;

(b) Step 2 – the amount required to be paid pursuant to Excess Return Sharing will be assessed.

Please refer to Appendix 3 to this Circular for an illustration.

However, in the event where Final Exit has not occurred but yet the Investors has already enjoyed an investment return that exceeds 2.0 times the total principal amount of Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds combined though the sale of part of or all of the Group's assets and/or businesses, Excess Return Sharing will occur prior to the Final Exit (the "**Pre-Exit Sharing**"). Such Pre-Exit Sharing (if any) is in the interest of the Company and the Shareholders as it will allow cash to be returned to the Company earlier and without waiting for Final Exit. In the event of a Pre-Exit Sharing being made prior to Excess Performance Adjustment Sharing, any amount already paid by the relevant Investor(s) under Pre-Exit Sharing will be deducted when assessing the amount payable pursuant to Excess Performance Adjustment Sharing.

For the avoidance of doubt, in calculating the amount to be returned to the Company in relation to Excess Performance Adjustment Sharing, the total Proceeds enjoyed by the Investors will be taken into account. On the other hand, in calculating the amount to be returned to the Company in relation to Excess Return Sharing, only the total Excess Return Sharing Proceeds enjoyed by the Investors will be taken into account.

Payments made are cumulative

Payments made pursuant to Excess Return Sharing are cumulative and can be made more than once but subject always to the overall caps.

Obligation of Individual Investors

As at the date of this Circular, the Tranche 1 Convertible Bonds are held by the affiliates of DCP and CDH. Any obligations relating to Excess Return Sharing will be allocated between the Investors in proportion to their holdings. Should Tranche 1 Convertible Bonds and/or Tranche 2 Convertible Bonds be transferred to a transferee, such transferee shall be similarly bound to make Excess Return Sharing payments.

Each Investor is also under an obligation to furnish the Company details and documentary evidence of all transactions related to any of the Investor's Securities, for purposes of determining investment returns enjoyed by that Investor. The reporting arrangement for investment returns has been described in detail in a side letter entered into between DCP, CDH and the Company (the "**Side Letter**") and there will be ongoing monitoring on the part of DCP, CDH and the Company, in the manner as described in the Side Letter. In the event of a dispute as to the actual investment returns received by the relevant Investor, the independent audit review will be conducted by one of the Big Four audit firms such as Ernst & Young, PricewaterhouseCoopers, Deloitte and KPMG (other than the Company's audit firm) and the results of that review will be final and binding.

For the avoidance of doubt, the obligations to make payments to the Company pursuant to the Excess Performance Adjustment Sharing and Excess Return Sharing will include subsequent holders of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds.

Allocation of Excess Return Sharing between management and shareholders

If 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 under Excess Return Sharing to management employees, pursuant to an incentive plan ("**Management Incentive Scheme**") to be approved by the remuneration committee of the Board and otherwise adopted by the Company in accordance with applicable law and (ii) distributes the remaining fifty per cent. (50%) of the amount paid to it under Excess Return Sharing to its Shareholders by way of special dividends.

Investors not Entitled to Excess Return Sharing as shareholders of the Company

The Investors will not participate in any amounts paid to the Company under Excess Return Sharing.

<u>Illustrations</u>

Illustration of Excess Return Sharing on 2x and 20% IRR (if applicable)

(i) Upon Final Exit, if there is Excess Return Sharing on 2x and 20% IRR (if applicable), it is proposed that a total amount equal to or up to US$10 million, on the receipt of such monies by the Company, would be shared equally between the Shareholders (excluding the Investors) by way of special dividend and used for the Management Incentive Scheme for which allocation will be determined by the remuneration committee.

(ii) Solely for illustrative purposes, assuming the Final Exit occurs on or before the Maturity Date:

a. if the Investors (or their affiliates) receive Excess Return Sharing Proceeds of US$221 million, the Investors (or their affiliates) pay the Company the sum of US$1 million; and

b. if the Investors (or their affiliates) receive Excess Return Sharing Proceeds of between US$230 million (inclusive) and US$330 million (exclusive), the Investors (or their affiliates) will pay the Company the amount equals to US$10 million.

(iii) Solely for illustrative purposes, if the Excess Return Sharing on 2x and 20% IRR (if applicable) is US$1 million, on the receipt of such Excess Return Sharing Proceeds by the Company: (i) Shareholders will be entitled to an aggregate of US$0.5 million by way of special dividend amounting to approximately US$0.627 per 1000 Shares; and (ii) US$0.5 million will be used for the Management Incentive Scheme.

(iv) Solely for illustrative purposes, if the Excess Return Sharing on 2x and 20% IRR (if applicable) is US$10 million, on the receipt of such Excess Return Sharing Proceeds by the Company: (i) Shareholders will be entitled to an aggregate of US$5 million by way of special dividend amounting to approximately US$6.274 per 1000 Shares; and (ii) US$5 million will be used for the Management Incentive Scheme.

Illustration of Excess Return Sharing on 3x and 25% IRR (if applicable)

(i) Upon Final Exit, if there is Excess Return Sharing on 3x and 25% IRR (if applicable), it is proposed that a total amount equal to US$30 million, on the receipt of such monies by the Company, would be shared equally between the Shareholders (excluding the Investors) by way of special dividend and used for the Management Incentive Scheme, for which the allocation will be determined by the Remuneration Committee.

For the avoidance of doubt, in the event that there is Excess Return Sharing on 3x and 25% IRR (if applicable), the Investors will not be required to pay the Excess Return Sharing on 2x and 20% IRR (if applicable).

(ii) Solely for illustrative purposes, assuming the Final Exit occurs on or before the Maturity Date, if the Investors (or their affiliates) receive Excess Return Sharing Proceeds of at least US$330 million, the Investors (or their affiliates) will pay the Company the sum of US$30 million.

(iii) Solely for illustrative purposes, if the Excess Return Sharing on 3x and 25% IRR (if applicable) is US$30 million, on the receipt of such monies by the Company: (i) Shareholders will be entitled to an aggregate of US$15 million by way of special dividend which amounts to approximately US$18.823 per 1000 Shares; and (ii) US$15 million will be used for the Management Incentive Scheme.

Notes:

(i) There is no assurance that there will be a Final Exit by the Investors or when the Final Exit will occur (which may be after the Maturity Date) or of the amount of the return which the Investors may achieve at their Final Exit.

There is also no assurance that the Company will receive any Excess Return Sharing.

(ii) Shareholders should note that it is possible for the Excess Return Sharing to arise after the Excess Performance Adjustment Sharing has occurred. Please refer to Appendices 4 and 5 to this Circular for illustrations in this regard.

(iii) In the above illustrations, the special dividend per Share was calculated on a fully-diluted basis and based on 796,877,142 Shares (being the Existing Share Capital and assuming the issue of 59,220,000 Shares pursuant to the exercise of all outstanding options under the ESOS as at the Latest Practicable Date).

(iv) The illustrations above were calculated based on gross special dividend, and has not taken into account the professional and other potential expenses in connection with the corporate exercise of a declaration of special dividend.

(v) The illustrations were prepared based on US$. Shareholders should note that special dividends (if any) will be paid in S$ at the prevailing exchange rate.

(vi) For the avoidance of doubt, in the event that the Investor transfers some only (but not all) of its rights and obligations under the Tranche 1 Convertible Bonds pursuant to Tranche 1 Convertible Bonds Purchase Agreement to its affiliates, the Investors and their relevant affiliates will be liable to pay such applicable Excess Return Sharing Proceeds to the Company in the proportion of the number of Conversion Shares or Tranche 1 Convertible Bonds (as the case may be) held by each of them respectively at the relevant time of determination.

Please refer to Appendices 4 and 5 to this Circular for further illustrations on Excess Return Sharing.

Subject to Shareholders' approval being obtained for proposed amendments to the terms and conditions of the Tranche 1 Convertible Bonds, the previous terms relating to Excess Performance Adjustment Sharing and Excess Return Sharing as described in the shareholders circular dated 13 February 2017 and issued by the Company will be superceded by the terms described in this Circular.

Investor Directors : Subject always to the continued compliance by the Company with the Listing Manual and the Singapore Code of Corporate Governance 2012 (provided that the Company shall take any action within its power to ensure such continued compliance), so long as the Investors' CB Investments are not less than 5% of the Investors' Original CB Investments:-

(i) the number of Investor Directors (to the extent that such Investor Directors have been put forward by the Investors for appointment) shall be proportional to the Investors' fully diluted ownership percentage in the Company;

(ii) the Investors shall be entitled to request the Company to procure the removal from office any such director so appointed and to nominate another in his place[11]; and

(iii) each of the Remuneration Committee and the Nominating Committee of the Company will include the Investor Directors.

For these purposes, "**Investor Directors**" means, collectively, (a) in case of directors other than independent directors, such directors appointed by the Investors on the Board of the Company and (b) in case of independent directors, such independent directors as referred by the Investors (if and to the extent the Investors elect to refer any independent director to the Board) and appointed by the Board.

Shareholders should note that the right of the Investors to nominate Investor Directors to the Board of the Company is a nomination right, rather than an appointment right, and on this basis, any appointment of the Investor Director(s) to the Board will be subject to the continued compliance by the Company with the Listing Manual, the Singapore Code of Corporate Governance and the Bye-laws, and the requisite votes by Shareholders. In addition, the Nominating Committee shall at all times consider the sufficiency of independence on the Board and Board committees, the Board's operational effectiveness, and ensure that there is not an inordinate amount of influence by a single shareholder (including but not limited to the Investors or their respective transferees) relating to Board matters.

This position was commercially agreed upon between the Company and the Investors following arm's length negotiations, and in the context of the Proposed Transactions. It was agreed upon in order to allow the Investor to have information rights and participate in Board meetings, having regard to its significant investment in the Company by way of the Proposed Transactions.

As non-executive directors of the Company, the Investor Directors will not be entitled to participate in the Management Incentive Scheme. As members of the Remuneration Committee, they are entitled to discuss and/or vote on the allocation of the Management Incentive Scheme to management employees.

As at the Latest Practicable Date, Liu Haifeng David and Li Lei are members of the Board.

11 For avoidance of doubt, the Investors only have discretion to request for the removal and/or replacement of the Investor Director(s) and this power does not extend to other directors of the Company (who are not Investor Directors).

Issue Price	:	100% of the aggregate principal amount of the Tranche 2 Convertible Bonds.
Maturity Date	:	the later of (i) the Initial Maturity Date and (ii) if so elected by the Bondholders (at their sole discretion) by written notice to the Company 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 Company's audited financial statements for 2021 are issued.
Conversion Period	:	Subject to and in compliance with the Terms and Conditions (CB2), Bondholders may exercise the right to convert any Bond into Conversion Shares at any time on and after the Closing Date up to the close of business on the date that is five (5) business days before the Maturity Date, or if the Bondholder has given notice to the Company requiring it to redeem such Bond before the Maturity Date pursuant to the Terms and Conditions (CB2), then up to the close of business on a date no later than five (5) business days prior to the date fixed for redemption thereof.
Form and Denomination	:	The Tranche 2 Convertible Bonds will be issued in registered form in the denomination of US$100,000 or integral multiples thereof, without coupons attached.
Status of the Bonds	:	The Tranche 2 Convertible Bonds will constitute direct, unsubordinated, unsecured and unconditional obligations of the Company. The Tranche 2 Convertible Bonds shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Tranche 2 Convertible Bonds shall, save for such exceptions as may be provided by applicable laws and subject to the condition relating to the Negative Pledge, at all times rank at least equally with all of the Company's other present and future unsecured and unsubordinated obligations.
Status of the Conversion Shares	:	The Conversion Shares to be issued by the Company will in all respects rank *pari passu* with the Shares in issue on the relevant date of issue. Save as set out in the Terms and Conditions (CB2), a holder of the Conversion Shares will not be entitled to any rights the record date for which precedes the relevant date on which such holder is registered as holder of such Conversion Shares in the Company's register of members.
Pre-emptive Right	:	The Company shall offer to each of the Bondholders the right to acquire, and the Bondholders shall have the option to acquire, its pro rata share (assuming the Tranche 2 Convertible Bonds then held by a Bondholder have been converted into Shares) of such additional shares at a price equal to the consideration per additional share to be paid by the proposed recipient and otherwise on the same terms and conditions that are no less favourable than the terms offered to such proposed recipient. Such right to acquire such additional shares as described above is referred to as "**Pre-Emptive Right**".
Conversion Price Adjustments	:	The Conversion Price shall be subject to adjustments in relation to, *inter alia*, Share consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, distributions, rights issues of Shares, options or other securities, issues at less than the Conversion Price then in effect, issues at less than current market price of the Shares, modification of rights of conversion, other offers to the Shareholders and the satisfaction by the Company of the Performance Targets.

The Conversion Price shall not be adjusted as a result of any issue of Shares by the Company pursuant to the ESOS or any further employee share option scheme (such further share option scheme to be subject to the approval of majority Bondholders in accordance with the Terms and Conditions (CB2)) or as a result of the issuance of any warrants by the Company pursuant to the Tranche 2 Convertible Bonds Purchase Agreement.

Please refer to Appendix 6 to this Circular for an extract of the conditions relating to adjustments to the Conversion Price specified in the Terms and Conditions (CB2).

Redemption at the Option of the Bondholders : If the Adjusted PATMI for any FY is less than the Adjusted PATMI for the immediately preceding FY during the term of the Tranche 2 Convertible Bonds, Bondholders will have the right to require the Company to redeem their Tranche 2 Convertible Bonds at a redemption price equal to (i) 100% of the outstanding principal amount of the Tranche 2 Convertible Bonds, plus (ii) accrued and unpaid interest on the outstanding principal amount, plus (iii) a premium that would generate for such Bondholder the Redemption YTM, assuming that the Bondholder acquired such Tranche 2 Convertible Bonds at the initial principal amount on the Closing Date and taking into account all interest, cash dividends and/or distributions paid by the Company and received by the holder in respect of such Bond (and would have been paid by the Company and received by the Bondholder had the Bondholder acquired such Tranche 2 Convertible Bonds at the initial principal amount on the Closing Date).

In addition, following the occurrence of a Relevant Event, Bondholders will have the right to require the Company to redeem their Tranche 2 Convertible Bonds at a redemption price equal to (i) 100% of their principal amount, plus (ii) unpaid interest accrued to but excluding the redemption date, plus (iii) a premium, together with any Warrant Return received by the relevant Bondholder, that would generate for the Bondholder the Redemption YTM.

A "**Relevant Event**" occurs when:-

(i) the Shares cease to be listed or admitted to trading on the SGX-ST or any alternative stock exchange (as relevant);

(ii) there is a Change of Control of the Company; or

(iii) the Company consolidates with, merges or amalgamates into or transfers its assets substantially as an entirety to any corporation or conveys or transfers its properties and assets substantially as an entirety to any person.

"**Control**" of a person means (i) beneficial ownership of, or the right to exercise voting power in respect of, more than 30% of the issued share capital of such person or (ii) possession of the right, or sufficient voting power, to appoint, elect and/or remove all or a majority of the members of such person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

"**Change of Control**" occurs when:-

(i) any person or persons (other than the Bondholders or any of them and their respective affiliates) acting together acquires Control of the Company if such person or persons does not or do not have, and would not be deemed to have, Control of the Company on the Closing Date;

(ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control of the Company or the successor entity; or

(iii) any person or persons (other than persons referred to in paragraph (i) above and other than the Bondholders or any of them and their respective affiliates) acquires the legal or beneficial ownership of all or substantially all of the Company's issued share capital.

"**Warrant Return**" in respect of any Bondholder in relation to a redemption of such Bondholder's Tranche 2 Convertible Bonds, means:-

(i) (a) dividends received by the Bondholder in its capacity as holder of its Warrant Shares (as applicable), plus (b) in respect of any Warrants or Warrant Shares (as applicable) that have been sold by the Bondholder, sale proceeds that the Bondholder have received from such Warrants or Warrant Shares (as applicable), plus (c) in respect of any Warrants or Warrant Shares (as applicable) that are still held by the Bondholder, the Market Gains from such Warrants or Warrant Shares (as applicable), minus (d) in each case, all costs, fees and expenses incurred by the Bondholder in relation to such Warrants and Warrant Shares,

multiplied by

(ii) a fraction, the numerator of which is the principal amount of the Tranche 2 Convertible Bonds being redeemed, and the denominator of which is the aggregate principal amount of all the Tranche 2 Convertible Bonds issued to such Bondholder.

As used herein, "**Market Gains**" in respect of the relevant Warrants or Warrant Shares (as applicable) means:-

(i) in case of Warrants, an amount (which shall be deemed to be zero if less than zero) equal to: (the average of the volume weighted average price of the Share over the thirty (30)-trading day period ending one (1) day prior to the date of the relevant redemption notice – the Warrants' exercise price per Share in effect) × number of Warrant Shares assuming all the Warrants are exercised into Shares on the date of the relevant redemption notice; or

(ii) in case of Warrant Shares, an amount (which shall be deemed to be zero if less than zero) equal to: (the average of the volume weighted average price of the Share over the thirty (30)-trading day period ending one (1) day prior to the date of the relevant redemption notice – the relevant exercise price per Share paid for exercising the relevant Warrants) × number of Warrant Shares.

Redemption at Maturity	:	Unless previously redeemed or converted and cancelled, the Company will redeem each Bond at the Maturity Date at a redemption price equal to (i) 100% of the outstanding principal amount, plus (ii) accrued and unpaid interest on the outstanding principal amount of the Bond, plus (iii) a premium, together with any Warrant Return received by the relevant Bondholder, that would generate for the Bondholder the Redemption YTM. The Company may not redeem the Tranche 2 Convertible Bonds at its option prior to that date.
Transfer	:	Any Bondholder may transfer all or any of the Tranche 2 Convertible Bonds to any person (save as set out in the Bye-laws and other than to persons regarded as residents in Bermuda for exchange control purposes).
Arrangements for transfer	:	A Bond may be transferred by delivery of the bond certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the Company. No transfer of a Bond will be valid unless and until entered on the register of Bondholders.
Other	:	So long as the Investors' CB Investments are not less than 5% of the Investors' Original CB Investments:-

(a) the Company shall not, without prior written consent of the majority Bondholders:

(i) make any alteration or amendment to the Company's memorandum of association or bye-laws (including any change to the par value of the Shares). Save where required for compliance with applicable laws and regulations, including the listing rules of the SGX-ST;

(ii) voluntarily delist the Company from the SGX-ST or list the securities of the Company on any other stock exchange;

(iii) change the size or composition of its board of directors;

(b) the Company shall not, and shall ensure that none of its subsidiaries shall, without prior written consent of the majority Bondholders, *inter alia*:

(i) change its business scope or expand into non-core business areas;

(ii) (other than the issuance of the Tranche 2 Convertible Bonds, the Warrants, the Conversion Shares, the Warrant Shares and any Shares issued pursuant to ESOS) issue, offer, or sell, contract to sell, pledge or otherwise dispose of (or publicly announce such issuance, offer, sale of disposal) any bond instruments, any ordinary shares or warrants or other rights to purchase ordinary shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the ordinary shares, including equity swaps, forward sales and options representing the right to receive any ordinary shares (whether or not such contract is to be settled by delivery of ordinary shares or such other securities, in cash or otherwise), or enter into any off-balance-sheet financing and guarantees save in connection with the ordinary course of business of the Company and its subsidiaries;

(iii) adopt or approve (a) any annual budget (including annual borrowing plan) or business plan, capital expenditure plan, or (b) any material modification to annual budget or business plan, capital expenditure plan or incurrence or extension of credit facility or amendments thereof, provided that the majority bondholder's prior written consent is required only if such modification, incurrence, extension or amendment thereof would result in a material positive or negative change to the financial position of the Company of more than 10%;

(iv) change its audit firm to any audit firm other than KPMG, PricewaterhouseCoopers, Deloitte Touche Tohmatsu or Ernst & Young (the "**Big Four**"), or change its accounting policies; or

(v) implement and/or change its dividend policy;

(vi) adopt any other employee share option plan (other than the ESOS);

(vii) change the compensation of a Key Man, or appoint or remove or settle the terms of appointment of a Key Man;

(viii) provide any loan or guarantee or pledge any of its present or future assets;

(ix) enter into any agreement that restricts the payment of any dividend or other distribution (whether in cash or in kind) on or in respect of the shares or share capital (or any class of its share capital) of the Company or its subsidiaries, except for any such restriction under any financing, provided that the majority Bondholder's prior written consent to such financing has already been given;

(x) acquire or dispose of any material assets or businesses except as contemplated in the current business plan of the Company; or

(xi) to the extent not covered above, take any voluntary corporate action with respect to which the Listing Manual would require the Company to obtain Shareholders' approval.

Negative Pledge : So long as any of the Tranche 2 Convertible Bonds remains outstanding or any amount is due under or in respect of any Tranche 2 Convertible Bond, the Company will not, and will procure that none of its subsidiaries will (directly or indirectly), without prior written consent of a majority Bondholders, incur, create, assume or permit to subsist or arise any lien upon or in respect of the whole or any part of its or their respective present or future assets or revenues, unless the Tranche 2 Convertible Bonds are forthwith secured by the same lien therewith or by such other security as the majority Bondholders would approve ("**Negative Pledge**").

The abovementioned restriction shall not apply to any security or lien necessary to secure any non-recourse indebtedness incurred by a subsidiary of the Company solely for projects or business undertaken by the Group.

Events of Default : Upon the occurrence of any event of default specified in the Terms and Conditions (CB2), each Bondholder will be entitled to exercise its right to redeem the Tranche 2 Convertible Bonds, at a price that may generate for the Bondholder a total IRR of 20%, assuming that the Bondholder 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 Company and received by the Bondholder (and would have been paid by the Company and received by the holder had the Bondholder acquired such Bond at its initial principal amount on the Closing Date) in respect of such Bond.

Please refer to Appendix 8 to this Circular for an extract of the provisions relating to the events of default specified in the Terms and Conditions (CB2).

Liquidation : If the Company or any of its subsidiaries is insolvent, bankrupt or unable to pay its debts, stops or threatens to stop payment of all or a material part of its debts, proposes or makes any agreement for deferral of all or any material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors; an administrator or liquidator of the Company or any of its subsidiaries or the whole or any part of the assets and turnover of the Company or any of its subsidiaries is appointed, then any Bond may be declared immediately due and payable whereupon it shall become immediately due and payable at a price that may generate for the Bondholder a total IRR of 20%, assuming that the Bondholder 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 Company. In such circumstances, save for such exceptions as may be provided by applicable laws and subject to the condition relating to the Negative Pledge, the payment obligations of the Company under the Tranche 2 Convertible Bonds shall rank at least equally with all of the Company's other present and future unsecured and unsubordinated obligations, and rank *pari passu* without any preference or priority among themselves.

Governing Law : Laws of Singapore.

No party to the Purchase Agreement is obligated to take any action or omit to take any action under the Purchase Agreement that it believes, in good faith, would cause it to be in violation of any applicable laws as well as the Listing Manual.

It is agreed between the Company and the holders of Tranche 1 Convertible Bonds that various terms of the Tranche 1 Convertible Bonds, including the performance targets, will be amended and restated to be consistent with the terms of the Tranche 2 Convertible Bonds.

