

CIRCULAR DATED 11 JULY 2023

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

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

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

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

This Circular has been despatched to Shareholders and made available on SGXNET and the Company's website, and may be accessed at the URL <http://sunpower.listedcompany.com>.

The SGM will be held by way of physical means at Ballroom 2, Level 3, The Westin Singapore, 12 Marina View, Asia Square Tower 2, Singapore 018961. Accordingly, Shareholders and their duly appointed proxy (or proxies) will not be able to attend the SGM by way of electronic means. Please refer to Paragraphs 8 and 10 of this Circular and the Notice of SGM for further information, including the steps to be taken by Shareholders (and their duly appointed proxy (or proxies)) to participate at the SGM.



SUNPOWER GROUP LTD.

(Company Registration No. 35230)

(Incorporated in Bermuda with limited liability)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED AMENDMENTS TO THE CONVERTIBLE BOND PURCHASE AGREEMENT AND CB TERMS AND CONDITIONS

Financial Adviser to the Company



STIRLING COLEMAN

施霖高诚

STIRLING COLEMAN CAPITAL LIMITED

(Company Registration No. 200105040N)

(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Depositor Proxy Form	:	26 July 2023 at 2.00 p.m.
Date and time of Special General Meeting	:	28 July 2023 at 2.00 p.m.
Place of Special General Meeting	:	Ballroom 2, Level 3, The Westin Singapore, 12 Marina View, Asia Square Tower 2, Singapore 018961

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DEFINITIONS

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

- "2020 Agreement"** **Amendment** : The amendment agreement dated 31 December 2020 entered into between the Company and the Bondholders to amend certain terms of the Convertible Bond Purchase Agreement, which was approved by the Shareholders at a special general meeting of the Company held on 16 April 2021
- "2023 Agreement"** **Amendment** : The amendment agreement dated 24 March 2023 entered into between the Company and the Bondholders to amend certain terms of the Convertible Bond Purchase Agreement and the CB Terms and Conditions
- "Additional Finance Cost"** : Has the meaning ascribed to it in Paragraph 5.4 of this Circular
- "Amended Terms"** : The Existing Terms as amended pursuant to the Proposed Amendments
- "Applicable Redemption Prices"** **Redemption** : Has the meaning ascribed to it in Paragraph 4.2(b) of this Circular
- "Asset Sale"** : Has the meaning ascribed to it in Paragraph 4.2(a) of this Circular
- "Audit Committee"** : The audit committee of the Company, being as at the Latest Practicable Date, Mr. Chin Sek Peng, Mr. Lau Ping Sum Pearce and Mr. Yang Zheng
- "Blue Starry"** : Blue Starry Energy Limited (an affiliate of DCP)
- "Board" or "Board of Directors"** **of** : The board of directors of the Company as at the date of this Circular
- "Bondholders"** : The holders of the Convertible Bonds of the Company at the relevant time, and as at the Latest Practicable Date, being Glory Sky Vision Limited (an affiliate of CDH) and Blue Starry Energy Limited, Alpha Keen Limited and Green Hawaii Air Limited (each an affiliate of DCP)
- "Business Day"** : 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
- "Bye-laws"** : The bye-laws of the Company as at the date of this Circular
- "CAGR"** : Compounded annual growth rate
- "CB Terms and Conditions"** : The terms and conditions of the Convertible Bonds

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"CDH"	:	CDH China Management Company Limited
"CDP"	:	The Central Depository (Pte) Limited
"Circular"	:	This circular to Shareholders dated 11 July 2023
"Companies Act"	:	Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
"Company"	:	Sunpower Group Ltd.
"controlling shareholder"	:	A person who: (a) holds directly or indirectly 15.0% or more of the total voting rights in the Company. The SGX-ST may determine that a person who satisfies this definition is not a controlling shareholder; or (b) in fact exercises control over the Company
"Conversion Right"	:	Has the meaning ascribed to it in Paragraph 2.1(b) of this Circular
"Convertible Bond Purchase Agreement"	:	Has the meaning ascribed to it in Paragraph 1.1(a) of this Circular
"Convertible Bonds"	:	The total convertible bonds of an aggregate principal amount of up to US\$180 million, which is made up of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds
"Corporate Action"	:	Has the meaning ascribed to it in Paragraph 5 of this Circular
"Current Maturity Date"	:	17 April 2023, being the 15 th Business Day after the date on which the Company's audited financial statements for 2022 are issued, pursuant to election by the Bondholders in accordance with the Existing Terms
"DCP"	:	DCP Capital Partners L.P.
"Directors"	:	Directors of the Company as at the date of this Circular
"EBITDA"	:	Earnings before interest, taxes, depreciation and amortisation
"Effective Date"	:	The date of Shareholders' approval of the Proposed Amendments
"EPS"	:	Earnings per Share
"ESOS"	:	The Sunpower Employee Share Option Scheme 2015
"Existing Terms"	:	The existing terms of the Convertible Bond Purchase Agreement and the CB Terms and Conditions, which were