The principal terms and conditions of the Warrants are summarised as follows:

Number of Warrants to be issued	Subject to the Terms and Conditions (Warrants), the Company shall issue up to 57,625,714 Warrants (assuming an exercise price of S$0.70 and based on an agreed fixed exchange rate of S$1.3446 to US$1)[12], as well as such additional warrants as may be required to be issued upon an adjustment to the number of Warrants in the manner described below, from time to time and in multiple tranches, to the Investors on each Closing Date on a pro rata basis (in proportion to the issuance size of each tranche of the Tranche 2 Convertible Bonds)[13], provided that the Company shall (save for certain prescribed circumstances) issue all the Warrants to the Investors on or before 31 December 2018 (regardless of whether or not the Company has issued all the Tranche 2 Convertible Bonds to the Investors by then). The Company shall issue the Warrants to each of DCP and CDH in accordance with the pro rata allocation. On 1 January 2020, 12.5%[14] of the outstanding Warrants held by each Warrantholder as at such date shall be deemed to be cancelled and cease to be valid for any purpose to reflect the change in the exercise price.
Pro Rata Allocation	The Warrants shall be allocated to the Investors in accordance with the following ratio: Blue Starry Energy Limited : 6/7 (approximately 85.71%) Glory Sky Vision Limited : 1/7 (approximately 14.29%)
Exercise Price and Exercise Rights	The Warrants shall have an aggregate exercise price of US$30 million, each Warrant carrying the right to subscribe for one (1) Warrant Share at the exercise prices of (a) S$0.70 per Warrant Share if the Warrant is exercised at any time on or before 31 December 2019, or (b) S$0.80 per Warrant Share, if the Warrant is exercised any time between 1 January 2020 and 31 December 2020 (both dates inclusive).
Exercise Period	The Warrants to be issued on or prior to 31 December 2018 shall have an exercise period commencing from the date of issue of the Warrants and expiring on 31 December 2020.
Transfer	Each Warrant (together with rights attached to it) shall be freely transferrable in registered form.
Transmission	Where a deceased Warrantholder is an individual, the Company shall recognise his executors and administrators as having title to Warrants registered in the name of the deceased Warrantholder. Such persons shall, on producing to the Company such evidence as may be reasonably required by the Company to prove their title and on the payment of necessary fees and expenses referred to in the Terms and Conditions (Warrants), be entitled to be registered as a holder of the Warrants or to make such transfer as the deceased Warrantholder could have made.

12 No. of Warrants = US$30 million (the amount the parties have agreed as the maximum investment amount through the issue and exercise of the Warrants) × agreed exchange rate (US$1: S$1.3446) ÷ exercise price (S$0.70).

13 As an illustration, if only US$35 million (out of the aggregate principal amount of US$70 million) in principal amount of Tranche 2 Convertible Bonds is issued at a tranche, only 28,812,857 warrants (being 50% of the total amount of Warrants issueable) will be issued at that tranche.

14 As the exercise price of the Warrant (if exercised in 2020) will be increased from S$0.70 to S$0.80 but the maximum investment amount regarding the Warrants as agreed between the Investors and the Company remains US$30 million, if there is any outstanding Warrants unexercised in 2020, 0.70/0.80, i.e. 12.5% of the outstanding Warrants will need to be cancelled to maintain the agreed maximum investment amount of US$30 million.

Adjustments to Exercise Price	:	The exercise price of the Warrants shall be adjusted in the manner as set out in Appendix 7 to this Circular.
Adjustments to Number of Warrants	:	In the event of any adjustment of exercise price (other than as a result of a consolidation of the Shares), the Company shall, concurrently with such adjustment, issue additional Warrants to each Warrantholder (in proportion to the outstanding Warrants held by each of them) such that the aggregate adjusted exercise price of all outstanding Warrants immediately after such additional issuance would be equal to the aggregate exercise price of all outstanding Warrants immediately preceding such adjustment and additional issuance. The Company shall, as soon as practicable but not later than 3 business days after the effective date of such adjustment, despatch by ordinary post warrant certificates for the additional number of Warrants issued to each Warrantholder. In the event the exercise price is adjusted as a result of consolidation of the Shares, the Company may, concurrently with such adjustment, cancel such number of Warrants held by each Warrantholder (in proportion to the outstanding Warrants held by each of them) such that the aggregate adjusted exercise price of all outstanding Warrants immediately after such cancellation would be equal to the aggregate exercise price of all outstanding Warrants immediately preceding such adjustment and cancellation. Where necessary, the Company shall arrange for the cancellation and re-issuance of the warrant certificate(s) which shall reflect each Warrantholder's holding of the Warrants after such cancellation. Subject to certain conditions in the Tranche 2 Convertible Bonds Purchase Agreement and notwithstanding anything to the contrary in the Terms and Conditions (Warrants), the Company agrees that it will do all things and take all steps as may be necessary to ensure that on and after 31 December 2018, the aggregate exercise price of all Warrants issued (including, for the avoidance of doubt, the Warrants which have been exercised) shall, at all times, be equal to (not taking into account any rounding) US$30,000,000 (based on the agreed fixed exchange rate of S$1.3446 per US$1).
Status of the Warrant Shares	:	The Warrant Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing issued Shares.
Expiry	:	At the expiry of the exercise period, any Warrants which have been exercised in accordance with the Terms and Conditions (Warrants) shall lapse and cease to be valid for any purpose.
Liquidation	:	If a resolution is passed for a members' voluntary winding-up of the Company then: (a) if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person designated by them for such purpose by Special Resolution, shall be a party, the terms of such scheme of arrangement shall be binding on all the Warrantholders; and

(b) in any other case, every Warrantholder shall be entitled, subject to the Warrant Deed Poll and the Terms and Conditions (Warrants), at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company, by irrevocable surrender of his warrant certificate(s) to the Company with the exercise notice(s) duly completed, together with all payments payable under the Terms and Conditions (Warrants) (including the relevant exercise price) and having duly complied with all other provisions of Terms and Conditions (Warrants), to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the Warrants to the extent specified in the exercise notice(s) and had on such date been the holder of the Warrant Shares to which he would have become entitled pursuant to such exercise and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warrantholders the passing of any such resolution within 7 trading days after the passing thereof.

"**Special Resolution**" means the approval by Warrantholders holding at least 75 per cent. of the outstanding Warrants.

Subject to the foregoing, if the Company is wound-up for any other reason other than a members' voluntary winding up, all Warrants which have not been exercised at the date of the passing of such resolution for the winding-up of the Company shall lapse and the Warrants shall cease to be valid for any purpose.

Governing Law : Laws of Singapore.

The Company will not, except where the modifications are made pursuant to the Warrant Deed Poll (a) extend the exercise period of a Warrant; (b) issue a new Company warrant to replace a Warrant; (c) change the exercise price of a Warrant; or (d) change the exercise ratio of a Warrant.

Any material modifications to the terms of the Warrants to the advantage of the Warrantholders shall be approved by the Shareholders.

3.2. Conditions Precedent

The Proposed Convertible Bonds Issue is subject to, *inter alia*, the following conditions ("**Conditions Precedent**"):-

(a) the approval of Shareholders at the SGM being obtained in respect of, *inter alia*, (i) the issuance of the Tranche 2 Convertible Bonds and the Warrants; (ii) the issuance of the Conversion Shares and the Warrant Shares in accordance with their respective Terms and Conditions; and (iii) the proposed transfer of controlling interest in the Company to the Investors, and such approval remaining in full force and effect;

(b) the approval in-principle of the SGX-ST for the listing of and quotation for the Conversion Shares and the Warrant Shares on the SGX-ST upon conversion of any of the Tranche 2 Convertible Bonds and exercise of any of the Warrants in accordance with their respective Terms and Conditions having been obtained and not having been revoked or amended and, where such approval is subject to conditions, such conditions being acceptable to the Company and the Investors, and to the extent that such conditions are required to be fulfilled on or before each closing date, they are so fulfilled;

(c) the contents of the supplemental disclosure schedule (if delivered) being satisfactory to the Investors in all respects;

(d) there shall have been delivered to the Investors, each in a form satisfactory to the Investors, opinions, dated the first Closing Date, of (i) legal advisers to the Investors as to Bermudan law, and (ii) legal advisers to the Investors as to Singapore law;

(e) each of the Key Men having executed the Undertakings in favour of the Investors, and there shall not have been any breach of the terms thereunder;

(f) at such Closing Date, (i) each of the representations, warranties and undertakings of both the Company and the Investors, respectively, shall be true, complete and correct in all respects, and as if made on such date, (ii) each of the Company and the Investors shall have performed and complied with all of their respective obligations under the Transaction Documents that are to be performed or complied with on or before such date, and (iii) there shall have been delivered to each of the Investors and the Company by the other party a certificate, dated on such date, of a duly authorised officer of the Investors or as the case may be, the Company, to such effect;

(g) the Company having duly attended to and carried out all corporate procedures that are required under the laws of its place of incorporation or establishment to effect the execution, delivery and performance of the Tranche 2 Convertible Bonds Purchase Agreement and the transactions contemplated thereby, and having provided copies of all resolutions (and all attachments thereto) to the Investors;

(h) there shall be no governmental authority or other person that: (i) has instituted or threatened any legal, arbitral or administrative proceedings or inquiry against any member of the Group to restrain, prohibit or otherwise challenge the transaction contemplated under any Transaction Document or any other matter or requested any information in connection with the possible institution of any such proceedings or inquiry; or (ii) proposed or enacted any statute or regulation which would prohibit, materially restrict, impact or delay implementation of the transactions contemplated under any Transaction Document or the operation of any member of the Group after each Closing Date as contemplated in the Transaction Documents;

(i) there shall have been since the date of the Tranche 2 Convertible Bonds Purchase Agreement, in the reasonable opinion of the Investors, no event, circumstance or change that, individually or in the aggregate with one or more of the other events, circumstances or changes, have had or would reasonably be expected to have a Material Adverse Effect, no circumstances that exist would require the Company to restate any of its historical financial statements under applicable law, and no material change in any relevant laws, regulations or policies in any of the jurisdictions or sectors in which any member of the Group does business (whether coming into effect prior to, on or after each Closing Date) that could reasonably be expected to materially and adversely affect the condition (financial or otherwise) of the Group taken as a whole;

(j) the Company having delivered to the Investors (i) duly executed agreement of indemnity in favour of the Investor Directors, such agreement of indemnity being in form and substance satisfactory to the Investors, and (ii) evidence that directors' and officers' indemnity insurance has been taken out in respect of the Investor Directors in an amount, and from an insurer, that is satisfactory to the Investors;

(k) all approvals, if any, required to be obtained under any anti-trust, competition or similar legal requirements in connection with the transaction contemplated thereby shall have been obtained;

(l) the Shares shall remain listed on the SGX-ST and the public trading in the Shares on the SGX-ST shall not have been suspended;

(m) the transactions contemplated by the Transaction Documents shall not be prohibited by any statute, order, rule, regulation or directive promulgated or issued after the date of the Tranche 2 Convertible Bonds Purchase Agreement by any legislative, executive, judicial or regulatory body or authority of Bermuda or Singapore which is applicable to the Company or the Investors; and

(n) no member of the Group shall have taken any of the following actions since the date of the Tranche 2 Convertible Bonds Purchase Agreement and up to the first Closing Date: (i) make any investment or incur any commitment except in the ordinary course of its business; (ii) borrow any sum or obtain any credit facilities including any renewal of existing credit facilities, except in the ordinary course of business, or, if the borrowing or the credit facilities to be obtained is outside the ordinary course of its business, the amount of such borrowing or the maximum amount that can be drawn under that credit facilities does not exceed US$1,000,000; (iii) sell, dispose of or transfer any of its assets, business or shares except in the ordinary course of its business; or (iv) create any encumbrance (other than a lien arising by operation of law) over the whole or any part of its undertaking, property or assets.

If any one or more of the Conditions Precedent has not been satisfied or waived by the relevant party on or prior to the expiry of the sixth month after the date of the Tranche 2 Convertible Bonds Purchase Agreement, *i.e.* 22 November 2018 (or such later date as the Company and the Investors may agree in writing), the Investors may, by notice of the company given at any time prior to the issuance of the Tranche 2 Convertible Bonds and Warrants in full, terminate the Tranche 2 Convertible Bonds Purchase Agreement.

3.3. Conversion Price

The Tranche 2 Convertible Bonds are convertible into new fully paid Conversion Shares, at the initial Conversion Price of S$0.60 per Conversion Share in accordance with the Terms and Conditions (CB2). The initial Conversion Price of S$0.60 represents a premium of 20.0%, 20.0% and 25.5%, respectively, to the conversion price of the Tranche 1 Convertible Bonds of S$0.50, to the LTP of S$0.50 and to the one month VWAP of S$0.4782 prior to 18 May 2018, being the last trading day before the Announcement. Please refer to Appendix 6 to this Circular for an illustration of adjustments relating to the Conversion Price.

3.4. Exercise Price of the Warrants

The Warrants are exercisable into new fully paid Warrant Shares, at the Exercise Price of S$0.70 or (as the case may be) S$0.80 per Warrant Share in accordance with the Terms and Conditions (Warrants). The Initial Exercise Price of S$0.70 represents a 40.0% premium of the conversion price of the Tranche 1 Convertible Bonds, a premium of 40.0% to the LTP of S$0.50 and a premium of approximately 31.2%, 34.4% and 46.4% to the past six months VWAP of S$0.5336, the three months VWAP of S$0.5208 and the one month VWAP of S$0.4782, respectively, prior to 18 May 2018, being the last trading day before the Announcement.

3.5. Conversion Shares and Warrant Shares

On 3 March 2017, the Group successfully completed the issuance of the Tranche 1 Convertible Bonds to Glory Sky Vision Limited, an affiliate of CDH Fund V, with an initial conversion price of S$0.50, to fund its GI related business. CDH Fund V is managed by the CDH V Manager, a wholly-owned subsidiary of CDH. Subsequent to the issuance of the Tranche 1 Convertible Bonds, US$60 million in principal amount of the Tranche 1 Convertible Bonds have been transferred by CDH Fund V to DCP Capital Partners L.P.. Together with the Tranche 1 Convertible Bonds, the total aggregate principal amount of convertible bonds issued by the Company will, following the completion of the Proposed Convertible Bonds Issue, be US$180 million.

In the event that the full US$70 million in principal amount of Tranche 2 Convertible Bonds are issued and are converted in full and the full US$30 million in principal amount of Warrants are exercised, based on the initial Conversion Price of S$0.60 per Conversion Share and the Exercise Price of S$0.70 per Warrant Share, the aggregate number of Conversion Shares and Warrant Shares to be allotted and issued by the Company to the Investors will be 214,495,714 Shares, representing approximately 16.19% of the Enlarged Share Capital, which is based on the assumption that the outstanding options under the ESOS as at the Latest Practicable Date are exercised in full. In connection with the Proposed Transactions and, in particular, the issue of Conversion Shares upon conversion of the Bonds as well as the issue of Warrant Shares upon exercising of the Warrants, the Company will seek Shareholders' approval for the Proposed Increase in Authorised Share Capital. Please refer to paragraph 13 of this Circular for more information.

The Company will be seeking specific approval from Shareholders under Resolutions 1 to 7 as set out in the Notice of SGM relating to, *inter alia*, the issue of the Tranche 2 Convertible Bonds and Warrants, the issue of Conversion Shares and Warrant Shares and the issue of such additional warrants and warrant shares arising from such additional warrants as may be required to be allotted and issued upon an adjustment in accordance with the Terms and Conditions (CB2) or, as the case may be, the Terms and Conditions (Warrants).

In the event that there is a conversion of Tranche 2 Convertible Bonds by a Bondholder or (as the case may be) exercise of Warrants by a Warrantholder, and that such conversion or (as the case may be) exercise results in a Bondholder or (as the case may be) Warrantholder holding 30% or more of the voting rights attached to the Shares, such Bondholder or (as the case may be) Warrantholder may incur an obligation to make a mandatory general offer for the Shares under Rule 14 of the Code. Under Rule 14 of the Code, where any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company, such person is required, except with the consent of the SIC, to make a mandatory general offer, for all remaining issued shares in the company concerned which he and/or his concert parties do not already own, control or have agreed to acquire.

Shareholders should note that there is no assurance that a Bondholder or (as the case may be) Warrantholder will exercise its right of conversion in respect of any or all the Bonds or (as the case may be) exercise of the Warrants in respect of any or all of the Warrants, nor that the Conversion Price or (as the case may be) Exercise Price will be adjusted. Shareholders should note there is therefore no certainty that there will be any mandatory general offer made by a Bondholder or (as the case may be) Warrantholder on conversion of any or all of the Bonds or (as the case may be) exercising of any or all of the Warrants.

The Conversion Shares or (as the case may be) Warrant Shares when issued upon conversion of the Tranche 2 Convertible Bonds or (as the case may be) exercise of the Warrants will be fully paid and in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in the Terms and Conditions (CB2) or (as the case may be) Terms and Conditions (Warrants), a holder of the Conversion Shares or (as the case may be) Warrant Shares shall not be entitled to any rights, the record date for which precedes the relevant Registration Date.

3.6. Adjustment and Modification

Please refer to Appendix 6 to this Circular for an extract of the conditions relating to adjustments to the Conversion Price as specified in the Terms and Conditions (CB2).

Please refer to Appendix 7 to this Circular for an extract of the conditions relating to adjustments to the Exercise Price and the number of Warrants as specified in the Terms and Conditions (Warrants).

In compliance with Rule 829 of the Listing Manual, the terms of the Tranche 2 Convertible Bonds or (as the case may be) Warrants will provide for:

(a) adjustment to the exercise or conversion price and, where appropriate, the number of company warrants or other convertible securities, in the event of rights, bonus or other capitalisation issues;

(b) the expiry of the company warrants or other convertible securities to be announced, and notice of expiry to be sent to all holders of the company warrants or other convertible securities at least one (1) month before the expiration date; and

(c) any material alteration to the terms of company warrants or other convertible securities after issue to the advantage of the holders of such securities to be approved by shareholders, except where the alterations are made pursuant to the terms of the issue.

In compliance with Rule 830 of the Listing Manual, the Company will announce any adjustment made pursuant to Rule 829(1) of the Listing Manual.

3.7. Use of Proceeds

The net proceeds from the Proposed Transactions will be approximately US$67.5 million, being approximately S$93.0 million[15] ("**Net Proceeds**") (after deducting estimated transaction expenses of approximately US$2.5 million, being approximately S$3.4 million). The Company intends to apply all the net proceeds from the Proposed Transactions towards the expansion and further investment into GI related businesses that generate annual recurring income and return on equity satisfactory to the Company.

In the event that the Proposed Transactions are completed, the Company will announce the use of net proceeds as and when such funds are materially disbursed and whether such use is in accordance with the stated use. Where there is any material deviation from the stated use of net proceeds, the Company will announce the reasons for such deviation.

The Company has identified the following new projects[16] for the use of Net Proceeds:

(a) Liutuan Project

As announced on 16 January 2017, Sunpower Technology was granted a concession to build and operate a centralised heat transfer oil facility in the Liutuan Industrial Park located in Changyi City, Shandong Province, the PRC ("**Liutuan Project**"). The Liutuan Project will be carried out in phases, and Phase 1 of the Liutuan Project is currently in design adjustment phase and will supply heat transfer oil to dyeing companies in the Liutuan Industrial Park once commissioned.

The total investment amount for the Phase 1 of Liutuan Project will be approximately RMB340 million.

(b) Xinjiang Project

As announced on 18 September 2017 and 20 December 2017, the Company has entered into an investment agreement with Xingjiang County Government and has been granted the concession right to build and operate a cogeneration facility to provide steam to the companies operating in the Xinjiang Circular Economy Demonstration Park on an exclusive basis ("**Xinjiang Project**"). A wholly-owned subsidiary of Xinjiang Sunpower Clean Energy Co., Ltd. with registered capital of RMB50 million has been incorporated for the purposes of the Xinjiang Project.

15 The exchange rate of US$1:S$1.3779 as at the Latest Practicable Date has been applied throughout this paragraph 3.7.

16 These three projects are currently either in design phase or design adjustment phase and have not entered construction phase. Therefore, the Company has not invested much capital in any of these projects to date.

The Xinjiang Project is planned to involve the construction of 2*90t/h boilers and 1*9MW electricity generator, 1*150t/h boiler and 1*18MW electricity generator, as well as steam distribution pipelines that will be carried out in phases. The total investment amount for the Xinjiang Project is approximately RMB490 million, with the investment amount for Phase 1 estimated to be approximately RMB 260 million.

(c) *Yingtan Project*

As announced on 27 February 2018, a wholly-owned subsidiary of Yingtan Sunpower Clean Energy Co., Ltd. with registered capital of US$10 million has been incorporated ("**Yingtan Project**").

Phase 1 of the Yingtan Project is planned to involve the construction of 1*35t/h boilers as well as steam distribution pipelines. The investment amount is estimated to be RMB53 million.

(d) *Yongxing Project*

As announced on 9 July 2018 and 14 August 2018, the Company has signed agreements to complete the acquisition of 100% stake in Zhangjiagang Yongxing Thermal Power Co., Ltd and 100% stake in Jiangsu Hengtong Electricity Sales Co., Ltd. ("**Yongxing Project**").

The proposed purchase consideration is RMB765.0 million of Zhangjiagang Yongxing. The company expects to use capital structure of equity debt ratio of approximately 40:60. The proposed purchase consideration is RMB8.0 million of Hengtong Electricity. Yongxing Project has an installed capacity of 350 t/h+36 MW with a sizeable steam pipeline network of over 160 kilometres in length.

The breakdown of the use of Net Proceeds is set out below:

Use of Net Proceeds	Net Proceeds (US$ million)	Percentage of Net Proceeds
Investment in Phase 1 of the Liutuan Project(1)	13.8(2)	20.5%
Investment in Phase 1 of the Xinjiang Project(1)	15.1(3)	22.4%
Investment in Phase 1 of the Yingtan Project(1)	3.1(4)	4.5%
Acquisition of Zhangjiagang Yongxing and Hengtong Electricity(1)	35.5(5)	52.6%
Total	**67.5(6)**	**100.0%**

Notes:

(1) The balance of the investment amounts will be funded by bank loans and internally generated funds.

(2) Approximately RMB95.2 million or S$19.1 million.

(3) Approximately RMB104.0 million or S$20.8 million.

(4) Approximately RMB21.2 million or S$4.2 million.

(5) Approximately RMB244.3 million or S$48.9 million. The total equity invested in Yongxing Project is about US$45.6 million (approximately RMB314.0 million or S$62.8 million). The gap of US$10.1 million will be funded by internally generated funds.

(6) Approximately RMB464.7 million or S$93.0 million.

(7) The exchange rate of US$1:RMB6.8842 as at the Latest Practicable Date has been applied.

3.8. Financial Adviser

Stirling Coleman Capital Limited has been appointed as the Financial Adviser in relation to the Proposed Transactions. SCCL has no interest in the Shares, save for certain directors of SCCL who own Shares. However, none of such directors of SCCL is a Substantial Shareholder.

3.9. Approval-in-Principle from the SGX-ST

An application has been made to the SGX-ST for the approval of the listing and quotation of the Conversion Shares. On 15 August 2018, the SGX-ST granted its approval in-principle in relation to the listing of and quotation for the Tranche 2 Conversion Shares and the Warrant Shares, subject to, *inter alia*, the following conditions:

(a) compliance with the SGX-ST's listing requirements;

(b) Shareholders' approval of the proposed issue of Tranche 2 Conversion Shares and the proposed issue of Warrant Shares;

(c) announcement of the conditions under which the conversion price of the Tranche 2 Conversion Shares and/or exercise price of the Warrants may be adjusted and the conditions under which the Tranche 2 Convertible Bonds may be redeemed; and

(d) submission of the following documents:

  (i) a written undertaking from the Company that it will comply with Rule 704(30) and Rule 1207(20) of the Listing Manual in relation to the use of the proceeds from the Proposed Convertible Bonds Issue and the Proposed Warrants Issue and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;

  (ii) a written confirmation from the Company that it will comply with Rule 803 of the Listing Manual;

  (iii) a written confirmation from the Company that it will not place the Tranche 2 Convertible Bonds, the Warrants, the Tranche 2 Conversion Shares and the Warrant Shares to persons prohibited under Rule 812(1) of the Listing Manual;

  (iv) a written confirmation from the Company that the terms of the Bonds comply with Rule 829(1) of the Listing Manual;

  (v) a written undertaking from the Company to announce any adjustment made pursuant to Rule 829(1) of the Listing Manual; and

  (vi) a written undertaking from the Company that it will comply with Rule 831 of the Listing Manual.

The approval-in-principle granted by the SGX-ST in respect of the listing and quotation of the Tranche 2 Conversion Shares and the Warrant Shares is not to be taken as an indication of the merits of the Proposed Convertible Bonds Issue, the Proposed Warrants Issue, the proposed issue of the Tranche 2 Conversion Shares and the proposed issue of the Warrant Shares, the Company and/or its subsidiaries.

4. PROPOSED AMENDMENTS TO EXISTING TERMS

4.1 Rationale for the Proposed Amendments to Terms and Conditions (CB1)

In conjunction with the entry into the Tranche 2 Convertible Bonds Purchase Agreement, it is agreed between the Company and the holders of Tranche 1 Convertible Bonds that various terms of the Tranche 1 Convertible Bonds (the "**Existing Terms**") will be amended and restated to be consistent with the terms of the Tranche 2 Convertible Bonds (as amended, the "**New Terms**").

In general, the rationale for the proposed amendments to the Existing Terms is to align Terms and Conditions (CB1) with Terms and Conditions (CB2) in accordance with the Company's and the Investors' mutual commercial understanding.

In particular, in aligning the performance targets of the Tranche 1 Convertible Bonds with those of the Tranche 2 Convertible Bonds, the Existing Bondholders share the medium-to-long term vision of the Group to create value and achieve sustainable growth by capitalizing on both the long-term recurring and high quality cashflows generated by its GI business. Such alignment is compatible with the medium goals of the Group which are set as the adjusted PATMI of RMB370 million and RMB460 million for FY 2020 and FY 2021 respectively, instead of existing performance targets applicable in FY 2017, FY 2018 and FY 2019. Such amendment also allows the Group sufficient time to execute its strategy of building a sizeable, long-term and recurring, and high quality GI portfolio.

For details, please refer to Appendix 9 to this Circular for a summary of key proposed amendments to the Terms and Conditions (CB1), the rationale behind the proposed changes and the financial impacts on the Company, if any.

It should be noted that while the Group achieved an adjusted PATMI of RMB107.7 million in FY 2017, which is lower than the performance target of RMB255.6 million for FY 2017 in the Existing Terms, there is no conversion price adjustment required for FY 2017 under the Existing Terms. The fact that the Company has missed the performance target for FY 2017 is not the key driver behind the proposed alignment of the performance targets of the Tranche 1 Convertible Bonds with those of the Tranche 2 Convertible Bonds, which was explained above.

4.2. Mechanism to Effect the Proposed Amendments under Terms and Conditions (CB1)

Pursuant to Condition 11 of the Existing Terms, the holders of at least a majority in principal amount of the outstanding Tranche 1 Convertible Bonds at any time (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. Such consent and approval will be given in fact when the Majority Bondholders sign the amendment and restatement of the Existing Terms on and from the date the first tranche of the Tranche 2 Convertible Bonds are issued. This in turn is expressly agreed to by the Majority Bondholders when entering into the Tranche 2 Convertible Bonds Purchase Agreement.

The Company intends to seek the approval of Shareholders for the proposed amendment of Terms and Conditions (CB1) at the SGM to be held on 6 September 2018 at 10.00 a.m. (Singapore time) at Level 1, Libra & Gemini, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, the notice of which is attached to this Circular.

It is contemplated that once the Proposed Transactions, including the proposed amendment of Terms and Conditions (CB1) are approved by the Shareholders, the Company will enter into a separate amendment agreement with each of the Existing Bondholders to effect the amendment of the Existing Terms.

4.3. Compliance with Part VI, Chapter 8 of the Listing Manual

The Proposed Transactions, including the proposed amendment of the Existing Terms, are in compliance with Part VI, Chapter 8 of the Listing Manual, details of which are set out in the table below:

Listing Rule Reference	Requirement	Comments/Details
Rule 824	Every issue of company warrants or other convertible securities not covered under a general mandate must be specifically approved by shareholders in general meeting.	Not applicable. The allotment and issue of the Tranche 2 Convertible Bonds, the Warrants, Conversion Shares and Warrant Shares will be subject to the specific approval of shareholders of the Company at the SGM to be convened.
Rule 826	If application is made for the listing of company warrants or other convertible securities, the Exchange will normally require a sufficient spread of holdings to provide for an orderly market in the securities. As a guide, the Exchange expects at least 100 warrantholders for a class of company warrants.	Not applicable. The Tranche 2 Convertible Bonds and the Warrants will not be listed or quoted on the Official List of the SGX-ST.
Rule 828	Each company warrant must:— (1) give the registered holder the right to subscribe for or buy one share of the issuer; and (2) not be expressed in terms of dollar value.	This rule has been complied with. Terms of the Warrants can be found in Paragraph 3.1 of the Circular.
Rule 829	The terms of the issue must provide for:— (1) adjustment to the exercise or conversion price and, where appropriate, the number of company warrants or other convertible securities, in the event of rights, bonus or other capitalisation issues; (2) The expiry of the company warrants or other convertible securities to be announced, and notice of expiry to be sent to all holders of the company warrants or other convertible notice of expiry to be sent to all holders of the company warrants or other convertible securities at least 1 month before the expiration date; and	This rule has been complied with. For Terms and Conditions (CB2) and the New Terms, the relevant provisions are Condition 6(C), Condition 3(F) and Condition 11. For Terms and Conditions (Warrants), the relevant provisions are Condition 1(f), Condition 1(b) and Condition 6.

	(3) Any material alteration to the terms of company warrants or other convertible securities after issue to the advantage of the holders of such securities to be approved by shareholders, except where the alterations are made pursuant to the terms of the issue.	
Rule 830	An issuer must announce any adjustment made pursuant to Rule 829(1).	This rule has been complied with. The Company has provided a written undertaking to announce any adjustment made pursuant to Rule 829(1).
Rule 831(1) to (4)	Except where the alterations are made pursuant to the terms of an issue, an issuer must not:— (i) extend the exercise period of an existing company warrant; (ii) issue a new company warrant to replace an existing company warrant; (iii) change the exercise price of an existing company warrant; or (iv) change the exercise ratio of an existing company warrant.	This rule is not applicable to convertible bonds and the amendments to Terms and Conditions (CB1) does not give rise to the 4 items listed under this rule. This rule has been complied with for the Warrants as the Terms and Conditions (Warrants) do not provide for any extension of the exercise period or replacement of the warrant or permit the changing of the exercise price/ratio in any form, other than in compliance with Rule 829(1).

5. IRREVOCABLE UNDERTAKINGS

Each of the Key Men has irrevocably undertaken to vote in favour of the resolutions at the SGM to be convened in connection with the Proposed Transactions, in respect of Shares held by them which in aggregate representing approximately 37.45% of the issued Shares as the Latest Practicable Date.

In fulfilment of one of the Conditions Precedent pursuant to the Tranche 2 Convertible Bonds Purchase Agreement, each of the Key Men has also given an irrevocable undertaking to the Investors (the "**Undertakings**", and each, and "**Undertaking**"), that unless and until the Investors' CB Investments have fallen below 5% of the Investors' Original CB Investments:

(a) he shall, and/or shall procure that his nominee(s) shall, among others:

(i) (in respect of Mr Guo Hong Xin and Mr Ma Ming, respectively) in his capacity as a Shareholder of the Company, vote in favour of the nomination and/or appointment of the Investor Directors to the Board and the Board's remuneration committee and nominating committee at any general meeting (and at any adjournment(s) thereof) of the Company, in respect of the Shares held by each of them which in aggregate represent approximately 20.03% and 17.43% of the issued Shares, respectively, as at the Latest Practicable Date;

(ii) in his capacity as a director of the Company, vote at or on any and all Board meetings or resolutions in favour of each of the Appointment Resolutions;

(iii) (in respect of Mr Guo Hong Xin only) in his capacity as a member of the nominating committee of the Board, vote at or on any and all nominating committee meetings or resolutions in favour of each of the Appointment Resolutions;

(b) (in respect of Mr Guo Hong Xin and Mr Ma Ming, respectively) remain as the executive chairman of the Company or executive director of the Company, respectively; and

(c) other than pledging their Shares or granting any other security over their Shares for the purposes of obtaining financing from a non-related party on an arm's length basis, not dispose more than 20% of the aggregate interest of the Key Men (held directly or indirectly) in the Shares as at the date of the Tranche 2 Convertible Bonds Purchase Agreement provided that each Key Man may sell up to 50% of his individual holdings in the Shares in the Company if the Company has removed him from his current position with the Company other than as a result of or in connection with a violation by himself of applicable law or any agreement or arrangement with the Company or the Investors.

As used herein, "**Appointment Resolutions**" means the resolutions of the Board to approve the nomination and/or appointment of such persons as designated by the Investor in accordance with the Tranche 2 Convertible Bonds Purchase Agreement from time to time to be (a) non-executive directors of the Company and (b) members of each of the Board's remuneration committee and nominating committee respectively.

6. INFORMATION ON THE INVESTORS

The information in this section relating to the Investors is based on publicly available information or the information provided and/or representations made by each of the Investors to the Company. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

Blue Starry Energy Limited is an investment holding company incorporated in British Virgin Islands and ultimately owned by DCP. DCP is a leading private equity firm focused on Greater China. The DCP team is one of the most experienced private equity investors in China with an outstanding long-term track record achieved across multiple cycles. Prior to founding DCP, Mr. David Liu was a Partner of KKR, Co-head of KKR Asia Private Equity and CEO of KKR Greater China. Mr. Liu has established one of the leading investment track records in Greater China over the past 25 years and was responsible for a number of successful and innovative investments such as Ping An Insurance, Mengniu Dairy, Qingdao Haier Co., Sunner Poultry, Belle International, Far East Horizon, Nanfu Battery, China Modern Dairy, Citic United Envirotech Ltd, China International Capital Corporation (CICC), China Cord Blood Corporation, Paradise Retail, Hengan International, COFCO Meat, Yuehai Feed, Asia Dairy, Uxin Limited etc. Mr. Liu currently serves as a non-executive director on the Board.

Combining their global investment perspective and extensive local network, DCP team members have accumulated deep industry knowledge and strong operational capabilities. As a long-term value investor, DCP is committed to building long-term, win-win partnerships with portfolio companies and help support value creation initiatives.

Glory Sky Vision Limited is an investment holding company incorporated in British Virgin Islands and ultimately indirectly and beneficially owned by CDH Fund V, an exempted limited partnership organized under the laws of the Cayman Islands. CDH V Manager, a limited liability company incorporated under the laws of the Cayman Islands, is the manager of CDH Fund V. CDH V Manager is a wholly-owned subsidiary of CDH. Founded in 1995, CDH is one of the leading private equity companies that focuses on growth capital and middle market buyout investments in Greater China. CDH seeks to create value in its private equity investments by working as a partner with management and bringing its resources, operational expertise and in-depth knowledge of the China market to its portfolio companies. Mr Li Lei is the Managing Director of CDH Investments Management (Hong Kong) Limited since January 2016 and he currently serves as a non-executive director on the Board.

As at the Latest Practicable Date, the Investors do not hold any shares. The Investors have not had any previous dealings with the Company, any of its directors or substantial shareholders (except that CDH (through Glory Sky Vision Limited) subscribed to US$110 million Tranche 1 Convertible Bonds issued by the Company on 3 March 2017) and of which US$60 million in principal amount of Tranche 1 Convertible Bonds were transferred to the affiliates of DCP Capital Partners L.P.. The Investors do not fall within any of the categories as set out in Rule 812 of the Listing Manual.

7. RISK FACTORS

Risk factors that are material to Shareholders and prospective investors in making an informed judgement on the Proposed Transactions are set out below. The risks described below are not intended to be exhaustive. Shareholders should carefully consider and evaluate each of the following risks and all other information contained in this Circular before deciding whether to vote in favour of the Proposed Transactions.

7.1. Conversion of the Bonds or (as the case may be) exercising of the Warrants and, where applicable, any downward adjustments to the Conversion Price will dilute the ownership interests of existing Shareholders and could adversely affect the market price of the Shares

The conversion of some or all of the Tranche 2 Convertible Bonds or (as the case may be) exercising of some or all of the Warrants will dilute the ownership interests of existing Shareholders. Any sales in the public market of the Conversion Shares or (as the case may be) Warrant Shares issuable upon such conversion or (as the case may be) exercise could adversely affect prevailing market prices for the Shares. In addition, the conversion of the Tranche 2 Convertible Bonds or (as the case may be) exercising of the Warrants may encourage short selling of the Shares by market participants.

In the event of a performance shortfall, the Conversion Price may be subject to downward adjustment. Such downward adjustment of the Conversion Price would allow the Bondholders to convert their Tranche 2 Convertible Bonds at a lower Conversion Price compared to the Conversion Price initially stipulated in the Terms and Conditions (CB2). Conversion carried out at a lower Conversion Price will result in the Bondholders receiving more Shares and consequently, may result in a further dilution in the shareholding interests of all other Shareholders.

Please refer to Appendix 2 and Appendix 6 to this Circular for the schedule and illustration of performance shortfall adjustments and for an extract of the conditions relating to adjustments to the Conversion Price specified in the Terms and Conditions (CB2), respectively.

7.2. Pre-Emptive Right of Bondholders may result in dilution to the shareholding interests of existing Shareholders

The Pre-Emptive Right granted to Bondholders under the Terms and Conditions (CB2) give the Bondholders the right to, *inter alia*, participate in an issue which will result in the issue of additional shares to a Bondholder. Please refer to paragraph 3.1 of this Circular under the heading "Pre-Emptive Right" for more information. Such exercise of Pre-Emptive Rights by the Bondholders may also limit the opportunities for existing Shareholders to participate in such future fundraising activities of the Company, and result in a dilution of the shareholding interests of existing Shareholders.

7.3. Rule 14 of the Code may be triggered due to conversion of the Bonds or (as the case may be) exercising of the Warrants and any downward adjustments (where applicable) to the Conversion Price or (as the case may be) Exercise Price, and the exercise of Pre-Emptive Rights in relation to additional shares to be issued

Shareholders should note that under Rule 14 of the Code, a person and persons acting in concert with it will incur an obligation to make a mandatory general offer for the Company if, *inter alia*, it and persons acting in concert with it acquire Shares carrying 30% or more of the voting rights of the Company. The effect of Rule 14 of the Code with respect to the exercise by a Bondholder or (as the case may be) Warrantholder of its Conversion Rights is that unless exempted, such Bondholder or (as the case may be) Warrantholder and persons acting in concert with it will incur a mandatory general offer obligation under Rule 14 of the Code if it receives Conversion Shares (based on a Conversion Price) or (as the case may be) Warrant Shares (based on the Exercise Price) which results in it holding 30% or more of the share capital of the Company.

Shareholders should note that there is no assurance that a Bondholder or (as the case may be) Warrantholder will exercise its right of conversion in respect of any or all the Tranche 2 Convertible Bonds or (as the case may be) Warrants, nor that the Conversion Price or (as the case may be) Exercise Price will be adjusted. Shareholders should note there is therefore no certainty that there will be any mandatory general offer made by a Bondholder or (as the case may be) Warrantholder on conversion of any or all of the Tranche 2 Convertible Bonds or (as the case may be) on exercising any or all of the Warrants.

Furthermore, in the event a Bondholder, pursuant to its Pre-Emptive Right, increases its shareholding in the Company, such additional shares as may be issued to it together with any Conversion Shares it may have, may result in it and its concert parties holding 30% or more of the Shares, thereby incurring a mandatory general offer obligation pursuant to Rule 14 of the Code.

Shareholders should note that there is again no assurance that a Bondholder will exercise its Pre-Emptive Right. Shareholders should note there is again therefore no certainty that there will be any mandatory general offer made by a Bondholder on the issuance of any additional shares.

7.4. The Bondholders have the right to require the Company to redeem the Tranche 2 Convertible Bonds of an total aggregate principal amount of US$180 million in certain circumstances which will reduce the amount of cash flow available to the Company

Unless previously redeemed or converted and cancelled as provided in the Terms and Conditions (CB2), the Company will redeem each Bond at the Maturity Date at a redemption price equal to (i) 100% of the outstanding principal amount, plus (ii) accrued and unpaid Interest on the outstanding principal amount of the Tranche 2 Convertible Bond, plus (iii) a premium that would generate for the holder of each Tranche 2 Convertible Bond the Redemption YTM. The Company may not redeem the Tranche 2 Convertible Bonds at its option prior to that date.

The Bondholders are further entitled to require the Company to redeem all or some only of their Tranche 2 Convertible Bonds in certain circumstances prior to the Maturity Date at a redemption price equal to (i) 100% of their principal amount, plus (ii) unpaid Interest accrued to but excluding the redemption date, plus (iii) a premium that would generate for the holder of each Tranche 2 Convertible Bond the Redemption YTM. Such circumstances referred to would be (i) the occurrence of one of the three Relevant Events as described in paragraph 3.1 of this Circular; and (ii) where the Adjusted PATMI for any financial year is less than the Adjusted PATMI for the immediately preceding financial year. For more information, please refer to paragraph 3.1 of this Circular under the headings "Redemption at the Option of the Bondholders" and "Redemption at Maturity". To effect such redemption, the Company will have to utilise its existing cash resources and/or undertake alternative financing to raise cash. In the case of the former, the amount of cash flow available to the Company after effecting the redemption of the Tranche 2 Convertible Bonds will be reduced and in the case of the latter, there is no assurance that the Company is able to secure alternative financing on commercially favourable terms.

In the event that the Company is unable to redeem the Tranche 2 Convertible Bonds within the timeframe stipulated in the Terms and Conditions (CB2), this may trigger an event of default under the Terms and Conditions (CB2), meaning that any Tranche 2 Convertible Bond may become immediately due and payable at a price that may generate for the holder of such Tranche 2 Convertible Bond a total IRR of 20%, assuming that the holder acquired such Tranche 2 Convertible Bond at its initial principal amount on the Closing Date and taking into account all interest, cash dividends and/or distributions paid by the Company and received by the holder (and would have been paid by the Company and received by the holder had the holder acquired such Tranche 2 Convertible Bond at its initial principal amount on the Closing Date) in respect of such Tranche 2 Convertible Bond. Please refer to Appendix 8 to this Circular for an extract of the conditions relating to events of default under the Terms and Conditions (CB2).

7.5. The outstanding indebtedness of the Company will increase substantially with the issue of the Tranche 2 Convertible Bonds, which may negatively affect its results of operations or future financing activities

After giving effect to the issue of the Tranche 2 Convertible Bonds, the Company's long-term debt excluding current portions will increase substantially. This increased indebtedness may impact the Company by (a) increasing its interest expense and related debt service costs, (b) making it more difficult to obtain additional financing and (c) constraining its ability to react quickly in an unfavourable economic climate. Any of these events may in turn negatively affect the results of operations or future financing activities of the Company.

7.6. The Terms and Conditions (CB2) contain certain covenants which require the approval of majority Bondholders for various corporate actions by the Company

Under the Terms and Conditions (CB2), so long as the Investors' CB Investments are not less than 5% of the Investors' Original CB Investments, the prior written consent of the majority Bondholders is required for certain corporate matters described in paragraph 3.1 of this Circular under the heading "Other Covenants". If such Bondholder consent is not obtained, the Company may not seek the approval of Shareholders for such corporate matters. Such matters include but are not limited to changing the Company's business scope, issuing securities (other than the Tranche 2 Convertible Bonds, the Warrants, the Conversion Shares, the Warrant Shares and any Shares issued pursuant to the ESOS), changing the size and composition of the Company's board of directors, changing the compensation of the Key Men or altering the terms of their appointment, changing the Company's audit firm (other than one of the Big Four audit firms), or taking any voluntary corporate action which would require Shareholders' approval.

Therefore, the Company may be restricted and prevented from undertaking such corporate actions. In the event that the Company does not comply with any of these covenants, this may similarly trigger an event of default under the Terms and Conditions (CB2).

In addition, such restrictive covenants on the Company may discourage, delay or deter a potential take-over bid by third-party buyers.

7.7. The Company may not be able to adequately monitor the Final Exit of the Investors in connection with the Excess Performance Adjustment Sharing and the Excess Return Sharing

The Excess Performance Adjustment Sharing Proceeds and/or the Excess Return Sharing Proceeds payable to the Company (if any) depend to a large extent on the amount of Proceeds received by the Investors following its Final Exit. Please refer to paragraph 3.1 of this Circular for further details. Although each Investor has undertaken to provide the Company (upon any sale of the Investor's Securities) with the redacted sale agreement(s) and an officer's certificate setting out the details of the sale transaction, the Company will still depend on each Investor to provide it with accurate and complete information. Therefore, the Company may not be able to adequately monitor the sale of the Investor's Securities by each Investor or verify the amounts of Excess Performance Adjustment Sharing Proceeds and/or the Excess Return Sharing Proceeds it may be entitled to receive.

8. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the Company has an authorised share capital of US$14,000,000 divided into 1,400,000,000 Shares of US$0.01 each. For purposes of the Proposed Transactions and, in particular, to facilitate the issue of Conversion Shares and Warrant Shares, the Company intends to increase its authorised share capital to US$23,000,000 divided into 2,300,000,000 shares of US$0.01 each. Accordingly, the Company will seek the approval of Shareholders for the increase in authorised share capital at the SGM to be convened.

9. PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST

Rule 803 of the Listing Manual provides that an issuer must not issue securities to transfer a controlling interest without prior approval by Shareholders in a general meeting. Under the Listing Manual, a controlling shareholder is a person who (a) holds directly or indirectly 15% or more of the total number of issued Shares, or (b) in fact exercises control over the Company.