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	approved by the Shareholders at a special general meeting of the Company held on 6 September 2018, as amended and supplemented by, amongst others, the 2020 Amendment Agreement, which was approved by the Shareholders at a special general meeting of the Company held on 16 April 2021
"FY"	: Financial year ending or ended 31 December
"FY2022 Audited Results"	: Has the meaning ascribed to it in Paragraph 3.1 of this Circular
"GI"	: Green investment
"GI Business"	: The green investment business segment operated by the Group, which involves the supply of industrial steam to a range of diverse industries, such as chemical, printing & dyeing, paper making, F&B, building materials, pharmacy, paint, wood processing, chemical fertilisers, the supply of pollution-free civil heating to a large base of households and the sale of electricity to the State Grid
"GI Group"	: The entities within the Group engaged in the GI Business
"GI Projects"	: Green investment projects
"Glory Sky"	: Glory Sky Vision Limited (an affiliate of CDH)
"Group"	: The Company and its subsidiaries
"Immediate Redemption"	: Has the meaning ascribed to it in Paragraph 2.1(a) of this Circular
"Initial Partial Sale"	: Has the meaning ascribed to it in Paragraph 4.2(h) of this Circular
"Issued Bonds"	: Such portion of the total Convertible Bonds issued by the Company to various Bondholders that have been issued at the relevant time (being, as at the Latest Practicable Date, US\$130 million in principal amount)
"Latest Practicable Date"	: 30 June 2023, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	: The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
"Local Business Partner"	: Has the meaning ascribed to it in Paragraph 3.3(a) of this Circular
"Majority Bondholders"	: The Bondholders of at least a majority in principal amount of the outstanding Convertible Bonds at any time
"M&S Business"	: The manufacturing and services business segment operated

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	by the M&S Group, which involves the manufacturing and provision of high-end customised environmental protection products and solutions, such as highly efficient heat exchangers and pressure vessels, heat pipes and heat pipe exchangers, pipeline energy saving products and related environmental protection products, and solutions for flare and flare gas recovery systems, zero liquid discharge systems for high-salinity wastewater, petrochemical engineering and thermal power engineering
"M&S Dividends"	: Has the meaning ascribed to it in Paragraph 2.1(a) of this Circular
"M&S Group"	: Sunpower Technology and its subsidiaries
"Mr. Guo"	: Mr. Guo Hong Xin, the Non-Executive Chairman of the Company
"Mr. Ma"	: Mr. Ma Ming, the Executive Director of the Company
"Multiple of Money"	: Has the meaning ascribed to it in Paragraph 4.2(a) of this Circular
"NAV"	: Net asset value
"Net Exit Value" or "NEV"	: Has the meaning ascribed to it in Paragraph 4.4 of this Circular
"Net Proceeds"	: Has the meaning ascribed to it in Paragraph 4.2(a) of this Circular
"New Maturity Date"	: The later of (i) 3 April 2025; or (ii) if so elected by the Bondholders, the date that is the 15 th Business Day after the date on which the Company's audited financial statements for 2024 are issued
"Notice of SGM"	: The notice of the SGM as set out on Pages N-1 to N-3 of this Circular
"NTA"	: Net tangible assets
"Ordinary Resolution"	: Has the meaning ascribed to it in Paragraph 1.2 of this Circular
"Overdue Amount"	: Has the meaning ascribed to it in Paragraph 4.5 of this Circular
"Partial Sale"	: Has the meaning ascribed to it in Paragraph 4.2(a) of this Circular
"PATMI"	: Has the meaning ascribed to it in Paragraph 2.1(b) of this Circular
"Performance Target"	: Has the meaning ascribed to it in Paragraph 2.1(b) of this Circular

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"Potential Transaction"	:	Has the meaning ascribed to it in Paragraph 4.2(h) of this Circular
"Potential Transaction Additional Amount"	:	Has the meaning ascribed to it in Paragraph 4.2(h) of this Circular
"PRC"	:	The People's Republic of China, and for the purpose of this Circular, excluding Hong Kong SAR, Taiwan, and Macau SAR
"Pro Rata Redemption Price"	:	Has the meaning ascribed to it in Paragraph 4.3(b) of this Circular
"Project A"	:	Has the meaning ascribed to it in Paragraph 3.3(a) of this Circular
"Project B"	:	Has the meaning ascribed to it in Paragraph 3.3(a) of this Circular
"Proposed Amendments"	:	Has the meaning ascribed to it in Paragraph 1.1(c) of this Circular
"Proposed Extension"	:	The proposed extension of the Current Maturity Date under the Existing Terms to the New Maturity Date
"Purchaser"	:	Has the meaning ascribed to it in Paragraph 4.2(h) of this Circular
"Recommending Directors"	:	The directors who are considered independent in relation to the Proposed Amendments, being as at the Latest Practicable Date, Mr. Guo Hong Xin, Mr. Ma Ming, Mr. Yang Zheng, Mr. Lau Ping Sum Pearce, Mr. Chin Sek Peng and Mr. Wang Dao Fu
"Redeemed Bonds"	:	Has the meaning ascribed to it in Paragraph 4.2(h) of this Circular
"Redemption Balance"	:	Has the meaning ascribed to it in Paragraph 4.4 of this Circular
"Redemption YTM"	:	Has the meaning ascribed to it in Paragraph 4.3(a) of this Circular
"Relevant Event"	:	Has the meaning ascribed to it in Paragraph 4.6 of this Circular
"Securities Account"	:	A securities account maintained by a Depositor with CDP, but does not include a securities sub-account
"Series of Partial Sales"	:	Has the meaning ascribed to it in Paragraph 4.2(a) of this Circular
"SFA"	:	Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time