As at Latest Practicable Date, the Investors do not hold any shares. Assuming completion of the Proposed Convertible Bonds Issue in full, and in the event that each Investor convert all the Tranche 2 Convertible Bonds at the initial Conversion Price of S$0.60 each and the Tranche 1 Convertible Bonds are converted in full at the conversion price of S$0.50 each, and further assuming that the US$30 million Warrants issued to the Investors were exercised in full at the exercise price of S$0.70 per Warrant Share, DCP and CDH will be issued 305,388,000 and 164,850,000 Conversion Shares, respectively, and 49,393,469 and 8,232,245 Warrant Shares, respectively. The aggregate total amount of Conversion Shares and Warrant Shares thus issued to each of DCP and CDH will represent approximately 26.78% and 13.07% of the total issued Shares of the Company on a fully-diluted basis, respectively (assuming that all outstanding options under the ESOS as at the Latest Practicable Date are exercised in full and excluding treasury shares). Further, the terms of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds provide for situations whereby the conversion price can be adjusted downwards should the relevant performance targets not be met. Please see “Conversion Price Adjustments” in the Appendix to this Circular. Applying the floor of RMB154 million as the numerator as explained in the above-mentioned section, the full conversion of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds by the Investors will result in each Investor holding more than 15% of the Enlarged Share Capital. In such a situation, there will be a transfer of controlling interest in the Company. Accordingly, the Company will seek the approval of Shareholders for the potential transfer of controlling interest at the SGM to be convened.

Please refer to paragraph 13 of this Circular for the change in shareholding interests of the Directors, Substantial Shareholders and the Investor pursuant to the Proposed Transactions.

Shareholders should note that a potential transfer of controlling interest in the Company may arise only in the event that the Tranche 2 Convertible Bonds are converted or (as the case maybe) Warrants are exercised such that the Investors are issued Conversion Shares or (as the case may be) Warrant Shares amounting to 15% or more of the fully-diluted share capital, as described above.

10. AUDIT COMMITTEE’S STATEMENT

The Audit Committee has considered (i) the benefits of and rationale for the Proposed Transactions; (ii) the Terms and Conditions (CB2) (including but not limited to the Conversion Price, cash coupon, Performance Targets, Performance Adjustments in the event of Performance Shortfall and corresponding lower Conversion Price as well as lowest potential Conversion Price, dilutive effect on Shareholders as well as maximum potential dilution, Excess Performance Adjustment Sharing, Excess Return Sharing and Redemption YTM); and (iii) the Terms and Conditions (Warrants) (including but not limited to the Exercise Price and the Exercise Period), and is of the view that the Terms and Conditions (CB2) and the Terms and Conditions (Warrants) are not prejudicial to the interests of the Company and the Shareholders.

In relation to the Performance Targets, the Audit Committee has made due and careful enquiries with the management on the reasonableness of the bases and assumptions underlying the Performance Targets. Such enquiries include discussions with management on the performance of the already operating GI projects, the progress of the projects under construction, the nature, size, revenue and expected return to be generated from pipeline projects and industry outlook of the environmental and anti-smog sector in the PRC. In addition, the Audit Committee commissioned an independent professional service firm to carry out agreed-upon procedures on the key bases and assumptions in arriving at the Performance Targets in particular relating to GI projects which will account for a significant proportion of the Performance Targets.

The Audit Committee notes the rationale for the Proposed Transactions, as described in paragraph 2 of this Circular, and that the Proposed Transactions were made on an arm's length basis, as described in paragraph 3 of this Circular. The Audit Committee has further noted and considered the terms of the Proposed Transactions, including the fact that the Warrants will be issued at nil consideration to the Investors.

The Audit Committee considers the issue of the Tranche 2 Convertible Bonds and Warrants to the Investors to be in the best interests of the Company and the Shareholders based on the key reasons below.

(a) Sizeable and critical capital for expansion in GI business so as to generate growth and recurring income for the Group

The Tranche 2 Convertible Bonds issuance will provide the Group with US$70 million and the Warrants, if fully exercised by the Investors, will also provide the Group with another US$30 million. The sizeable capital injection will be critical for the Group's expansion and further investment in GI related business, including by way of Build-Operate-Transfer (BOT), Build-Owned-Operate (BOO) and/or Transfer-Operate-Transfer (TOT) models of centralised steam and electricity projects and other environmental protection related projects. Such investments, if successful, will generate both growth and annually recurring income for the Group, which will be beneficial to the Group and the Shareholders.

(b) The Tranche 2 Convertible Bonds and Warrants will be issued on reasonable terms

(i) The Conversion Price of S$0.60 per Conversion Share represents a premium of 20.0%, 20.0% and 25.5% to the conversion price of Tranche 1 Convertible Bonds of S$0.50, to the last trading price of S$0.50 on the LTP and to the one month VWAP prior to 18 May 2018, being the last trading day before the Announcement, or S$0.4782 respectively;

(ii) The relatively low interest rate of 2.5% per annum payable on the Tranche 2 Convertible Bonds; and

(iii) The Warrants exercise price of S$0.70 and S$0.80 represents a premium of 40.0% and 60.0% to the LTP.

(c) The Investors are expected to be value-added partners

As set out in paragraph 6 of this Circular entitled "Information on the Investors" of this Circular, DCP and CDH are experienced, leading private equity firms in the PRC with outstanding long-term track record. The Audit Committee considers that given the credentials and track records of DCP and CDH, they may value-add for the Group through their resources, operational expertise and in-depth knowledge of the PRC market.

(d) The Key Men are committed to the Company's long-term partnership with the Investors

Each of the Key Men is also committed to the Company's long-term partnership with the Investors, and has given the Investors an irrevocable undertaking that unless and until the Investors' CB Investments have fallen below 5% of the Investors' Original CB Investments, that *inter alia*:

(i) each of the Key Men shall vote in favour of the Appointment Resolutions;

(ii) each of the Key Men shall not dispose more than 20% of the aggregate interest of the Key Men (held directly or indirectly) in the Shares as at the date of the Purchase Agreement; and

(iii) each of the Key Men shall not voluntarily resign from his current role as the executive chairman or executive director (as the case may be) of the Company.

The Audit Committee believes that the show of support by the Key Men for the Company's long-term partnership with the Investors is beneficial to the Company and the Shareholders.

11. FINANCIAL EFFECTS

We set out below the financial effects of the Proposed Transactions for illustration purposes, assuming:

(a) the Total Convertible Bonds and the maximum Warrants were issued on 1 January 2017 and not converted or exercised as at 31 December 2017;

(b) the Total Convertible Bonds and the maximum Warrants are issued on 1 January 2017, and Total Convertible Bonds are converted as at 31 December 2017 (and the maximum Warrants are not exercised);

(c) the Total Convertible Bonds and the maximum Warrants are issued on 1 January 2017, and the Total Convertible Bonds are converted and the maximum Warrants are exercised as at 31 December 2017.

The computations are purely for illustrative purposes only and do not reflect the actual financial results and financial position of the Group after the Proposed Transactions. In particular, the financial effects on the financial performance and position of the Group assuming the Net Proceeds have been deployed have not been taken into account as there is no way to ascertain the financial effects of deployment of Net Proceeds in an accurate manner.

11.1. EPS

We set out below the financial effects on the EPS.

	FY 2017	**FY 2017, assuming Total CBs and maximum Warrants were issued on 1 January 2017 and Total CBs are not converted and maximum Warrants are not exercised as at 31 December 2017**	**FY 2017, assuming Total CBs and maximum Warrants were issued on 1 January 2017, and the Total CBs were converted on 31 December 2017 (and the Warrants not exercised), and based on the Enlarged Share Capital**	**FY 2017, assuming Total CBs and Warrants were issued on 1 January 2017 and Total CBs were converted on, and the maximum Warrants were exercised on, 31 December 2017, and based on the Enlarged Share Capital**
Income attributable to Shareholders (RMB' million)	145.6	102.8[(1)]	129.3[(2)(3)]	129.3[(2)(3)]
No. of Shares ('million)	737.7	737.7	1,267.1	1,324.7
EPS (RMB cents)	19.74	13.93	10.20[(3)(4)]	9.76[(3)(4)]

Notes:

(1) Assuming that the Tranche 2 Convertible Bonds and Warrants are issued and there is no conversion, for illustrative purposes, the financing cost takes into account the aggregate of (i) 8.0% per annum (based on Redemption YTM of 8.0%) on US$70 million; and (ii) amortisation of the CB2 issuance expenses at US$0.25 million per annum (total estimated issuance expenses of US$1.0 million amortised over the four (4) year tenure of the Tranche 2 Convertible Bonds).

Under financial reporting standards, the Tranche 2 Convertible Bonds have to be bifurcated into a debt host component and a derivative liability component, representing the fair value of the option given to two Bondholders. The effective financing cost will be calculated with reference to the debt host component; and may vary from the above illustrative calculation. The derivative liability component and the Warrants will be subject to fair value adjustment at each reporting date with changes to fair value recorded in the profit and loss. The above illustration does not account for the bifurcation and the effect of changes in the fair value of the conversion option and the Warrants over time.

(2) Assuming that the Tranche 2 Convertible Bonds are issued and converted, for illustrative purposes, the financing cost takes into account the aggregate of (i) the cash coupon of 2.5% per annum on US$70 million; and (ii) the amortisation of the CB2 issuance expenses at US$0.25 million per annum.

Under financial reporting standards, the Tranche 2 Convertible Bonds have to be bifurcated into a debt host component and a derivative liability component, representing the fair value of the option given to two Bondholders. The effective financing cost will be calculated with reference to the debt host component; and may vary from the above illustrative calculation. The derivative liability component and the Warrants will be subject to fair value adjustment at each reporting date with changes to fair value recorded in the profit and loss. The above illustration does not account for the bifurcation and the effect of changes in the fair value of the conversion option and the Warrants over time.

(3) Assuming the deployment of Net Proceeds of the Proposed Transactions has not been taken into account, as there is no way to ascertain the financial effects of deployment of Net Proceeds on the earnings in an accurate manner.

(4) The computation of number of Shares assumes no performance shortfall and no adjustment to the initial Conversion Price of S$0.60. For the avoidance of doubt, in the event any Performance Adjustment to the Conversion Price is necessary, such adjustment will be computed based on the Company's actual audited financial statements for FY 2020 and FY 2021. Please refer to **Appendix 2** to this Circular for an illustration of the effects of Performance Adjustments.

For illustrative purposes, EPS is calculated based on the income attributable to Shareholders divided by the Enlarged Share Capital at the end of the respective periods. Under financial reporting standards, the number of shares used in calculating EPS is based on the time weighted number of shares during the period.

11.2. NTA per Share

We set out below the financial effects on NTA per Share:

	FY 2017	**FY 2017, assuming Total CBs and maximum Warrants were issued on 1 January 2017 and Total CBs are not converted and maximum Warrants are not exercised as at 31 December 2017**	**FY 2017, assuming Total CBs and maximum Warrants were issued on 1 January 2017, and the Total CBs were converted on 31 December 2017 (and the Warrants not exercised), and based on the Enlarged Share Capital**	**FY 2017, assuming Total CBs and Warrants were issued on 1 January 2017 and Total CBs were converted on, and the maximum Warrants were exercised on, 31 December 2017, and based on the Enlarged Share Capital**
NTA (RMB' million)(1)	1,157.6	1,157.6(2)	2,516.1(2)	2,516.1(2)
No. of Shares ('million)	737.7	737.7	1,267.1(3)	1,324.7(3)
NTA per Share (RMB cents)	156.93	156.93	198.57(2)(3)	189.93(2)(3)

Notes:

(1) NTA represents net assets attributable to equity holders of the Company. It excludes intangible assets and goodwill but include land use rights and concession service arrangements which are capitalised.

(2) The financial effects on NTA and NTA per Share takes into account the Net Proceeds from the proposed Tranche 2 Convertible Bonds issue and Warrants of approximately US$99.0 million, after deducting estimated issuance expenses of approximately US$1.0 million.

(3) The computation of number of Shares assumes no performance shortfall and no adjustment to the initial Conversion Price of S$0.60. For the avoidance of doubt, in the event any Performance Adjustment to the Conversion Price is necessary, such adjustment will be computed based on the Company's actual audited financial statements for FY 2020 and FY 2021. Please refer to **Appendix 2** to this Circular for an illustration of the effects of Performance Adjustments.

11.3. Net Gearing

We set out below the financial effects on the gearing:

	FY 2017	FY 2017, assuming Total CBs and maximum Warrants were issued on 1 January 2017 and Total CBs are not converted and maximum Warrants are not exercised as at 31 December 2017	FY 2017, assuming Total CBs and maximum Warrants were issued on 1 January 2017, and the Total CBs were converted on 31 December 2017 (and the Warrants not exercised), and based on the Enlarged Share Capital	FY 2017, assuming Total CBs and Warrants were issued on 1 January 2017 and Total CBs were converted on, and the maximum Warrants were exercised on, 31 December 2017, and based on the Enlarged Share Capital
Net Debt/Equity (times)[(1)]	0.5[(2)]	0.5[(2)(3)]	0.4	0.3

Notes:

(1) Net debt/equity is calculated based on net debt divided by equity attributable to equity holders of the Company. Net debt is calculated based on interest bearing borrowings less cash and cash equivalents (which excludes the net proceeds of utilised Tranche 1 Convertible Bonds, the Proposed Tranche 2 Convertible Bonds Issue and the Proposed Warrants Issue as it is assumed that these monies are fully deployed so as to provide a more meaningful gearing position).

(2) For illustration purposes, interest bearing borrowings as at 31 December 2017 does not include the debt host component of Tranche 1 Convertible Bonds which were issued on 3 March 2017, so as to provide a more meaningful gearing position without the financial effect of the Tranche 1 Convertible Bonds.

(3) The bifurcation of the Tranche 2 Convertible Bonds into its debt host and derivative liability components is subject to its issuance and valuation by an independent valuer. As such, for illustration purposes, the debt host component of Tranche 2 Convertible Bonds have not been included as part of interest bearing borrowings for the purpose of calculating net gearing.

11.4. Issued Share Capital

We set out below the financial effects on issued Share capital:

	FY 2017	FY 2017, assuming Total CBs and maximum Warrants were issued on 1 January 2017 and Total CBs are not converted and maximum Warrants are not exercised as at 31 December 2017	FY 2017, assuming Total CBs and maximum Warrants were issued on 1 January 2017, and the Total CBs were converted on 31 December 2017 (and the Warrants not exercised), and based on the Enlarged Share Capital	FY 2017, assuming Total CBs and Warrants were issued on 1 January 2017 and Total CBs were converted on, and the maximum Warrants were exercised on, 31 December 2017, and based on the Enlarged Share Capital
No of Shares (‘million)	737.7	737.7	1,267.1	1,324.7
Issued and paid up share capital (US$’ million)(1)	7.4	7.4	12.7(2)	13.2(2)

Notes:

(1) Net issued and paid up share capital is calculated based on a par value of US$0.01 per Share. The difference between the initial Conversion Price of S$0.60 per Share and the par value of the Share is classified as share premium which is not reflected in the above table.

(2) The computation of number of Shares assumes no performance shortfall and no adjustment to the initial Conversion Price of S$0.60. For the avoidance of doubt, in the event any Performance Adjustment to the Conversion Price is necessary, such adjustment will be computed based on the Company’s actual audited financial statements for FY 2020 and FY 2021. Please refer to **Appendix 2** to this Circular for an illustration of the effects of Performance Adjustments.

11.5. Financial Effects of Tranche 1 Convertible Bonds under the Existing Terms and under the Proposed Transactions

In accordance with SFRS (I) 1-32 and SFRS (I) 1-39, the Company will disclose a breakdown of its convertible bonds into a debt liability component and a derivative liability component. At the date of issue, the fair value of the derivative liability is estimated using the Binomial model. The Binomial model takes into account the share price, the share price volatility, the probability of the conversion of the convertible bonds which may be affected by the achievability of the performance target, of the Company at the point of valuation. The fair value of the derivative liability is re-measured at the end of each financial period with changes in fair value recognised in the profit and loss statement.

In the tables above, the Tranche 1 Convertible Bonds are presented in accordance with the terms of the Tranche 1 Convertible Bonds currently in place. Upon the legal completion of the Proposed Transactions, the terms of the Tranche 1 Convertible Bonds will be amended accordingly to align with the terms of the Tranche 2 Convertible Bonds. Such changes are non-adjusting events and will not be retrospectively applied or restated for the financial statements for the financial year ended 31 December 2017. Upon the legal completion of the Proposed Transactions, the Company will re-measure the fair value change of the Tranche 1 Convertible Bonds at the end of each financial quarter in accordance with the new terms then in place as required under SFRS (I) 1-32 and SFRS (I) 1-39.

For illustrative purposes, please refer to Appendix 10 to this Circular, which illustrates how Tranche 1 Convertible Bonds would have been presented in the financial statements, had the Proposed Transactions been in place since the inception of Tranche 1 Convertible Bond on 3 March 2017. The figures in Appendix 10 to this Circular are strictly for illustrative purposes only and are prepared by an independent valuer, Nexia TS Advisory Pte. Ltd., using the valuation methodology specified therein. They may not be representative of the actual financial impact of the Proposed Transactions after such transactions are completed. The actual financial impact of the Proposed Transactions (in the context of the valuation of the Tranche 1 Convertible Bonds and its impact on the profit and loss account of the Company) will depend on factors including (but not limited to) the share price, the share price volatility and the probability of the conversion of the Tranche 1 Convertible Bonds at the time of valuation.

11.6. Performance Targets would not be affected by fair value changes of the Total Convertible Bonds

For the avoidance of doubt, such fair value gain or loss difference will not be counted towards the fulfillment of any Performance Target under Tranche 1 Convertible Bonds or Tranche 2 Convertible Bonds. This is because Performance Targets take reference to Adjusted PATMI (as defined in Appendix 1 to this Circular) which adjusts for any fair value gains or losses to the convertible bonds.

11.7. Other Assumptions

Other than the assumptions set out above, the other assumptions are as follows:

(a) the Enlarged Share Capital is as defined under the section entitled “Definitions” of this Circular; and

(b) the exchange rates of US$1 : S$1.3446 as set out in the Purchase Agreement and US$1 : RMB6.8842 as at the Latest Practicable Date have been used.

12. PREVIOUS FUNDRAISING ACTIVITIES

The Company has raised funds from the equity capital markets in the two (2) years prior to the Latest Practicable Date as follows:

<u>Issuance of Tranche 1 Convertible Bonds in 2017</u>

On 14 December 2016, the Company entered into a purchase agreement with Glory Sky Vision Limited (“**Glory Sky**”), pursuant to which the Company agreed to issue and sell to Glory Sky the Tranche 1 Convertible Bonds. The Tranche 1 Convertible Bonds will be convertible at the option of the holder thereof into fully paid shares at an initial conversion price of S$0.50 per share. On 3 March 2017, the Company successfully completed the issuance of the Tranche 1 Convertible Bonds to Glory Sky to fund the Company’s GI related business. Subsequent to the issuance of the Tranche 1 Convertible Bonds, US$60,000,000 in principal amount of the Tranche 1 Convertible Bonds have been transferred by CDH Fund V to three distinct entities of DCP on 10 January 2018. As of 10 January 2018, Glory Sky holds US$50,000,000 of the Tranche 1 Convertible Bonds, Blue Starry Energy Limited (a wholly-owned subsidiary of DCP) holds US$46,000,815 of the Tranche 1 Convertible Bonds, and Green Hawaii Air Limited and Alpha Keen Limited (each a wholly-owned subsidiary of DCP) holds US$2,999,185 and US$11,000,000 respectively.

13. INTERESTS OF DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND THE INVESTORS

We have set out below the interests (if any) of the Directors, the Substantial Shareholders and the Investors (i) as at the Latest Practicable Date and (ii) assuming (A) full conversion of the Tranche 1 Convertible Bonds, (B) full conversion of the Total Convertible Bonds and (C) full conversion of the Total Convertible Bonds and full exercise of the maximum Warrants at the exercise price of S$0.70.

		As at the Latest Practicable Date		Assuming full conversion of CB1s		Assuming full conversion of Total CBs		Assuming full conversion of Total CBs and full exercise of maximum Warrants at S$0.70 Warrants	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors	**Holding Entities**								
Guo Hong Xin	Allgreat Pacific Limited	76,287,983	10.34%	76,287,983	6.87%	76,287,983	6.03%	76,287,983	5.76%
	Sunpower Business Group Pte. Ltd.	71,428,571	9.68%	71,428,571	6.43%	71,428,571	5.64%	71,428,571	5.39%
				5,922,000[17]	0.53%[9]	5,922,000[9]	0.47%[9]	5,922,000[9]	0.45%[9]
Sub-total		**147,716,554**	**20.03%**	**153,638,554**	**13.84%**	**153,638,554**	**12.13%**	**153,638,554**	**11.60%**
Ma Ming	Claremount Consultancy Limited	57,113,166	7.74%	57,113,166	5.14%	57,113,166	4.51%	57,113,166	4.31%
	Tournan Trading Pte. Ltd.	71,428,571	9.68%	71,428,571	6.43%	71,428,571	5.64%	71,428,571	5.39%
				8,968,000[17]	0.81%[9]	8,968,000[9]	0.71%[9]	8,968,000[9]	0.68%[9]
Sub-total		**128,541,737**	**17.43%**	**137,509,737**	**12.39%**	**137,509,737**	**10.85%**	**137,509,737**	**10.38%**
Substantial Shareholders (other than Directors)									
Dr Lin Yucheng	n.a.	100,000,000	13.56%	100,000,000	9.01%	100,000,000	7.89%	100,000,000	7.55%
Pan Shuhong	Joyfield Group Limited	66,154,120	8.97%	66,154,120	5.96%	66,154,120	5.22%	66,154,120	4.99%
Pan Shuhong	n.a.	19,393,198	2.63%	19,393,198	1.75%	19,393,198	1.53%	19,393,198	1.46%
Sub-total		**85,547,318**	**11.60%**	**85,547,318**	**7.71%**	**85,547,318**	**6.75%**	**85,547,318**	**6.46%**
Investors									
DCP		–	–	170,928,000	15.40%	305,388,000	24.10%	354,781,469	26.78%
CDH		–	–	142,440,000	12.83%	164,850,000	13.01%	173,082,245	13.07%

17 These Shares represent the entitlements of Mr Guo Hong Xin and Mr Ma Ming under the ESOS but have yet to be issued.

Pursuant to the Excess Return Sharing (if any), each of the Key Men may be eligible to participate in the Management Incentive Scheme as members of the management of the Company. Shareholders should note that all distributions to management employees under the Management Incentive Scheme will be determined and allocated by the Remuneration Committee of the Company based on the performance and contribution of the management employees. Each of the Key Men (in his capacity as a Director) will also abstain from voting in respect of any determination or allotment of the Management Incentive Scheme for management employees, if any. Please refer to paragraph 3.1 of this Circular for further particulars in this regard.

As at the Latest Practicable Date, save as disclosed in the Announcement and this Circular, none of the directors or substantial shareholders has any interest (other than their respective shareholding in the Company), direct or indirect, in the Proposed Transactions.

14. SPECIAL GENERAL MEETING

The SGM, notice of which is set out on pages 109 to 112 of this Circular, will be held at 10.00 a.m. (Singapore time) on 6 September 2018 at Level 1, Libra & Gemini, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 for the purpose of considering and, if thought fit, passing with or without modifications the resolutions relating to the Proposed Transactions as set out in the Notice of SGM.

15. INTER-CONDITIONALITY OF RESOLUTIONS TO BE PASSED

In voting for the resolutions set out in the Notice of SGM, Shareholders should note that these resolutions are inter-conditional, and none of the Proposed Transactions will be proceeded with in the event any resolution is not passed.

16. ACTION TO BE TAKEN BY SHAREHOLDER

If a Depositor who is an individual is unable to attend the SGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed depositor proxy form ("**Depositor Proxy Form**") in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, not later than 48 hours before the time fixed for the SGM. Completion and return of the Depositor Proxy Form by a Depositor will not preclude him from attending and voting in person at the SGM in place of his proxy if he so wishes.

A Depositor will not be entitled to attend the SGM as the CDP's proxy and to speak and vote thereat unless his name appears on the Depository Register as at 48 hours before the SGM.

A Depositor who is not an individual can only be represented at the SGM if its nominee/nominees is/are appointed as the CDP's proxy/proxies. To appoint its nominee/nominees as proxy/proxies of the CDP and to enable its nominee/nominees to attend and vote at the SGM, such Depositor should complete, execute and deposit the Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event, so as to reach the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd. at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, not later than 48 hours before the time fixed for the SGM.

17. DIRECTORS' RECOMMENDATIONS

Liu Haifeng David and Li Lei are members of the Board of Directors and were appointed to the Board of Directors pursuant to the terms of the Tranche 1 Convertible Bonds Purchase Agreement. As such, both Liu Haifeng David and Li Lei will abstain from making any recommendations on the Proposed Transactions.

Save as disclosed above and for any interests in shares, none of the other Directors have any interest, direct and indirect, in the Proposed Transactions.

The Board of Directors (excluding Liu Haifeng David and Li Lei), having fully considered the terms and rationale of the Proposed Transactions, are of the opinion that the Proposed Transactions are in the interests of the Company and the Shareholders. Accordingly, save for Liu Haifeng David and Li Lei, the Board of Directors recommend that Shareholders vote in favour of the resolutions relating to the Proposed Transactions at the SGM.

18. RESPONSIBILITY STATEMENTS

18.1. 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 Transactions and the Group, 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.

18.2. To the best of the knowledge of SCCL, 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 SCCL is not aware of any facts the omission of which would make any statement in this Circular misleading.

19. CONSENT

19.1 SCCL, as Financial Adviser, has given and has not withdrawn its consent to the issue of this Circular, with the inclusion in this Circular of its name and all references to its name in the form and context in which it appears in the Circular.

19.2 Nexia TS Advisory Pte. Ltd., as independent valuer, has given and has not withdrawn its consent to the issue of this Circular, with the inclusion in this Circular of its name and all references to its name in the form and context in which it appears in the Circular.

20. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, during normal business hours on any weekday (public holidays excepted) from the date of this Circular up to and including the date of the SGM:

(a) the Tranche 2 Convertible Bonds Purchase Agreement (including the Terms and Conditions (CB2) which are appended to the Tranche 2 Convertible Bonds Purchase Agreement);

(b) the Company's SGXNET announcement and press release dated 22 May 2018 in relation to the signing of the Tranche 2 Convertible Bonds Purchase Agreement;

(c) the Company's SGXNET announcement dated 16 August 2018 in relation to the receipt of approval in-principle from the SGX-ST;

(d) the Annual Report of the Group for FY 2017; and

(e) the Memorandum of Association and Bye-laws of the Company.

Yours faithfully
Sunpower Group Ltd.

For and on behalf of the Board of Directors
Guo Hong Xin
Executive Director, Chairman

All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in the Tranche 2 Convertible Bonds Purchase Agreement and the Terms and Conditions (CB2).

The definition of the Adjusted PATMI is extracted from the Tranche 2 Convertible Bonds Purchase Agreement.

For avoidance of doubt, any benefit to the Company arising from Excess Return Sharing and Excess Performance Adjustment Sharing will not count towards fulfilment of any of the Performance Targets.

"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, Warrants 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 this Agreement."

APPENDIX 2 – 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 the Tranche 2 Convertible Bonds Purchase Agreement and the Terms and Conditions (CB2).

(Note: This appendix is purely for illustration purpose only and does not prejudice the provisions of the Terms and Conditions (CB1) and Terms and Conditions (CB2))

	FY 2020 (RMB' million)	**FY 2021 (RMB' million)**	
Illustrative Actual PATMI	300	300	
Performance Target	370	460	
Floor	154	154	
Illustrative ratio	81%	65%	
Illustrative applicable ratio to be applied to the Conversion Price, being the lower of FY 2020 and FY 2021 ratio		65%	
For CB1, the revised Conversion Price will be S$0.50 x the applicable ratio			S$0.33
For CB2, the revised Conversion Price will be S$0.60 x the applicable ratio			S$0.39

APPENDIX 2 – SCHEDULE OF ILLUSTRATION OF PERFORMANCE SHORTFALL ADJUSTMENTS

We set out below the adjusted Conversion Price and adjusted number of Shares to be issued to the Bondholders, assuming varied Actual PATMI achieved. For purposes of illustration, we had applied FY 2021 Performance Target of RMB460 million as the denominator.

Tranche 1 Convertible Bonds

Conversion Price		S$0.50	
Investment		US$110,000,000	S$156,684,000

Applicable Adjusted PATMI (RMB' million)	**Applicable Adjusted PATMI as a percentage of Performance Target**	**Applicable Conversion Price (S$)**	**Adjusted Conversion Shares**
460 and above	Performance Target met.	0.50	313,368,000
450	97.83%	0.489	320,318,921
300	65.22%	0.326	480,478,381
154 and below	33.48%	0.167	935,985,663

Tranche 2 Convertible Bonds

Conversion Price		S$0.60	
Investment		US$70,000,000	S$94,122,000

Applicable Adjusted PATMI (RMB' million)	**Applicable Adjusted PATMI as a percentage of Performance Target**	**Applicable Conversion Price (S$)**	**Adjusted Conversion Shares**
460 and above	Performance Target met.	0.600	156,870,000
450	97.83%	0.587	160,349,586
300	65.22%	0.391	240,524,379
154 and below	33.48%	0.201	468,548,387

APPENDIX 2 – SCHEDULE OF ILLUSTRATION OF PERFORMANCE SHORTFALL ADJUSTMENTS

Resultant Shareholdings After Illustrative Adjustments

Applicable Adjusted PATMI (RMB' million)	Adjusted Conversion Shares to be held by Bondholders	% 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
460 and above	470,238,000	37.11%	796,877,142	62.89%	1,267,115,142	100.00%
450	480,668,507	37.62%	796,877,142	62.38%	1,277,545,649	100.00%
300	721,002,760	47.50%	796,877,142	52.50%	1,517,879,902	100.00%
154 and below	1,404,534,050	63.80%	796,877,142	36.20%	2,201,411,192	100.00%

Notes:

(1) For purposes of illustration, FY 2021 performance target of RMB460 million has been used as the denominator.

(2) Adjustment, if any, will be based on Adjusted PATMI, to be calculated using audited financial statements for the applicable year.

(3) An initial adjustment will be carried out after the completion of FY 2020 audited financial statements.

(4) Where the FY 2021 ratio is higher than FY 2020 ratio, no further adjustments will be made.

(5) Where the FY 2021 ratio is lower than FY 2020 ratio, a further adjustment will be made, such that the total number of shares issued to the Bondholders will be no more than (investment/ adjusted Conversion Price), where the adjusted Conversion Price = non-adjusted Conversion Price x FY 2021 ratio.

APPENDIX 3 – SCHEDULE OF ILLUSTRATION OF EXCESS PERFORMANCE ADJUSTMENT SHARING

(Note: This appendix is purely for illustration purpose only and does not prejudice the provisions of the Terms and Conditions (CB1) and the Terms and Conditions (CB2))

Step 1. To Determine Excess Performance Adjustment Sharing

The following illustration should be read in conjunction with the section entitled "Principal Terms of the Proposed Convertible Bonds Issue and Warrant Issue – Performance Targets – Excess Performance Adjustment Sharing under Paragraph 3.1 of the Circular.

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$)	(i) Entitled Return (based on the respective initial conversion price for CB1s and CB2s (S$)	Number of entitled Shares under CB1s and CB2s	Illustrative Exit Price (S$)	(ii) Investor Proceeds at Target return of 20% IRR (S$)
35,714,400	35,714,400	600,000,000	500,000,000	1.20	564,285,600	564,285,600	470,238,000	1.20	538,257,194
–	(38,257,194)	500,000,000	500,000,000	1.00	538,257,194	470,238,000	470,238,000	1.00	538,257,194
–	(138,257,194)	400,000,000		0.80	538,257,194	376,190,400	470,238,000	0.80	538,257,194

Illustrative Excess Adjustment Sharing paid to the Company and declared as Special Dividend

Special Dividend to the Shareholders of the Company (excluding the Investors)	S$35,714,400
Existing Share Capital plus unissued shares reserved for ESOS	796,877,142
Gross Special Dividend per Share	S$0.04482
Gross Special Dividend per 1000 Share	S$44.82

APPENDIX 3 – SCHEDULE OF ILLUSTRATION OF EXCESS PERFORMANCE ADJUSTMENT SHARING

Minimum Return before Excess Adjustment Sharing will occur (20% IRR if the Final Exit is on or before the Maturity Date)

(US$)	3-Mar-17	30-Jun-18	3-Mar-18	30-Jun-18	3-Mar-19	30-Jun-19	3-Mar-20	30-Jun-20	3-Mar-21	30-Jun-21	3-Mar-22	Investor Proceeds (US$)
CB1s	(110,000,000)											
Cash Coupon of CB1s			2,750,000		2,750,000		2,750,000		2,750,000		2,750,000	13,750,000
CB2s		(70,000,000)										
Cash Coupons of CB2s				1,750,000		1,750,000		1,750,000		1,750,000	1,160,274	8,160,274
Proceeds on Final Exit less Transaction Cost, in order to achieve Target Return of 20% IRR											378,400,000	378,400,000
	(110,000,000)	(70,000,000)	2,750,000	1,750,000	2,750,000	1,750,000	2,750,000	1,750,000	2,750,000	1,750,000	382,310,274	400,310,274 (or S$538,257,194)

Notes:

(1) The above illustration assumes the sale of Tranche 1 Convertible Bonds, Tranche 2 Convertible Bonds and Conversion Shares is on 3 March 2022 (Initial Maturity Date).

(2) Tranche 2 cash coupon in the last year will be prorated by exact days based on 365 days a year.

(3) The above Final Exit price, actual Conversion Shares and exchange rates are presented purely for illustrative purposes. The actual Conversion Shares which may be issued will be subject to the performance of the Company and applicable adjustment mechanisms. There is no certainty that the targeted exit price will be achieved.

(4) Proceeds on exit includes return on the Investor's Securities less any Excess Return Sharing already paid to the Company.

(5) Any special dividend paid to the Shareholders of the Company arising from this Excess Performance Adjustment will be net of costs necessary for the transaction.

Step 2. To Determine Excess Return Sharing

The following illustration should be read in conjunction with the section entitled "Principal Terms of the Proposed Convertible Bonds Issue and Warrant Issue – Performance Targets – Excess Return Sharing under Paragraph 3.1 of the Circular.

(1) Based on the above, the Investor would have received US$400,310,274 (approximately S$538,257,194) after the Excess Performance Adjustment Sharing at 3 March 2022 for the Investor's Securities.

(2) It is anticipated that Excess Return Sharing (if any) will typically occur upon Final Exit, and after the Excess Performance Adjustment Sharing has been made. See Appendices 4 and 5 on the determination of Excess Return Sharing Proceeds.

APPENDIX 4 – SCHEDULE OF ILLUSTRATION OF EXCESS RETURN SHARING (US$10 MILLION)

All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in the Tranche 2 Convertible Bonds Purchase Agreement and the Terms and Conditions (CB2).

(Note: This appendix is purely for illustration purpose only and does not prejudice the provisions of the Terms and Conditions (CB1) and Terms and Conditions (CB2))

In order to motivate the management team towards a common goal and to align the interest of all stakeholders in the Company, the Investors have agreed that they will return a portion of their investment returns when they enjoy certain stipulated investment returns on exit.

If the Investors enjoy investment returns on a cumulative basis over time such that it exceeds the First Threshold, the Investors will return such excess to the Company but subject always to a cap of US$10 million.

<u>If on or before Initial Maturity Date</u>

Illustration 1: No Excess Return Sharing at 2x Tranche 1 Convertible Bonds of US$110 million

(US$)	**3-Mar-17**	**3-Mar-18**	**3-Mar-19**	**3-Mar-20**	**31-Dec-20**	**Investor Proceeds (US$)**
Investment	(110,000,000)					
Cash Coupon		2,750,000	2,750,000	2,750,000	2,237,671	10,487,671
Net proceeds on Final Exit					209,512,329	209,512,329
	(110,000,000)	2,750,000	2,750,000	2,750,000	211,750,000	220,000,000

Investments (US$)	(110,000,000)
2x investments (US$)	220,000,000
If Investors make (US$)	220,000,000
Return Multiple (x)	2.00
Excess Return Sharing Proceeds (US$)	**Nil**

APPENDIX 4 – SCHEDULE OF ILLUSTRATION OF EXCESS RETURN SHARING (US$10 MILLION)

Illustration 2: US$1 million Excess Return Sharing In Excess of 2x Tranche 1 Convertible Bonds of US$110 million

(US$)	3-Mar-17	3-Mar-18	3-Mar-19	3-Mar-20	31-Dec-20	Investor Proceeds (US$)
Investment	(110,000,000)					
Cash Coupon		2,750,000	2,750,000	2,750,000	2,237,671	10,487,671
Net proceeds on Final Exit					210,512,329	210,512,329
	(110,000,000)	2,750,000	2,750,000	2,750,000	212,750,000	221,000,000

Investments (US$)	(110,000,000)
2x investments (US$)	220,000,000
In excess of 2x (US$)	1,000,000
If Investors make (US$)	221,000,000
Return Multiple (x)	2.01
Excess Return Sharing Proceeds (US$)	**1,000,000**

	Number of Shares	US$	S$
Sharing with the Company		1,000,000	1,344,600
(a) For Management		500,000	672,300
(b) For Shareholders via Special Dividend		500,000	672,300
Existing Share Capital plus unissued shares reserved for ESOS	796,877,142		
Special Dividend per Share		0.000627	0.000844
Special Dividend per 1000 Shares		0.627	0.844

APPENDIX 4 – SCHEDULE OF ILLUSTRATION OF EXCESS RETURN SHARING (US$10 MILLION)

Illustration 3: US$10 million Excess Return Sharing In Excess of 2x Tranche 1 Convertible Bonds of US$110 million

(US$)	3-Mar-17	3-Mar-18	3-Mar-19	3-Mar-20	31-Dec-20	Investor Proceeds (US$)
Investment	(110,000,000)					
Cash Coupon		2,750,000	2,750,000	2,750,000	2,237,671	10,487,671
Net proceeds on Final Exit					219,512,329	219,512,329
	(110,000,000)	2,750,000	2,750,000	2,750,000	221,750,000	230,000,000

Investments (US$)	(110,000,000)
2x investments (US$)	220,000,000
In excess of 2x (US$)	10,000,000
If Investors make (US$)	230,000,000
Return Multiple (x)	2.1
Excess Return Sharing Proceeds (US$)	**10,000,000**

	Number of Shares	US$	S$
Sharing with the Company		10,000,000	13,446,000
(a) For Management		5,000,000	6,723,000
(b) For Shareholders via Special Dividend		5,000,000	6,723,000
Existing Share Capital plus unissued shares reserved for ESOS	796,877,142		
Special Dividend per Share		0.00627	0.008437
Special Dividend per 1000 Shares		6.274	8.437

Assumptions of Illustrations:

(1) The above illustrations assume the exit of Tranche 1 Convertible Bonds is on 31 December 2020 and the Warrant is exercised and realised on the same day on 31 December 2020.

(2) Tranche 1 Convertible Bonds investment is made on 3 March 2017.

(3) The above exit price and exchange rates are presented purely for illustrative purposes. There is no certainty in achieving such exit price.

(4) Any special dividend paid to the Shareholders of the Company arising from this Excess Return Sharing will be net of costs necessary for the transaction.

APPENDIX 4 – SCHEDULE OF ILLUSTRATION OF EXCESS RETURN SHARING (US$10 MILLION)

<u>**If after Initial Maturity Date**</u>

Illustration 4: US$10 million Excess Return Sharing In Excess of 2x Tranche 1 Convertible Bonds of US$110 million and 20% IRR of Tranche 1 Convertible Bonds of US$110 million and Aggregate Pro Rata Warrant Exercise Price

(US$)	3-Mar-17	3-Mar-18	3-Mar-19	3-Mar-20	31-Dec-20	3-Mar-21	3-Mar-22	31-Dec-22	Investor Proceeds (US$)
Investment	(110,000,000)								
Cash Coupon		2,750,000	2,750,000	2,750,000		2,750,000	2,750,000	2,237,671	15,987,671
Pro Rata Warrant Exercise Price					(12,845,403)				
Proceeds on Final Exit less transaction cost, in order to achieve 20% IRR								311,000,000	311,000,000
	(110,000,000)	2,750,000	2,750,000	2,750,000	(12,845,403)	2,750,000	2,750,000	313,237,671	326,987,671

By applying the IRR formulae of 20%

	US$
Minimum Investor's Proceeds (if IRR 20% applied)	326,987,671
Excess	10,000,000
Minimum Investor's Proceeds in excess of US$10 million (if IRR 20% applied)	336,987,671
By applying the 2x investor proceeds formulae	
Investments	(110,000,000)
2x investments	220,000,000
Excess	10,000,000
Minimum Investor's Proceeds in excess of US$10 million (if 2x investor proceeds applied)	230,000,000
<u>**The greater of the above**</u> **Beyond Initial Maturity Date, Investors need to make this minimum Investor's Proceeds before US$10 million excess return**	**336,987,671**

APPENDIX 4 – SCHEDULE OF ILLUSTRATION OF EXCESS RETURN SHARING (US$10 MILLION)

Assumptions of Illustrations:

(1) The above illustrations assume the exit of Tranche 1 Convertible Bonds and Pro Rata Warrants is on 31 December 2022 and the Pro Rata Warrants is exercised on 31 December 2020.

(2) The above Aggregate Pro Rata Warrant Exercise Price assumes (a) 40 million Warrants has been exercised into Warrant Shares on 31 December 2020 at S$0.80, such that the Aggregate Pro Rata Warrant Exercise Price is S$32.0 million or US$23.8 million and (b) a pro-rata formulae based on principal amount of the Tranche 1 Convertible Bonds / (principal amount of the Tranche 1 Convertible Bonds + Aggregate Pro Rata Warrant Exercise Price) which works out to be 110/(180+23.8) or 54.0%. Accordingly, the illustrated Aggregate Pro Rata Warrant Exercise Price is US$12.8 million.

APPENDIX 5 – SCHEDULE OF ILLUSTRATION OF EXCESS RETURN SHARING (US$30 MILLION)

All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in the Tranche 2 Convertible Bonds Purchase Agreement and the Terms and Conditions (CB2).

(Note: This appendix is purely for illustration purpose only and does not prejudice the provisions of the Terms and Conditions (CB1) and Terms and Conditions (CB2))

If the Investors enjoy investment returns on a cumulative basis over time such that it exceeds the Second Threshold, the Investors will simply pay the Company a total of US$30 million.

<u>If on or before Initial Maturity Date</u>

Illustration 1: US$30 million Excess Return Sharing on 3x Tranche 1 Convertible Bonds of US$110 million

	If within 5 years					
Investor's Return	**2x**					
(US$)	**3-Mar-17**	**3-Mar-18**	**3-Mar-19**	**3-Mar-20**	**31-Dec-20**	**Investor Proceeds (US$)**
Investment	(110,000,000)					
Cash Coupon		2,750,000	2,750,000	2,750,000	2,237,671	10,487,671
Net proceeds on Final Exit					319,512,329	319,512,329
	(110,000,000)	2,750,000	2,750,000	2,750,000	321,750,000	330,000,000

Investments (US$)	(110,000,000)
3x investments (US$)	330,000,000
Investors must make	330,000,000
Return Multiple (x)	3
Excess Return Sharing Proceeds (US$)	**30,000,000**

APPENDIX 5 – SCHEDULE OF ILLUSTRATION OF EXCESS RETURN SHARING (US$30 MILLION)

	Number of Shares	US$	S$
Sharing with the Company		30,000,000	40,338,000
(a) For Management		15,000,000	20,169,000
(b) For Shareholders via Special Dividend		15,000,000	20,169,000
Existing Share Capital plus unissued shares reserved for ESOS	796,877,142		
Special Dividend per Share		0.018823	0.025310
Special Dividend per 1000 Shares		18.823	25.310

<u>Assumptions of Illustrations:</u>

(1) The above illustrations assume the exit of Tranche 1 Convertible Bonds is on 31 December 2020 and the Warrant is exercised and realised on the same day on 31 December 2020.

(2) Tranche 1 Convertible Bonds investment is made on 3 March 2017.

(3) The above exit price and exchange rates are presented purely for illustrative purposes. There is no certainty in achieving such exit price.

(4) The pro-rata ratio applied to the Pro Rata Return is calculated based on principal amount of the Tranche 1 Convertible Bonds / (principal amount of the Tranche 1 Convertible Bonds + Aggregate Pro Rata Warrant Exercise Price). In this case, it is illustrated as 110/(180+30).

(5) Any special dividend paid to the Shareholders of the Company arising from this Excess Return Sharing will be net of costs necessary for the transaction.

APPENDIX 5 – SCHEDULE OF ILLUSTRATION OF EXCESS RETURN SHARING (US$30 MILLION)

If after Initial Maturity Date

Illustration 2: US$30 million Excess Return Sharing In Excess of 3x Tranche 1 Convertible Bonds of US$110 million and 25% IRR of Tranche 1 Convertible Bonds of US$110 million and Aggregate Pro Rata Warrant Exercise Price

(US$)	3-Mar-17	3-Mar-18	3-Mar-19	3-Mar-20	31-Dec-20	3-Mar-21	3-Mar-22	31-Dec-22	Investor Proceeds (US$)
Investment	(110,000,000)								
Cash Coupon		2,750,000	2,750,000	2,750,000		2,750,000	2,750,000	2,237,671	15,987,671
Pro Rata Warrant Exercise Price					(12,845,403)				
Proceeds on Final Exit less transaction cost, in order to achieve 20% IRR								395,000,000	395,000,000
	(110,000,000)	2,750,000	2,750,000	2,750,000	(12,845,403)	2,750,000	2,750,000	397,237,671	410,987,671

By applying the IRR formulae	
IRR	25%
	US$
Minimum Investor's Proceeds (if IRR 25% applied)	410,987,671
By applying the 3x investor proceeds formulae	
Investments	(110,000,000)
3x investments	330,000,000
Minimum Investor's Proceeds (if 3x investor proceeds applied)	330,000,000
The greater of the above **Beyond Initial Maturity Date, Investors need to make this minimum Investor's Proceeds before US$30 million excess return**	**410,987,671**

Assumptions made for the Illustrations:

(1) The above illustrations assume the exit of Tranche 1 Convertible Bonds and Pro Rata Warrants is on 31 December 2022 and the Pro Rata Warrant is exercised on 31 December 2020.

(2) The above Aggregate Pro Rata Warrant Exercise Price assumes (a) 40 million Warrants has been exercised into Warrant Shares on 31 December 2020 at S$0.80, such that the Aggregate Pro Rata Warrant Exercise Price is S$32.0 million or US$23.8 million and (b) a pro-rata formulae based on principal amount of the Tranche 1 Convertible Bonds / (principal amount of the Tranche 1 Convertible Bonds + Aggregate Pro Rata Warrant Exercise Price) which works out to be 110/(180+23.8) or 54.0%. Accordingly, the illustrated Aggregate Pro Rata Warrant Exercise Price is US$12.8 million.

APPENDIX 6 – ADJUSTMENTS TO CONVERSION PRICE

All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in the Tranche 2 Convertible Bonds Purchase Agreement, the Terms and Conditions (CB2) and Terms and Conditions (Warrants).

The following is an extract of the Adjustments to Conversion Price set out in Condition 6(C) of the Terms and Conditions (CB2).

This extract is not intended to be a complete document on its own. The complete Terms and Conditions (CB2) as set out in the Tranche 2 Convertible Bonds Purchase Agreement is available for inspection at the address stated in paragraph 20 of the Circular.

"The Conversion Price will be subject to adjustment in the following events:

(1) *Consolidation, Subdivision or Reclassification:* If and whenever there shall be an alteration to the number of the issued Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate number of Shares in issue immediately before such alteration; and

B is the aggregate number of Shares in issue immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(2) *Capitalization of Profits or Reserves*:

(i) If and whenever the Issuer shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves, including Shares paid up out of distributable profits or reserves and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate number of Shares in issue immediately before such issue; and

B is the aggregate number of Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(3) *Distributions*:

(i) Subject to Condition 6(C)(3)(ii), if and whenever the Issuer shall pay or make any Distribution (other than a cash dividend) to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which the Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the Distribution divided by the aggregate number of Shares in issue on such date.

Such adjustment shall become effective on the date that such Distribution is actually made.

(ii) If and whenever the Issuer shall declare and pay any cash dividend to its Shareholders in respect of the Shares, the Conversion Price shall not be adjusted provided that the Issuer shall have paid to the holder of each Bond all amounts required pursuant to Condition 5(D) in respect of any Excess Cash Dividend Amount.

(4) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Shares, in each case for a consideration of less than the Current Market Price, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the aggregate number of Shares in issue immediately before such announcement;

B is the aggregate number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would purchase at the Current Market Price; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

(5) *Rights Issues of Other Securities:* If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares) to all or substantially all Shareholders as a class by way of rights, or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one (1) Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

(6) *Issues at less than the Conversion Price:* If and whenever the Issuer shall issue any Shares (other than Shares issued on the exercise of Conversion Rights) or issue or grant hybrid or other securities, convertible instruments, options, warrants or other rights to subscribe or purchase Shares, in each case at a consideration per Share which is less than the Conversion Price then in effect, the Conversion Price shall be adjusted to such consideration per Share.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue of such options, warrants or other rights.

(7) *Other Issues at less than the Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(C)(4), 6(C)(5) or 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer on conversion, exchange or subscription at a consideration per Share which is less than the Current Market Price, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the aggregate number of Shares in issue immediately before such issue;

B is the aggregate number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at the Current Market Price; and

C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

(8) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than the Current Market Price, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the aggregate number of Shares in issue immediately before such modification;

B is the aggregate number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at the Current Market Price or, if lower, the existing conversion, exchange or subscription price; and

C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank considers appropriate (if at all) for any previous adjustment under this Condition 6(C)(8) or Condition 6(C)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

(9) *Other Offers to Shareholders:* If and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5) or Condition 6(C)(6)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which such issue is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the securities attributable to one (1) Share.

Such adjustment shall become effective on the date of issue of the securities.

(10) *Performance Targets*: If, based on the Issuer's audited financial statements for FY 2020 or FY 2021, the Issuer fails to meet the Performance Target for FY 2020 or FY 2021 (as applicable), the Conversion Price shall be adjusted as follows:

(a) if the Performance Target for FY 2020 is not met, the Conversion Price shall be adjusted by multiplying the Conversion Price in force by the following fraction:

$$\frac{A}{B}$$

Where:

A the higher of (a) the Adjusted PATMI for FY 2020 and (b) RMB 154 million; and

B is the Performance Target for FY 2020;

(b) if the Performance Target for FY 2021 is not met, the Conversion Price shall be adjusted, to the extent necessary, to be equal to the lower of:

(i) the Conversion Price in force (after taking into account any adjustment made pursuant to Clause (a) of this Condition 6(C)(10)); and

(ii) the original Conversion Price as adjusted pursuant to any other provision of this Condition 6(C), other than Clause (a) of this Condition 6(C)(10), multiplied by the following fraction:

$$\frac{A}{B}$$

Where:

A the higher of (a) the Adjusted PATMI for FY 2021 and (b) RMB 154 million; and

B is the Performance Target for FY 2021.

For avoidance of doubt, an adjustment to the Conversion Price under Condition 6(C) shall apply only to any Bonds outstanding at the time of such adjustment and shall have not applied to any Bonds which have already been fully redeemed or converted into Shares at the time of such adjustment.

(11) *Other Events:* If the Issuer or the Majority Bondholders determine that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Investment Bank, to determine as soon as practicable (i) what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, (ii) if the adjustment would result in a reduction in the Conversion Price, and (iii) the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall (subject always to the approval of the shareholders of the Issuer in a duly convened meeting of shareholders) be made and shall take effect in accordance with such determination, provided that where the circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result.

(12) *Calculation of Consideration Receivable:* For the purpose of any calculation of the consideration receivable pursuant to Conditions 6(C)(6), 6(C)(7) and 6(C)(8):

(a) *Issue of Shares for Cash:* the aggregate consideration receivable for Shares issued for cash shall be the amount of such cash provided that in no case shall any deduction be made for any commission or any expenses paid or incurred by the Issuer for any underwriting of the issue or otherwise in connection therewith;

(b) *Issue of Shares on Conversion or Exercise of Securities:* (1) the aggregate consideration receivable for the Shares to be issued on the conversion or exchange of any securities shall be deemed to be the consideration received or receivable by the Issuer for any such securities and (2) the aggregate consideration receivable for the Shares to be issued on the exercise of rights of subscription attached to any securities shall be deemed to be such part (which may be the whole) of the consideration received or receivable by the Issuer for such securities as is attributed by the Issuer to such rights of subscription or, if no part of such consideration is so attributed, the Fair Market Value of such rights of subscription as at the date of the announcement of the terms of issue of such securities as determined in good faith by an Independent Investment Bank, plus in the case of each of (1) and (2) above, the additional minimum consideration (if any) to be received by the Issuer on (and assuming) the conversion or exchange of such securities, or on the exercise of such rights of subscription (the consideration in all such cases to be determined subject to the proviso in Condition 6(C)(12)(a)) and (3) the consideration per Share receivable by the Issuer on the conversion or exchange of, or on the exercise of such rights of subscription attached to, such securities shall be the aggregate consideration referred to in (1) or (2) above (as the case may be) converted into US dollars if such consideration is expressed in a currency other than US dollars at such rate of exchange as may be determined in good faith by an Independent Investment Bank to be the spot rate in effect at the close of business on the date of announcement of the terms of issue of such securities, divided by the number of Shares to be issued on such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate.

(13) *Employee Share Option Scheme:* The Conversion Price shall not be subject to any adjustment as a result of any issue of Shares by the Issuer pursuant to the employee share option scheme adopted by the Issuer on April 29, 2015 (the "**ESOS**") or any future employee share option scheme (such future share option scheme to be subject to the approval of the Majority Bondholders in Condition 6(F)(i)).

(14) *Warrant Issue:* Issuance of any Warrants by the Issuer pursuant to the Purchase Agreement shall not result in any adjustment in the Conversion Price.

(15) *Independent Investment Banks' Certificate Conclusive:* If any doubt shall arise as to the appropriate adjustment to the Conversion Price a certificate or report of an Independent Investment Bank shall be conclusive and binding on the Issuer and each Bondholder save in the case of manifest error.

(16) *Rounding and Minor Adjustments:* On any adjustment, the resultant Conversion Price, if not an integral multiple of one Singapore cent, shall be rounded down to the nearest Singapore cent. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one (1) per cent., of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustments shall be given to Bondholders in accordance with Condition 14 as soon as practicable after their determination.

(17) *Post-Record Date Adjustments:* If the Conversion Date in relation to any Bond shall be after the record date for any such issue, distribution or grant as is mentioned in Conditions 6(C)(2) to 6(C)(5), and 6(C)(9), or any such issue as is mentioned in Conditions 6(C)(6) and 6(C)(7) which is made to the Shareholders or any of them, but before the relevant adjustment becomes effective under Condition 6(C), the Issuer shall (conditional on such adjustment becoming effective) subject to applicable laws and regulations (including without limitation the listing rules of the SGX-ST or, if applicable, an Alternative Stock Exchange) procure that there be issued to the converting Bondholder or in accordance with the instructions contained in the Conversion Notice such additional number of Shares as, together with the Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment (more particularly referred to in the said Conditions above) to the Conversion Price had in fact been made and become effective immediately after the relevant record date, provided that the issue price of such additional Shares shall not be less than the par value of a Share. Such additional Shares will be allotted as at, and within one (1) month after, the relevant Conversion Date or, if the adjustment results from the issue of Shares, the date of issue of Shares. Certificates for such Shares will be despatched within such period of one (1) month.

(18) *Increases in Conversion Price:* No adjustment resulting in an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6(C)(1).

(19) *Spin-Off:* In connection with an initial public offering of securities of a Subsidiary (the "**Spin-off**") where the Issuer (a) pays or makes a Distribution to its Shareholders or (b) issues any securities to its Shareholders by way of rights or (c) makes arrangements whereby Shareholders are entitled to participate in such Spin-off by acquiring securities in the Spin-off (whether at a discount or otherwise), the Majority Bondholders may elect to:

(i) adjust the Conversion Price in accordance with this Condition 6, in which case the Conversion Price for all the Bonds shall be so adjusted; or

(ii) receive in-kind any Distributions, securities or participate in any arrangements referred to in sub-paragraph (i) above, in which case the Issuer shall make the same Distribution, securities or arrangements available to all the Bondholders as if the Bonds have been converted into Shares at the Conversion Price then in effect.

(20) *Performance Targets:* 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), the Bonds and the Warrants (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.

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, the Convertible Bonds or the Warrants, 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 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 divestment of the Issuer's green investments assets.

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.

For the purposes of these Conditions:

"**Adjusted PATMI**" has the meaning set out in Appendix B.

"**Adjustment Period**" means the period commencing on January 1, 2020 and ending on December 31, 2021.

"**Alternative Stock Exchange**" means, at any time when the Shares are not listed and traded on the SGX-ST, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

"**Business Day**" shall mean a day other than a Saturday, Sunday or public holiday on which commercial banks are generally open for the transaction of normal banking business in Singapore.

"**Closing Price**" for the Shares for any Trading Day shall be the closing market price quoted for such day by the SGX-ST or (if applicable) the Alternative Stock Exchange.

"**Conversion Shares**" means shares of the Issuer issued upon conversion of the Existing Bonds or the Bonds.

"**Current Market Price**" means, in respect of a Share at a particular date, the volume-weighted average price of one (1) Share (being a Share carrying full entitlement to dividend) quoted by the SGX-ST or an Alternative Stock Exchange for the twenty (20) consecutive Trading Days ending on the Trading Day immediately preceding such date, provided that if at any time during the said twenty (20) consecutive Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

(i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or

(ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

and provided further that if the Shares on each of the said consecutive 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.

"**Distribution**" means any dividend or distribution (whether of cash or assets in specie) by the Issuer (whenever paid or made and however described) (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under Condition 6(C)(2)(i)) by way of capitalisation of reserves to the extent of the Relevant Cash Dividend), including without limitation any purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer).

"**Existing Bonds**" means the convertible bonds in an aggregate principal amount of US$110 million issued by the Issuer to Glory Sky Vision Limited pursuant to the Existing Bonds Purchase Agreement.

"**Existing Bonds Purchase Agreement**" means the US$110 million convertible bonds purchase agreement dated December 14, 2016 between the Issuer and Glory Sky Vision Limited.

"**Fair Market Value**" means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the volume-weighted mean of the daily Closing Prices of such options, warrants or other rights during the period of five (5) Trading Days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded and (iii) in connection with a Spin-off, the fair market value of options, warrants or other rights shall be calculated by reference to (1) the issue price of the securities in the Spin-off or (2) the volume weighted average of the Closing Prices of the securities quoted by the relevant stock exchange or securities market on which the securities are then listed or quoted or dealt in for the period of five (5) consecutive Trading Days commencing on the first day of trading of such securities, whichever is the greater.

"**FY 2020**" means the financial year ended December 31, 2020.

"**FY 2021**" means the financial year ended December 31, 2021.

"**Independent Investment Bank**" at any time means one of the top 10 financial institutions as may be selected by the Majority Bondholders and the Issuer jointly. The top 10 financial institutions shall be measured by the total transaction volume of worldwide merger and acquisition transactions advised by such institutions in the most recent three (3) full calendar years as reported by Thomson Financial or its successor or, if not available, any other financial information services provider agreed by the Majority Bondholders and the Issuer.

"**Interest**" means all amounts payable by the Issuer under Conditions 5(A) and 5(D)(i).

"**Investors' CB Investments**" at any time means, collectively, the Existing Bonds and the Bonds, in each case that are outstanding at such time.

"**Investors' Original CB Investments**" means, collectively, (a) the Existing Bonds that have been issued to Glory Sky Vision Limited pursuant to the Existing Bonds Purchase Agreement and (b) the Bonds that have been issued to the Original Bondholders pursuant to the Purchase Agreement.

"**Key Men**" means Mr. Guo Hongxin and Mr. Ma Ming.

"**Material Adverse Effect**" means a material adverse effect on the business, operations, property, condition (financial or otherwise) or prospects of the Issuer and its Subsidiaries taken as a whole, or on the ability of the Issuer to perform its obligations under any Transaction Document.

"**Original Bondholders**" means Blue Starry Energy Limited and Glory Sky Vision Limited. An "**Original Bondholder**" means either one of them.

"**Performance Target(s)**" means the Adjusted PATMI projection for each of the financial years as set out below:

	FY 2020	**FY 2021**
Adjusted PATMI (in RMB)	370,000,000	460,000,000

"**Purchase Agreement**" means the purchase agreement dated May 22, 2018 entered into between the Issuer and the Original Bondholders in relation to the issuance of the Bonds and the Warrants.

"**PRC**" means the People's Republic of China.

"**Relevant Cash Dividend**" means any cash dividend specifically declared by the Issuer.

"**Relevant Period**" means the period beginning on the tenth (10^{th}) Trading Day prior to the Trading Day (the "**relevant Trading Day**") immediately preceding the date on which the Shares are quoted ex-dividend on the SGX-ST (or any relevant Alternative Stock Exchange) in respect of the cash dividend which caused an adjustment to the Conversion Price pursuant to Condition 6(C)(3), and ending on the relevant Trading Day.

"**RMB**" means Renminbi, the lawful currency of the PRC.

"**S$**" means Singapore dollars, the lawful currency of the Republic of Singapore.

"**Trading Day**" means a day when the SGX-ST or, as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no Closing Price is reported in respect of the relevant Shares on the SGX-ST or, as the case may be the Alternative Stock Exchange, for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.

"**Transaction Documents**" has the meaning given to it in the Purchase Agreement.

"**US$**" means U.S. dollars, the lawful currency of the United States of America.

"**Warrants**" means the warrants issued by the Issuer to the Original Bondholders in accordance with the Purchase Agreement.

"**Warrant Shares**" means Shares issued upon exercise of any Warrants."

APPENDIX 7 – ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF WARRANTS

The following is an extract of the Adjustments to Exercise Price and Number of Warrants set out in Exhibit C of the Terms and Conditions (Warrants).

This extract is not intended to be a complete document on its own. The complete Terms and Conditions (Warrants) as set out in the Tranche 2 Convertible Bonds Purchase Agreement is available for inspection at the address stated in paragraph 20 of the Circular.

"The Exercise Price and the number of Warrants held by each Warrantholder shall from time to time be adjusted as provided in this Exhibit and the Deed Poll in all or any of the following cases, provided that the Exercise Price shall not be less than the par value of a Share:

(1) *Consolidation, Subdivision or Reclassification:* If and whenever there shall be an alteration to the number of the issued Shares as a result of consolidation, subdivision or reclassification, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate number of Shares in issue immediately before such alteration; and

B is the aggregate number of Shares in issue immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(2) *Capitalization of Profits or Reserves*: If and whenever the Issuer shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves, including Shares paid up out of distributable profits or reserves and which would not have constituted a Distribution, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate number of Shares in issue immediately before such issue; and

B is the aggregate number of Shares in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(3) *Distributions*: If and whenever the Issuer shall pay or make any Distribution (other than a cash dividend) to the Shareholders (except to the extent that the Exercise Price falls to be adjusted under paragraph (2)), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which the Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the Distribution divided by the aggregate number of Shares in issue on such date.

Such adjustment shall become effective on the date that such Distribution is actually made.

(4) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Shares, in each case for a consideration of less than the Current Market Price, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the aggregate number of Shares in issue immediately before such announcement;

B is the aggregate number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would purchase at the Current Market Price; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be).

(5) *Rights Issues of Other Securities:* If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares) to all or substantially all Shareholders as a class by way of rights, or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe or purchase Shares), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one (1) Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

(6) *Issues at less than the Conversion Price of the Bonds:* If and whenever the Issuer shall issue any Shares (other than Shares issued on the exercise of Warrants) or issue or grant hybrid or other securities, convertible instruments, options, warrants or other rights to subscribe or purchase Shares, in each case at a consideration per Share which is less than the Conversion Price (as defined in the Terms and Conditions (Bonds)) of the Bonds then in effect, the Exercise Price shall be adjusted to such consideration per Share.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue of such options, warrants or other rights.

(7) *Other Issues at less than the Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this paragraph(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in paragraph (4), (5) or (6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer on conversion, exchange or subscription at a consideration per Share which is less than 92 per cent. of the Current Market Price, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the aggregate number of Shares in issue immediately before such issue;

B is the aggregate number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at the Current Market Price; and

C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

(8) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in paragraph (7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than the Current Market Price, the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the aggregate number of Shares in issue immediately before such modification;

B is the aggregate number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at the Current Market Price or, if lower, the existing conversion, exchange or subscription price; and

C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank considers appropriate (if at all) for any previous adjustment under this paragraph (7) or paragraph (8).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

(9) *Other Offers to Shareholders:* If and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Exercise Price falls to be adjusted under paragraph (4), (5) or (6), the Exercise Price shall be adjusted by multiplying the Exercise Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price of one (1) Share on the last Trading Day preceding the date on which such issue is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the securities attributable to one (1) Share.

Such adjustment shall become effective on the date of issue of the securities.

(10) *Other Events:* If the Issuer or the Majority Warrantholders determine that an adjustment should be made to the Exercise Price and/or number of Warrants as a result of one or more events or circumstances not referred to in this Exhibit C, the Issuer shall, at its own expense, consult an Independent Investment Bank, to determine as soon as practicable (i) what adjustment (if any) to the Exercise Price and number of Warrants is fair and reasonable to take account thereof, (ii) if the adjustment would result in a reduction in the Exercise Price and/or issuance of additional Warrants, and (iii) the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall (subject always to the approval of the shareholders of the Issuer in a duly convened meeting of shareholders) be made and shall take effect in accordance with such determination, provided that where the circumstances giving rise to any adjustment pursuant to this Exhibit C have already resulted or will result in an adjustment to the Exercise Price and/or number of Warrants or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Exercise Price and/or number of Warrants, such modification (if any) shall be made to the operation of the provisions of this Exhibit C as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result.

(11) *Adjustment to Number of Warrants:*

(a) In the event of any adjustment of Exercise Price under this Exhibit C (other than as a result of a consolidation of the Shares referred to in paragraph (1)), the Issuer shall, concurrently with such adjustment, issue additional Warrants to each Warrantholder (in proportion to the outstanding Warrants held by each of them) such that the aggregate adjusted Exercise Price of all outstanding Warrants immediately after such additional issuance would be equal to (not taking into account any rounding) the aggregate Exercise Price of all outstanding Warrants immediately preceding such adjustment and additional issuance. The Issuer shall, as soon as practicable but not later than 3 Business Days after the effective date of such adjustment, despatch by ordinary post Warrant Certificates for the additional number of Warrants issued to each Warrantholder.

(b) In the event the Exercise Price is adjusted as a result of consolidation of the Shares referred to in paragraph (1), the Issuer may, concurrently with such adjustment, cancel such number of Warrants held by each Warrantholder (in proportion to the outstanding Warrants held by each of them) such that the aggregate adjusted Exercise Price of all outstanding Warrants immediately after such cancellation would be equal to the aggregate Exercise Price of all outstanding Warrants immediately preceding such adjustment and cancellation. Where necessary, the Issuer shall arrange for the cancellation and re-issuance of the Warrant Certificate(s) which shall reflect each Warrantholder's holding of the Warrants after such cancellation.

(c) Any new Warrants which may be issued by the Issuer under this Exhibit C shall be part of the series of Warrants constituted by the Deed Poll, and shall be issued subject to and with the benefit of the Deed Poll and on the Terms and Conditions (Warrants).

(d) Subject to clause 2.7 of the Purchase Agreement and notwithstanding anything to the contrary in these Terms and Conditions (Warrants), the Issuer agrees that it will do all things and take all steps as may be necessary to ensure that on and after 31 December 2018, the aggregate Exercise Price of all Warrants issued pursuant to the Deed Poll (including, for the avoidance of doubt, the Warrants which have been exercised) shall, at all times, be equal to (not taking into account any rounding) US$30,000,000 (based on the agreed fixed exchange rate of S$1.3446 per US$1).

(12) *Calculation of Consideration Receivable:* For the purpose of any calculation of the consideration receivable pursuant to paragraphs (6), (7) and (8):

(a) *Issue of Shares for Cash:* the aggregate consideration receivable for Shares issued for cash shall be the amount of such cash provided that in no case shall any deduction be made for any commission or any expenses paid or incurred by the Issuer for any underwriting of the issue or otherwise in connection therewith;

(b) *Issue of Shares on Conversion or Exercise of Securities:* (1) the aggregate consideration receivable for the Shares to be issued on the conversion or exchange of any securities shall be deemed to be the consideration received or receivable by the Issuer for any such securities and (2) the aggregate consideration receivable for the Shares to be issued on the exercise of rights of subscription attached to any securities shall be deemed to be such part (which may be the whole) of the consideration received or receivable by the Issuer for such securities as is attributed by the Issuer to such rights of subscription or, if no part of such consideration is so attributed, the Fair Market Value of such rights of subscription as at the date of the announcement of the terms of issue of such securities as determined in good faith by an Independent Investment Bank, plus in the case of each of (1) and (2) above, the additional minimum consideration (if any) to be received by the Issuer on (and assuming) the conversion or exchange of such securities, or on the exercise of such rights of subscription (the consideration in all such cases to be determined subject to the proviso in paragraph (11)(a)) and (3) the consideration per Share receivable by the Issuer on the conversion or exchange of, or on the exercise of such rights of subscription attached to, such securities shall be the aggregate consideration referred to in (1) or (2) above (as the case may be) converted into US dollars if such consideration is expressed in a currency other than US dollars at such rate of exchange as may be determined in good faith by an Independent Investment Bank to be the spot rate in effect at the close of business on the date of announcement of the terms of issue of such securities, divided by the number of Shares to be issued on such conversion or exchange or exercise at the initial conversion, exchange or subscription price or rate.

(13) *Employee Share Option Scheme:* The Exercise Price shall not be subject to any adjustment as a result of any issue of Shares by the Issuer pursuant to the employee share option scheme adopted by the Issuer on April 29, 2015 (the "**ESOS**") or any future employee share option scheme (such future share option scheme to be subject to the approval of the Majority Bondholders (as defined in the Terms and Conditions (Bonds)) in Condition 6(F)(i) of the Terms and Conditions (Bonds)).

(14) *Convertible Bond Issue:* Neither the issuance of any convertible bonds by the Issuer pursuant to the Purchase Agreement nor any adjustment to the Conversion Price (as defined in the Terms and Conditions (Bonds)) of the Bonds pursuant to Condition 6(C)(10) (*Performance Targets*) shall result in any adjustment in the Exercise Price.

(15) *Independent Investment Banks' Certificate Conclusive:* If any doubt shall arise as to the appropriate adjustment to the Exercise Price a certificate or report of an Independent Investment Bank shall be conclusive and binding on the Issuer and each Warrantholder save in the case of manifest error.

(16) *Rounding and Minor Adjustments:* On any adjustment, the resultant Exercise Price, if not an integral multiple of one Singapore cent, shall be rounded down to the nearest Singapore cent. No adjustment shall be made to the Exercise Price if such adjustment (rounded down if applicable) would be less than one (1) per cent., of the Exercise Price then in effect. Any adjustment not required to be made, and any amount by which the Exercise Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment.

Any adjustment to the number of Warrants held by the Warrantholder will be rounded downwards to the nearest whole Warrant.

Notice of any adjustments shall be given to Warrantholders in accordance with the Terms and Conditions (Warrants) as soon as practicable after their determination.

(17) *Post-Record Date Adjustments:* If the Exercise Date in relation to any Warrant shall be after the record date for any such issue, distribution or grant as is mentioned in paragraphs (2) to (5), and (9), or any such issue as is mentioned in Conditions (6) and ((7)) which is made to the Shareholders or any of them, but before the relevant adjustment becomes effective under this Exhibit C, the Issuer shall (conditional on such adjustment becoming effective) subject to applicable laws and regulations (including without limitation the listing rules of the SGX-ST or, if applicable, an Alternative Stock Exchange) procure that there be issued to the exercising Warrantholders or in accordance with the instructions contained in the Exercise Notice such additional number of Shares as, together with the Shares issued or to be issued on exercise of the relevant Warrant, is equal to the number of Shares which would have been required to be issued on exercise of such Warrant if the relevant adjustment (more particularly referred to in the said paragraphs above) to the Exercise Price had in fact been made and become effective immediately after the relevant record date, provided that the issue price of such additional Shares shall not be less than the par value of a Share. Such additional Shares will be allotted as at, and within one (1) month after, the relevant Exercise Date or, if the adjustment results from the issue of Shares, the date of issue of Shares. Certificates for such Shares will be despatched within such period of one (1) month.

(18) *Increases in Exercise Price:* No adjustment resulting in an increase in the Exercise Price will be made, except in the case of a consolidation of the Shares as referred to in paragraph (1).

(19) *Spin-Off:* In connection with an initial public offering of securities of a Subsidiary (the "**Spin-off**") where the Issuer (a) pays or makes a Distribution to its Shareholders or (b) issues any securities to its Shareholders by way of rights or (c) makes arrangements whereby Shareholders are entitled to participate in such Spin-off by acquiring securities in the Spin-off (whether at a discount or otherwise), the Majority Warrantholders may elect to adjust the Exercise Price in accordance with this Exhibit C, in which case the Exercise Price for all the Warrants shall be so adjusted.

For the purposes of this Exhibit C:

"**Alternative Stock Exchange**" means, at any time when the Shares are not listed and traded on the SGX-ST, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

"**Business Day**" shall mean a day other than a Saturday, Sunday or public holiday on which commercial banks are generally open for the transaction of normal banking business in Singapore.

"**Closing Price**" for the Shares for any Trading Day shall be the closing market price quoted for such day by the SGX-ST or (if applicable) the Alternative Stock Exchange.

"**Current Market Price**" means, in respect of a Share at a particular date, the volume-weighted average price of one (1) Share (being a Share carrying full entitlement to dividend) quoted by the SGX-ST or an Alternative Stock Exchange for the twenty (20) consecutive Trading Days ending on the Trading Day immediately preceding such date, provided that if at any time during the said twenty (20) consecutive Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

(i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or

(ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

and provided further that if the Shares on each of the said consecutive 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.

"**Distribution**" means any dividend or distribution (whether of cash or assets in specie) by the Issuer (whenever paid or made and however described) (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent an adjustment to the Exercise Price is made in respect thereof under paragraph (2)) by way of capitalisation of reserves to the extent of the Relevant Cash Dividend), including without limitation any purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer).

"**Fair Market Value**" means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the volume-weighted mean of the daily Closing Prices of such options, warrants or other rights during the period of five (5) Trading Days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded and (iii) in connection with a Spin-off, the fair market value of options, warrants or other rights shall be calculated by reference to (1) the issue price of the securities in the Spin-off or (2) the volume weighted average of the Closing Prices of the securities quoted by the relevant stock exchange or securities market on which the securities are then listed or quoted or dealt in for the period of five (5) consecutive Trading Days commencing on the first day of trading of such securities, whichever is the greater.

"**Independent Investment Bank**" at any time means one of the top 10 financial institutions as may be selected by the Majority Warrantholders and the Issuer jointly. The top 10 financial institutions shall be measured by the total transaction volume of worldwide merger and acquisition transactions advised by such institutions in the most recent three (3) full calendar years as reported by Thomson Financial or its successor or, if not available, any other financial information services provider agreed by the Majority Warrantholders and the Issuer.

"**Relevant Cash Dividend**" means any cash dividend specifically declared by the Issuer.

"**S$**" means Singapore dollars, the lawful currency of the Republic of Singapore.

"**Terms and Conditions (Bonds)**" means the terms and conditions of the Bonds.

"**Trading Day**" means a day when the SGX-ST or, as the case may be an Alternative Stock Exchange, is open for dealing business, provided that if no Closing Price is reported in respect of the relevant Shares on the SGX-ST or, as the case may be the Alternative Stock Exchange, for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.

"**US$**" means U.S. dollars, the lawful currency of the United States of America."

APPENDIX 8 – EVENTS OF DEFAULT

All capitalised terms and expressions hereinafter appearing shall, unless otherwise defined herein, bear the same meanings as ascribed to them in the Purchase Agreement and the Terms and Conditions (CB2).

The following is an extract of the Events of Default set out in Condition 10(A) of the Terms and Conditions (CB2).

"If any of the following events occurs:

(i) a default is made by the Issuer in the payment of any amount (of principal, redemption payment, interest or otherwise) due in respect of the Bonds, provided that where such default is due solely to the delay caused by electronic or mechanical failure or administrative error and such sum is paid within five (5) Business Days of the due date, this paragraph (i) shall not apply;

(ii) any failure by the Issuer to deliver Shares as and when the Shares are required to be delivered following conversion of Bonds;

(iii) the Issuer does not perform or comply with one or more of its obligations in the Bonds in accordance with these Conditions which default is incapable of remedy or, if capable of remedy, is not remedied within thirty (30) Business Days after written notice of such default shall have been given to the Issuer by any Bondholder;

(iv) the Issuer or any of its subsidiaries is (or is, or could be, deemed by applicable laws or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or any material part of its debts (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of the debts of the Issuer or any of its subsidiaries; an administrator or liquidator of the Issuer or any of its subsidiaries or the whole or any part of the assets and turnover of the Issuer or any of its subsidiaries is appointed (or application for any such appointment is made;

(v) (a) any other present or future indebtedness (whether actual or contingent) of the Issuer or any of its subsidiaries for or in respect of moneys borrowed or raised becomes, or becomes capable of being declared, due and payable prior to its stated maturity by reason of any actual or potential default event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any original applicable grace period, or (c) the Issuer or any of its subsidiaries fails to pay when due (after the expiration of any applicable grace period) any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that:

  (A) (with respect to indebtedness owing to suppliers of the Issuer and its subsidiaries in the ordinary course of business) the events mentioned above in this paragraph (v) would not individually or in the aggregate have a Material Adverse Effect, and

  (B) (with respect to other indebtedness) the aggregate amount of the relevant indebtedness in respect of which one or more of the events mentioned above in this paragraph (v) have occurred equals or exceeds US$3,000,000 or its equivalent in any other currencies;

(vi) a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any of the property, assets or turnover of the Issuer or any of its subsidiaries which exceeds US$3,000,000 or its equivalent in any other currencies unless (A) such legal process is discharged or stayed within thirty (30) Business Days, or (B) such legal process is being contested in good faith by appropriate proceedings and with due diligence, and such contest, if adversely determined, would not reasonably be expected to have a Material Adverse Effect;

(vii) any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any subsidiary over any assets having an aggregate value exceeding US$3,000,000 or its equivalent in any other currencies becomes enforceable and any step is taken to enforce such encumbrance (including the taking of possession or the appointment of a receiver, manager or other similar person) unless (A) such encumbrance is discharged or rescinded within thirty (30) Business Days, or (B) such encumbrance is being contested in good faith by appropriate proceedings and with due diligence, and such contest, if adversely determined, would not reasonably be expected to have a Material Adverse Effect;

(viii) an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its subsidiaries (except for a members' voluntary solvent winding-up), or the Issuer or any of its subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations and except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation (a) on terms approved by the Bondholders, or (b) in the case of any subsidiary, whereby the undertaking and assets of such subsidiary are transferred to or otherwise vested in the Issuer or its other subsidiaries;

(ix) an administrative or other receiver, manager, administrator or other similar officer is appointed, of the whole or any part of the property, assets or turnover of the Issuer or any of its subsidiaries (as the case may be) where such property, assets and turnover in aggregate exceeds US$3,000,000 or its equivalent in any other currencies unless (A) such appointment is discharged or stayed within thirty (30) Business Days, or (B) such appointment is being contested in good faith by appropriate proceedings and with due diligence, and such contest, if adversely determined, would not reasonably be expected to have a Material Adverse Effect;

(x) (a) any step is taken by any Person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer and its subsidiaries; or (b) the Issuer or any of its subsidiaries is prevented from exercising normal control over all or any substantial part of its property, assets and turnover, unless (A) such step taken is stayed or withdrawn, or such prevention of exercise of control ceases or exercise of control is restored (as the case may be) within fifteen (15) Business Days, or (B) such step taken or prevention of exercise of control (as the case may be) is being contested in good faith by appropriate proceedings and with due diligence, and such contest, if adversely determined, would not reasonably be expected to have a Material Adverse Effect;

(xi) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorization, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Issuer lawfully to exercise its rights and perform and comply with its obligations under the Bonds, (b) to ensure that those obligations are legally binding and enforceable and (c) to make the Bonds admissible in evidence in the courts of Singapore or Bermuda is not taken, fulfilled or done;

(xii) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds;

(xiii) there is any material breach of the Issuer's representations, warranties, and covenants in any Transaction Document;

(xiv) the Shares ceasing to be listed on the SGX-ST or dealing in the Shares being suspended continuously for more than thirty (30) Trading Days; or

(xv) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs, then any Bond may, by notice given to the Issuer by the holder of such Bond, be declared immediately due and payable whereupon it shall become immediately due and payable at a price that may generate for the holder of such Bond a Total Internal Rate of Return of 20%, 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 (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) in respect of such Bond.

The Issuer shall immediately, upon becoming aware of it, give notice of the actual or potential Event of Default to the Bondholders.

In these Conditions, "**Total Internal Rate of Return**" means, in respect of any Bond held by a holder, the annual rate based on a 365-day period used to discount each cash flow in respect of such 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 Shares issued upon conversion of the Bond) to the original issuance date such that the present value of the aggregate cash flow equals zero. In connection with any payment required in these Conditions, the Total Internal Rate of Return will be calculated with reference to the period from the Closing Date to the date on which such payment is made in full.

APPENDIX 9 – SUMMARY OF KEY PROPOSED AMENDMENTS TO TERMS AND CONDITIONS (CB1) AND FINANCIAL IMPACT

The table below summarises the key differences between the Existing Terms and the New Terms. It does not purport to be complete and is qualified in its entirety by reference to Schedule 5 of the Tranche 2 Convertible Bonds Purchase Agreement which sets out the amended and restated terms and conditions of the Tranche 1 Convertible Bonds, a copy of which is available for inspection at the registered office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619.

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 New Terms, as the case may be.

Feature	Existing Terms	New Terms	Rationale for Change	Financial Impact on FY 2017 had the New Terms been in place since the date of issuance of Tranche 1 Convertible Bonds on 3 March 2017
Calculation of Interest	If interest is required to be calculated for a period of less than a full year, it will be calculated on the basis of a 360-day year and actual number of days elapsed.	If interest is required to be calculated for a period of less than a full year, it will be calculated on the basis of a 365-day year and actual number of days elapsed.	This is to align the terms of Tranche 1 Convertible Bonds with the terms of Tranche 2 Convertible Bonds.	There is no material financial impact on FY 2017.
Conversion Period	The conversion right attaching to any Tranche 1 Convertible Bond may be exercised, at the option of the holder thereof, at any time on and after the Closing Date up to, if such Bondholder has given notice to the Company requiring the Company to redeem such Bond before the Maturity Date pursuant to Condition 8 or Condition 10(A), the close of business on a date no later than **seven (7) Business Days** prior to the date fixed for redemption thereof.	The conversion right attaching to any Tranche 1 Convertible Bond may be exercised, at the option of the holder thereof, at any time on and after the Closing Date up to, if such Bondholder has given notice to the Company requiring the Company to redeem such Bond before the Maturity Date pursuant to Condition 8 or Condition 10(A), the close of business on a date no later than **five (5) Business Days** prior to the date fixed for redemption thereof.	This is to align the terms of Tranche 1 Convertible Bonds with the terms of Tranche 2 Convertible Bonds.	There is no financial impact on FY 2017.

Revival and/or Survival after Default	It is not explicitly stated how the moneys received by the holders of Tranche 1 Convertible Bonds will be treated after the Company defaults but the holders of the Tranche 1 Convertibles Bonds (notwithstanding such default) decide to exercise the revived conversion right thereafter in any case.	It is explicitly stated that should the conversion right attaching to any Tranche 1 Convertible Bond revive and continue to be exercisable upon the Company's defaults (including defaults in making payment in full when Tranche 1 Convertible Bonds are called for redemption, the occurrence of any Event of Default and failure to redeem the Tranche 1 Convertible Bonds on the Maturity Date) and any money payable in respect of such Tranche 1 Convertible Bonds has been received by or on behalf of the holders of the Tranche 1 Convertible Bonds before the Conversion Date, such moneys, if and to the extent received by the holders of the Tranche 1 Convertible Bonds, shall be returned to the Company as soon as practicable.	The statement serves to clarify the financial consequences should the bondholders (notwithstanding the occurrence of an Event of Default) decide to exercise the revived conversion right thereafter. With such clarification, there would be no confusion or dispute as to the parties' rights and entitlements when the revived conversion rights are exercised. This also aligns the terms of Tranche 1 Convertible Bonds with the terms of Tranche 2 Convertible Bonds.	There is no financial impact on FY 2017.

Performance Targets	the Performance Target(s) means the Adjusted PATMI projection for the Company as set out as RMB255,555,556 for FY 2017, RMB400 million for FY 2018 and RMB440 million for FY 2019.	The Performance Target(s) means the Adjusted PATMI projection for the Company as set out as RMB370 million for FY 2020 and RMB460 million for FY 2021. As such, the Performance Targets have been deferred from FY 2017/2018/2019 to FY 2020/2021 but the performance target for FY 2021 has been adjusted upwards.	As disclosed under Paragraphs 1.1 and 1.2 of the Circular, the Existing Bondholders share the medium-to-long term vision of the Group to create value and achieve sustainable growth by capitalizing on both the long-term recurring and high quality cashflows generated by its GI business. The Existing Bondholders have aligned the performance targets of both the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds with the medium goals of the Group and set as the adjusted PATMI of RMB370 million and RMB460 million for FY 2020 and FY 2021 respectively, instead of existing performance targets applicable in FY 2017, FY 2018 and FY 2019. This is to allow the Group sufficient time to execute its strategy of building a sizeable, long-term and recurring, and high quality GI portfolio.	Please refer to Paragraph 11 (*Financial Effects*) of the Circular in which there will be fair value changes if the New Terms had replaced the Existing Terms.

Adjustment to Conversion Price as a result of not meeting Performance Targets	If the Company fails to meet the Adjustment Threshold (being 90% of the Performance Target then in effect for such financial year) in a financial year during the Adjustment Period, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately before such adjustment by the following fraction: $$\frac{A}{B}$$ Where: A in respect of FY 2018 and FY 2019, shall be the higher of (a) the Adjusted PATMI for the relevant financial year and (b) RMB 230 million; and B is the Adjustment Threshold for the relevant financial year (subject to revision for FY 2019 as set out further below). There shall be no adjustment to the Conversion Price in respect of FY 2017. There shall be no adjustment to the Conversion Price in respect of FY 2018 if the Adjusted PATMI for FY 2018 is less than the Adjustment Threshold for FY 2018 but not less than 80% of the Performance Target for FY 2018, provided that the Adjustment Threshold for FY 2019 shall be increased by the amount of the shortfall between the Adjusted PATMI for FY 2018 and the Adjustment Threshold for FY 2018.	If, based on the audited financial statements of the Company for FY 2020 or FY 2021 (as the case may be), the Performance Target for any year is not met, the Conversion Price thereafter will be adjusted as follows: (a) if the Performance Target for FY 2020 is not met, the Conversion Price shall be adjusted by multiplying the Conversion Price in force by the following fraction: $$\frac{A}{B}$$ Where: A the higher of (a) the Adjusted PATMI for FY 2020 and (b) RMB 154 million; and B is the Performance Target for FY 2020; (b) if the Performance Target for FY 2021 is not met, the Conversion Price shall be adjusted, to the extent necessary, to be equal to the lower of: (i) the Conversion Price in force (after taking into account any adjustment made pursuant to Clause (a) above; and	The floor of the performance target is RMB154 million instead of the earlier RMB230 million. The new floor made reference to the FY 2017 adjusted PATMI of RMB107.7 million. The performance targets have been aligned with those in the terms of Tranche 2 Convertible Bonds.	Please refer to Paragraph 11 (*Financial Effects*) of the Circular in which there will be fair value changes if the New Terms had replaced the Existing Terms.

It is not stated explicitly under the Existing Terms whether or how the Performance Target(s) and/or the Adjustment Threshold(s) will be adjusted in future.	(ii) the original Conversion Price as adjusted pursuant to any other provision other than Clause (a) above multiplied by the following fraction: $$\frac{A}{B}$$ Where: A the higher of (a) the Adjusted PATMI for FY 2021 and (b) RMB 154 million; and B is the Performance Target for FY 2021. The Performance Targets may be adjusted accordingly in a manner to be agreed between the Bondholders and the Company, in the event that the Company issues further securities (including any equity or equity-linked instrument) or there is a divestment of the Company's GI assets.

Conversion Price Adjustment Period	The Adjustment Period commences on January 1, 2018 and ends on December 31, 2019.	The Adjustment Period commences on January 1, 2020 and ends on December 31, 2021.	This is to align with the terms of Tranche 2 Convertible Bonds in relation to the applicable financial year of the performance targets.	Please refer to Paragraph 11 (*Financial Effects*) of the Circular in which there will be fair value changes if the New Terms had replaced the Existing Terms.
Restrictive Covenants	<u>Applicability</u> The restrictive covenants are applicable so long as there are Tranche 1 Convertible Bonds outstanding that are convertible into at least five (5) per cent. of Shares in issue on a fully diluted basis.	<u>Applicability</u> The restrictive covenants shall no longer apply once the Investors' CB Investments have fallen below 5% of the Investors' Original CB Investments.	This is to align the terms of Tranche 1 Convertible Bonds with the terms of Tranche 2 Convertible Bonds in accordance with the Company's and the Investors' mutual commercial understanding. The parties further acknowledge the practical benefits arising from the simplicity in having the same set of restrictive covenants for both tranches of convertible bonds with substantially the same terms.	There is no financial impact on FY 2017.
	<u>Prior Written Consent Requirement</u> There is no statement as to when the prior written consent of the Majority Bondholders shall be deemed to be given.	<u>Prior Written Consent Requirement</u> It is explicitly stated that the prior written consent of the Majority Bondholders shall be deemed to be given if each of the directors appointed by the Bondholders on the Company's board of directors has approved the relevant matters in writing, as evidenced in the relevant board meeting minutes or written resolutions, as the case may be.		

Whether the Company's subsidiaries are subject to the restrictive covenants The restrictive covenants that (1) the Company shall not make any alteration or amendment to the memorandum of association or bye-laws of the Company (including any change to the par value of the Shares), save where required for compliance with applicable laws and regulations, including the listing rules of the SGX-ST, (2) the Company shall not change the size or composition of its board of directors and (3) the Company shall not voluntarily delist the Company from the SGX-ST or list the securities of the Company on any other stock exchange **apply to the Company's subsidiaries**.	Whether the Company's subsidiaries are subject to the restrictive covenants The restrictive covenants that (1) the Company shall not make any alteration or amendment to the memorandum of association or bye-laws of the Company (including any change to the par value of the Shares), save where required for compliance with applicable laws and regulations, including the listing rules of the SGX-ST, (2) the Company shall not change the size or composition of its board of directors and (3) the Company shall not voluntarily delist the Company from the SGX-ST or list the securities of the Company on any other stock exchange **do not apply to the Company's subsidiaries**.	
Whether there is any carve-out for entry into agreements which restrict dividend payment There is no carve-out.	Whether there is any carve-out for entry into agreements which restrict dividend payment There is a carve-out to the restrictive covenant against entry into any agreement that restricts the payment of any dividend or other distribution (whether in cash of in kind) on or in respect of the shares or share capital (or any class of its share capital) of the Company or its subsidiaries which permits the entry into such agreements under any financing provided that the Majority Bondholders' prior written consent to such financing has already been given.	

Pre-emptive Rights and Subsequent Issuance	The Original Bondholders **have pre-emptive rights** to acquire any portion of the additional shares to be issued by the Company pursuant to the subsequent issuance of additional shares to any unrelated third parties, during the period from the closing date to December 31, 2019, where the aggregate gross proceeds from such issuances is not more than US$70,000,000 (the "**Subsequent Issuance**") at a price equal to the consideration per additional share to be paid by the proposed recipient. Further, the Company has to consult the Original Bondholders on the pricing and valuation of each Subsequent Issuance prior to carrying out such Subsequent Issuance. The Original Bondholders also have the preemptive right to acquire its pro rata share (assuming the Tranche 1 Convertible Bonds then held by a Bondholder have been converted into Shares) of additional shares proposed to be issued by the Company at a price equal to the consideration per additional share to be paid by the proposed recipient and otherwise on the same terms and conditions that are no less favourable than the terms offered to such proposed recipient.	The Original Bondholders **do not have pre-emptive rights** to acquire any portion of the additional shares to be issued by the Company pursuant to the Subsequent Issuance at a price equal to the consideration per additional share to be paid by the proposed recipient. The Company also does not have to consult the Original Bondholders on the pricing and valuation of each Subsequent Issuance prior to carrying out such Subsequent Issuance. Notwithstanding the foregoing, the Original Bondholders still have the preemptive right to acquire its pro rata share (assuming the Tranche 1 Convertible Bonds then held by a Bondholder have been converted into Shares) of additional shares proposed to be issued by the Company at a price equal to the consideration per additional share to be paid by the proposed recipient and otherwise on the same terms and conditions that are no less favourable than the terms offered to such proposed recipient.	This amendment seeks to regularise the language in the Existing Terms regarding Subsequent Issuance as the Investors' pre-emptive right *vis-à-vis* subsequent issuance of up to US$70,000,000 has been exhausted with the issuance of Tranche 2 Convertible Bonds.	There is no financial impact on FY 2017.

Undertaking regarding Adjusted PATMI	There is no undertaking to the holders of Tranche 1 Convertible Bonds regarding Adjusted PATMI.	The Company undertakes to each holder of Tranche 1 Convertible Bonds that for so long as any of the Tranche 1 Convertible Bonds or the Tranche 2 Convertible Bonds remains outstanding, the Adjusted PATMI for FY 2022 shall not be less than the Adjusted PATMI for FY 2021.	This is to align the interests of the Company and the Investors to achieve performance growth for the Group.	There is no financial impact on FY 2017.

APPENDIX 10 – PRESENTATION OF TRANCHE 1 CONVERTIBLE BONDS IN FINANCIAL STATEMENTS HAD THE PROPOSED TRANSACTIONS BEEN IN PLACE SINCE THE ISSUE DATE OF TRANCHE 1 CONVERTIBLE BONDS ON 3 MARCH 2017

We set out in the table below the presentation of Tranche 1 Convertible Bonds in financial statements of the Company had the Proposed Transactions been in place since 3 March 2017. The figures in this Appendix 10 are strictly for illustrative purposes only and are prepared by an independent valuer, Nexia TS Advisory Pte. Ltd., using the valuation methodology specified below. They may not be representative of the actual financial impact of the Proposed Transactions after such transactions are completed. The actual financial impact of the Proposed Transactions (in the context of the valuation of the Tranche 1 Convertible Bonds and its impact on the profit and loss account of the Company) will depend on factors including (but not limited to) the share price, the share price volatility and the probability of the conversion of the Tranche 1 Convertible Bonds at the time of valuation.

Methodology employed for the valuation of Tranche 1 Convertible Bonds issued on 3 March 2017

The Tranche 1 Convertible Bonds are regarded as a hybrid instruments consisting of a liability component and an equity/derivative component. It is a contract that will or may be settled in the Company's own equity instruments, which is a variable number of shares in the capital of the Company, dependent on the adjustments made to the Conversion Price.

As at the inception date, 3 March 2017, the fair value of the derivative portion is determined using a generally accepted valuation method, Binomial option pricing model, taking into consideration the various scenarios contingent on the achievability of the Company's annual Performance Targets, which result in a probability weighted average value.

The financial instrument is complex and subjective in nature as it involves significant management judgement regarding the parameters used in determining the fair value of the derivative component. As such, market-observable data are generally used in the Binomial option pricing model and where market observable data are not available, the management's inputs will be assessed and adopted appropriately.

The fair value of the entire Tranche 1 Convertible Bond instrument have been taken to equate the transaction amount. Thereafter, fair value of the liability component is determined as residual value after the fair value of the derivative component is deducted from the fair value of the entire bond instrument.

RMB'000	CB1 issued on 3 March 2017 under Existing Terms	CB1 issued on 3 March 2017 under proposed New Terms (as if effective from 3 March 2017)(1)	CB1 issued on 3 March 2017 under Existing Terms	CB1 issued on 3 March 2017 under proposed New Terms (as if effective from 1 January 2018)(2)
Balance Sheet	**As at 31 December 2017**		**As at 31 March 2018**	
Non-current liabilities				
CB1	687,256	661,948	634,199	692,761
Profit or Loss	**Period from 3 March 2017 to 31 December 2017**		**Period from 1 January 2018 to 31 March 2018**	
Fair value gain/(loss) on CB1	69,338	99,617	51,128	(7,434)

Notes:

(1) The effects of the proposed New Terms were retrospectively adjusted in this illustration. The proposed New Terms were effected into the bifurcation of CB1 as at 3 March 2017, and the effect of changes in the fair value of the conversion option over the period from 3 March 2017 to 31 December 2017.

(2) The effects of the proposed New Terms were adjusted as if effective from 1 January 2018, and the effect of changes in fair value of the conversion option of CB1 for the period from 1 January 2018 to 31 March 2018 was re-measured and presented above.

Notes to Accounts: Convertible Bonds

RMB'000	CB1 issued on 3 March 2017 under Existing Terms	CB1 issued on 3 March 2017 under proposed New Terms (as if effective from 3 March 2017)	CB1 issued on 3 March 2017 under Existing Terms	CB1 issued on 3 March 2017 under proposed New Terms (as if effective from 1 January 2018)
Debt host liability component, at amortised cost	352,569	261,135	350,640	350,640
Derivative liability component, at fair value	334,687	400,813	283,559	342,121
Total	**687,256**	**661,948**	**634,199**	**692,761**

RMB'000	CB1 issued on 3 March 2017 under Existing Terms	CB1 issued on 3 March 2017 under proposed New Terms (as if effective from 3 March 2017)	CB1 issued on 3 March 2017 under Existing Terms	CB1 issued on 3 March 2017 under proposed New Terms (as if effective from 1 January 18)
Nominal Value of CB1 issued	757,856	757,856	757,856	757,856
Less: Transaction costs	(26,189)	(26,189)	(26,189)	(26,189)
Net value of CB1 issued	731,667	731,667	731,667	731,667
Exchange realignment	(18,054)	(12,228)	(31,050)	(31,050)
Cumulative interest accrued	58,224	57,369	55,489	55,489
Fair Value gain on CB1	(69,338)	(99,617)	(51,128)	7,434
Opening fair value changes	N.A.	N.A.	(69,338)	(69,338)
Total	702,499	677,191	635,640	694,202
Less: Interest payables included in accruals	(15,243)	(15,243)	(1,441)	(1,441)
Debt host and derivative liability component at end of year	**687,256**	**661,948**	**634,199**	**692,761**

Name of project	Name of subsidiary as operator	Location in the PRC	Type of project	Concession Rights	Project Status	Major customers and roles of the Company	Estimated amounts of investments required (RMB million)	Amount of investments made to-date (RMB million)
Changrun Project – Phase 1	Hebei Changrun Environmental Ltd. – 100% owned subsidiary	Hebei Gaoyang Economic Development Zone	BOT*	Sunpower signed a 30-year concession agreement with Administration Commission of Hebei Gaoyang Economic Development Zone (河北高阳经济开发区管理委员会) in May 2016.	Launched production in Q3 2017	The Changrun Project supplies steam that it generates to about 70 industrial customers in Gaoyang Economic Development Zone where textile and dyeing factories concentrate.	934.1	934.1
Quanjiao Project	Quanjiao Sunpower Clean Energy Co., Ltd.) – 100% owned subsidiary	Anhui Quanjiao Economic Development Zone, Chuzhou City	BOT*	The concession agreement was signed in Feb 2016 with Administration Commission of Quanjiao Economic Development Zone (全椒经济开发区管理委员会) and the term of this agreement is 30 years.	Launched production in Q4 2017	The Quanjiao Project supplies steam that it generates to more than 10 industrial customers in Quanjiao Economic Development Zone.	78.2	78.2
Lianshui Project	Lianshui Sunpower Clean Energy Co., Ltd – 95% owned subsidiary	Lianshui Economic Development zone	BOT*	The concession agreement was signed in January 2016 with Administration Commission of Jiangsu Lianshui Economic Development Zone (江苏涟水经济开发区管理委员会) and the term of this agreement is about 30 years.	Launched production in Q4 2017	The Lianshui Project supplies steam that it generates to approximately 20 customers across diverse industries located in Quanjiao Economic Development Zone.	103.2	103.2

Name of project	Name of subsidiary as operator	Location in the PRC	Type of project	Concession Rights	Project Status	Major customers and roles of the Company	Estimated amounts of investments required (RMB million)	Amount of investments made to-date (RMB million)
Jining Project	Jining Mining Industry Sunpower Clean Energy Development Co., Ltd. (the "Jining Project Company") -49% owned JV	Jining Chemical Industrial Park, Wenshang County, Jining City, Shandong Province	BOO**	The Jining Project Company signed a project investment agreement with People's Government of Wenshang County (汶上县人民政府) and was granted 30-year exclusive right in supplying steam throughout the Chemical Industrial Park of Wenshang County.	Start steam trading business from Q1 2018	The Jining Project procures steam from a third-party cogeneration plant and sells steam to about 10 industrial customers in the chemical industrial park of Wenshang County through the Group's proprietary long-distance steam distribution pipelines	52.5	52.5
Shantou Project – Phase 1	Shantou Sunpower Keying Thermal Power Co., Ltd – 51% owned subsidiary	Guangdong Shantou Chaonan zone	BOO**	The Shantou Project was granted 38.5 years of concession right from 2017 by Environmental Protection Comprehensive Management Center of Chaonan District, Shantou City for Textile Printing & Dyeing (汕头市潮南区纺织印染环保综合处理中心管理办公室)	Under construction	/	760.0	260.0

Name of project	Name of subsidiary as operator	Location in the PRC	Type of project	Concession Rights	Project Status	Major customers and roles of the Company	Estimated amounts of investments required (RMB million)	Amount of investments made to-date (RMB million)
Liutuan Project – Phase 1	Changyi Sunpower Clean Energy Co., Ltd – 100% owned subsidiary	Industrial Park in Changyi City, Shandong Province	BOO**	Sunpower signed a 30-year concession agreement with Administration Commission of Liutuan Industrial Park, Changyi Binhai Economic Development Area Shandong Province (山东省昌邑市滨海经济开发区柳疃工业园区管委会)	In design adjustment phase	/	340.0	5.0
Xinjiang Project – Phase 1	Xinjiang Sunpower Clean Energy Co., Ltd – 100% owned subsidiary	Circular Economy Demonstration Park, Xinjiang County, Yuncheng City, Shanxi Province	BOO**	Sunpower signed a project investment agreement with People's Government of Xinjiang County (新绛县人民政府) in September 2017 and was granted a 30-year concession right in operating the plant and supplying steam within its coverage area.	In design phase	/	260.0	3.0

Name of project	Name of subsidiary as operator	Location in the PRC	Type of project	Concession Rights	Project Status	Major customers and roles of the Company	Estimated amounts of investments required (RMB million)	Amount of investments made to-date (RMB million)
Yingtan Project – Phase 1	Yingtan Sunpower Clean Energy Co., Ltd. – 100% owned subsidiary	Yingtan National High-tech Industry Development Zone, Yingtan City, Jiangxi Province	BOT*	Sunpower signed a project investment agreement with Administration Commission of Yingtan National High-tech Industry Development Zone (鷹潭国家高新技术产业开发区管理委员会) in November 2017 and was granted 30-year concession right in operating the plant and supplying steam in the region.	In design phase	/	53.0	0.5

Name of project	Name of subsidiary as operator	Location in PRC	Counterparties	Date of Acquisition Completion	Information on the Acquired Plants	Estimated amounts of investments required (RMB million)	Amount of investments made to-date (RMB million)
Xinyuan Plant	Qingdao Xinyuan Thermal Power Co., Ltd. - 85% owned subsidiary	Jimo District, Qingdao City, Shandong Province	Sunpower acquired 85% shares from Employee Technical Association of Jimo Thermal Power Plant (即墨市热电厂职工技术协会) and other 13 individual shareholders	The acquisition was completed on 10 November 2017.	Established in 2003, Xinyuan Plant's principal business activities include the supply of steam to the industrial enterprises and the provision of heat to the local residents, as well as the sale of electricity to State Grid. The total housing area that Qingdao Plant covers and supplies heat to is above 2 million square meters.	Consideration for the acquisition of shares: 212.5	Consideration for the acquisition of shares: 212.5
Xintai Zhengda Project	Xintai Zhengda Thermoelectric Co., Ltd. - 71% owned subsidiary	Xintai City, Shandong Province	Sunpower acquired 51% stake from 33 individual shareholders and 20% from Xintai Balanced Urban and Rural Development Co., Ltd. (新泰市统筹城乡发展有限公司), a state-owned enterprise in Shandong province.	The acquisition was completed on 6 July 2018.	Xintai Zhengda's principal business includes the supply of steam and heat as well as the sale of electricity to the local grid through its existing facilities located in the center of Xintai City. The existing facilities will remain in normal operation prior to the completion of the new facilities. Currently, phase one of the new facilities is under construction. According to the directive document issued by the People's Government of Xintai City in March 2018, Xintai Zhengda is certified as the exclusive centralized steam/electricity plant serving the northern area of Xintai City.	Consideration for the acquisition of shares: 66.5 Investment required for the construction of new facilities: 800.0	Consideration for the acquisition of shares: 65.8 Investments made to-date in new facilities: 35.4

*Build-Operate-Transfer

**Build-Owned-Operate

SUNPOWER GROUP LTD.

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

NOTICE IS HEREBY GIVEN that a Special General Meeting ("**SGM**") of the members of the Company will be held at 10.00 a.m. (Singapore time) on 6 September 2018 at Level 1, Libra & Gemini, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594, for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions ("**Resolutions**"):

All capitalised terms used in this Notice of SGM which are not defined herein shall, unless the context otherwise requires, have the same meaning ascribed to them in the Circular of the Company dated 21 August 2018 to Shareholders.

Shareholders should note that all the Resolutions are inter-conditional upon each other. Accordingly, in the event that any of these Resolutions is not approved, the other Resolutions will not be duly passed.

AS ORDINARY RESOLUTIONS

RESOLUTION 1 – THE PROPOSED ISSUE OF CONVERTIBLE BONDS DUE 2022 OF AN AGGREGATE PRINCIPAL AMOUNT OF UP TO US$70 MILLION WITH AN INITIAL CONVERSION PRICE OF S$0.60 TO BLUE STARRY ENERGY LIMITED AND GLORY SKY VISION LIMITED (THE "PROPOSED CONVERTIBLE BONDS ISSUE")

THAT, subject to Resolutions 2, 3, 4, 5, 6 and 7 being passed:

(a) approval be and is hereby given to the Directors or any of them to create and issue convertible bonds due 2022 of an aggregate principal amount of up to US$70 million (the "**Bonds**") to Blue Starry Energy Limited ("**Blue Starry**") and Glory Sky Vision Limited (and together with Blue Starry, the "**Investors**") in accordance with the terms and conditions of the Bonds (the "**Terms and Conditions (CB2)**"), such Bonds to be convertible into new ordinary shares of the Company (the "**Conversion Shares**") at a conversion price determined in accordance with the Terms and Conditions (CB2) (the "**Conversion Price**"); and

(b) approval be and is hereby given to the Directors and any of them to complete and to do all such acts and things as they may consider necessary, desirable, expedient to give effect to this Resolution 1, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and approved.

RESOLUTION 2 – THE PROPOSED ISSUE OF UP TO 57,625,714 WARRANTS (AS WELL AS SUCH ADDITIONAL WARRANTS AS MAY BE REQUIRED TO BE ISSUED UPON AN ADJUSTMENT IN ACCORDANCE WITH THE TERMS AND CONDITIONS (WARRANTS) (AS DEFINED BELOW)) WITH AN INITIAL EXERCISE PRICE OF S$0.70, OR AS THE CASE MAY BE, S$0.80 TO BLUE STARRY ENERGY LIMITED AND GLORY SKY VISION LIMITED (THE "PROPOSED WARRANTS ISSUE")

THAT, subject to Resolutions 1, 3, 4, 5, 6 and 7 being passed:

(a) approval be and is hereby given to the Directors or any of them to create and issue up to 57,625,714 warrants (the "**Warrants**") to the Investors in accordance with the terms and conditions of the Warrants (the "**Terms and Conditions (Warrants)**"), such Warrants to be exercisable into new ordinary shares of the Company (the "**Warrant Shares**") at an exercise price determined in accordance with the Terms and Conditions (Warrants) (the "**Exercise Price**");

(b) approval be and is hereby given to the Directors or any of them to create and issue such additional warrants as may be required to be issued upon an adjustment in accordance with the Terms and Conditions (Warrants); and

(c) approval be and is hereby given to the Directors and any of them to complete and to do all such acts and things as they may consider necessary, desirable, expedient to give effect to this Resolution 2, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and approved.

RESOLUTION 3 – PROPOSED ISSUE OF CONVERSION SHARES PURSUANT TO THE PROPOSED CONVERTIBLE BONDS ISSUE

THAT, subject to Resolutions 1, 2, 4, 5, 6 and 7 being passed, and pursuant to Rule 811(3) of the Listing Manual:

(a) approval be and is hereby given to the Directors or any of them to allot and issue:

(i) such number of Conversion Shares pursuant to the Proposed Convertible Bonds Issue, at the Conversion Price as may be required or permitted to be allotted or issued on the conversion of the Bonds, to or to the order of the holders of the Bonds (the "**Bondholders**") on the date of conversion thereof, subject to and otherwise in accordance with the Terms and Conditions (CB2), whereby such Conversion Shares when issued shall rank *pari passu* in all respects with the then existing shares of the Company save as may be provided in the Terms and Conditions (CB2);

(ii) on the same basis as paragraph (a)(i) above, such further Conversion Shares as may be required to be allotted and issued on the conversion of any of the Bonds upon the adjustment of the Conversion Price in accordance with the Terms and Conditions (CB2);

(iii) such number of Conversion Shares referred to in paragraphs (a)(i) and (a)(ii) above to or to the order of the Bondholders; and

(iv) such number of securities as may be required or permitted to be allotted and issued pursuant to the Pre-Emptive Right (as defined below) to Bondholders (including the Investors);

(b) approval be and is hereby given to the Directors and any of them to complete and to do all such acts and things as they may consider necessary, desirable, expedient to give effect to this Resolution 3, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and approved; and

(c) that the pre-emption rights contained in the provisions Bye-law 10 of the Bye-laws of the Company be expressly waived in connection with the issue of Conversion Shares.

Notes:

In this resolution, "**Pre-Emptive Right**" means the right of each of the Bondholders to be offered by the Company to acquire its *pro rata* share (assuming the Bonds then held by a Bondholder have been converted into Shares) of such additional shares at a price equal to the consideration per additional share to be paid by the proposed recipient and otherwise on the same terms and conditions that are no less favorable than the terms offered to such proposed recipient.

RESOLUTION 4 – PROPOSED ISSUE OF WARRANT SHARES PURSUANT TO THE PROPOSED WARRANTS ISSUE

THAT, subject to Resolutions 1, 2, 3, 5, 6 and 7 being passed, and pursuant to Rule 811(3) of the Listing Manual:

(a) approval be and is hereby given to the Directors or any of them to allot and issue:

(i) such number of Warrant Shares pursuant to the Proposed Warrants Issue, at the Exercise Price as may be required or permitted to be allotted or issued on the exercising of the Warrants, to or to the order of the holders of the Warrants (the "**Warrantholders**") on the date of exercise thereof, subject to and otherwise in accordance with the Terms and Conditions (Warrants), whereby such Warrant Shares when issued shall rank *pari passu* in all respects with the then existing shares of the Company save as may be provided in the Terms and Conditions (Warrants);

(ii) on the same basis as paragraph (a)(i) above, such further Warrant Shares as may be required to be allotted and issued on the exercising of any of the Warrants upon the adjustment of the Exercise Price and/or the number of Warrants in accordance with the Terms and Conditions (Warrants); and

(iii) such number of Warrant Shares referred to in paragraphs (a)(i) and (a)(ii) above to or to the order of the Warrantholders;

(b) approval be and is hereby given to the Directors and any of them to complete and to do all such acts and things as they may consider necessary, desirable, expedient to give effect to this Resolution 4, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and approved; and

(c) that the pre-emption rights contained in the provisions Bye-law 10 of the Bye-laws of the Company be expressly waived in connection with the issue of Warrant Shares.

RESOLUTION 5 – PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

THAT, subject to Resolutions 1, 2, 3, 4, 6 and 7 being passed:

(a) the authorised share capital of the Company be and is hereby increased from US$14,000,000 divided into 1,400,000,000 shares of US$0.01 each to US$23,000,000 divided into 2,300,000,000 shares of US$0.01 each ranking *pari passu* with the existing shares of the Company; and

(b) approval be and is hereby given to the Directors and any of them to complete and to do all such acts and things as they may consider necessary, desirable, expedient to give effect to this Resolution 5, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents (if required) and to arrange for the requisite filings in connection with the increase, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and approved.

RESOLUTION 6 – PROPOSED POTENTIAL TRANSFER OF CONTROLLING INTEREST IN THE COMPANY TO BLUE STARRY ENERGY LIMITED, GLORY SKY VISION LIMITED OR THEIR RESPECTIVE TRANSFEREES ARISING FROM THE PROPOSED TRANSACTIONS

THAT, subject to Resolutions 1, 2, 3, 4, 5 and 7 being passed:

(a) approval be and is hereby given for the issue of Conversion Shares or (as the case may be) Warrant Shares upon conversion of the Bonds or (as the case may be) exercising of the Warrants that could potentially result in the transfer of controlling interest in the Company to the Investors (or their transferees) under Rule 803 of the Listing Manual arising from the Proposed Transactions; and

(b) approval be and is hereby given to the Directors and any of them to complete and to do all such acts and things as they may consider necessary, desirable, expedient to give effect to this Resolution 6, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and approved.

RESOLUTION 7 – PROPOSED AMENDMENTS TO THE TERMS AND CONDITIONS OF THE TRANCHE 1 CONVERTIBLE BONDS

THAT, subject to Resolutions 1, 2, 3, 4, 5 and 6 being passed:

(a) that the terms and the conditions of the Tranche 1 Convertible Bonds be amended and restated as set out in Schedule 5 to the Purchase Agreement;

(b) that the terms relating to excess return sharing set out in the Tranche 1 Convertible Bonds Purchase Agreement relating to the Tranche 1 Convertible Bonds shall be amended and shall take the form set out in the Tranche 2 Convertible Bonds Purchase Agreement and described in paragraph 3.1 of the Circular; and

(c) approval be and is hereby given to the Directors and any of them to complete and to do all such acts and things as they may consider necessary, desirable, expedient to give effect to this Resolution 7, including without limitation to the foregoing, to negotiate, sign, execute and deliver all documents (if required) in the interests of the Company, and, to the extent that any of the foregoing have been done, that they be and are hereby approved, confirmed and approved.

By Order of the Board

Guo Hong Xin
Executive Chairman

21 August 2018

Notes:

(1) With the exception of CDP (which may appoint more than two proxies), a member of the Company who is entitled to attend and vote at the SGM and who is the holder of two or more Shares is entitled to appoint no more than two proxies to attend the SGM and vote in his stead. A proxy need not be a member of the Company.

(2) All Depository Proxy Forms must be lodged at the office of the Company's Singapore Share Transfer Agent, RHT Corporate Advisory Pte. Ltd., at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619, **not less than 48 hours before the time appointed for holding the SGM in order for the proxy to be entitled to attend and vote at the SGM.**

The SGX-ST assumes no responsibility for the contents of this Notice, including the correctness of any of the statements or opinions made or reports contained in this Notice.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Special General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Special General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Special General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.