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"SGM"	:	The special general meeting of the Company to be held on 28 July 2023 at 2.00 p.m., notice of which is set out on Pages N-1 to N-3 of this Circular
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Shareholders"	:	The registered holders of the Shares in the register of members of the Company, except that where the registered holder is CDP, the term " Shareholders " shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the issued and paid-up capital of the Company
"Special Transaction"	:	Has the meaning ascribed to it in Paragraph 4.2(a) of this Circular
"Standstill"	:	Has the meaning ascribed to it in Paragraph 4.11(c) of this Circular
"Standstill Expiration Date"	:	Has the meaning ascribed to it in Paragraph 4.11(e) of this Circular
"Subject Events"	:	Under the Existing Terms, means where (a) the businesses, operations and financial positions of the Group, taken as a whole, are materially, seriously and adversely affected by any pandemic (such as COVID-19) or other natural disaster or act of God that generally, materially, seriously and adversely affects similarly situated companies in the same industry in the jurisdictions where the Group operates businesses and (b) the effect of such pandemic or other natural disaster or act of God on the Group's GI Business and similarly situated companies' businesses in the same industry in the jurisdictions where the Group operates businesses is not less severe than the effect of COVID-19 in FY2020 on those businesses
"Subsequent Sale"	:	Has the meaning ascribed to it in Paragraph 4.2(h) of this Circular
"Subsequent Sale Additional Amount"	:	Has the meaning ascribed to it in Paragraph 4.2(h) of this Circular
"substantial shareholder"	:	A person who has an interest in not less than 5.0% of the total votes attached to all the voting Shares (excluding treasury Shares) in the Company
"Sunpower Technology"	:	Sunpower Technology (Jiangsu) Co., Ltd. (中圣科技(江苏)有限公司)
"Target Projects"	:	Has the meaning ascribed to it in Paragraph 3.3(a) of this

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- "Total Internal Rate of Return"** : (a) Under the Existing Terms, in respect of any Convertible Bond held by a Bondholder, means the annual rate based on a 365-day period used to discount each cash flow in respect of such 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 Shares issued upon conversion of the Convertible Bond) to the original issuance date such that the present value of the aggregate cash flow equals zero. The Total Internal Rate of Return will be calculated with reference to the period from the relevant dates of issue of such Convertible Bonds under the Convertible Bond Purchase Agreement to the date on which such payment is made in full; and
- (b) Under the Amended Terms, in respect of any Convertible Bond held by a Bondholder, means the annual rate based on a 365-day period used to discount each cash flow in respect of such Convertible Bond (such cash flow to include subscription or purchase consideration, cash dividends, interest and distributions received (including the M&S Dividends), as well as any future cash interest, distributions, dividends and receipts received after the date of the 2023 Amendment Agreement and up to the date of payment) to the original issuance date such that the present value of the aggregate cash flow equals zero. For the avoidance of doubt, any expense incurred by such Bondholder shall not be taken into account in such calculation of Total Internal Rate of Return. In connection with any payment required in the CB Terms and Conditions (save for the interest on any Overdue Amount), the Total Internal Rate of Return will be calculated with reference to the period from the date of issue of the Convertible Bonds to the date on which such payment is made in full. In connection with the interest on any Overdue Amount, the Total Internal Rate of Return will be calculated with reference to the period from the applicable due date of such Overdue Amount to the date on which such payment is made in full
- "Tranche 1 Convertible Bonds"** : Has the meaning ascribed to it in Paragraph 1.1(a) of this Circular
- "Tranche 2 Convertible Bonds"** : Has the meaning ascribed to it in Paragraph 1.1(a) of this Circular
- "%" or "per cent."** : Percentage or per centum

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"RMB"	:	Renminbi, the lawful currency of the People's Republic of China
"S\$" or "SGD"	:	Singapore dollars, the lawful currency of the Republic of Singapore
"US\$" or "USD"	:	United States dollars, the lawful currency of the United States of America
"YTM Redemption Price"	:	Has the meaning ascribed to it in Paragraph 4.3(b) of this Circular

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

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

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

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

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

Any reference to a Bondholder's pro rata portion shall be calculated on an as-converted basis, which assume that the outstanding Convertible Bonds held by such Bondholder are converted into Shares in full at the prevailing conversion price, in accordance with the CB Terms and Conditions. For purposes of illustration only, please refer to Appendix D of this Circular, setting out the Bondholders' pro-rata portion on an as-converted basis, being (i) 46.0% under the Existing Terms, assuming that performance shortfall adjustments to conversion price apply; or (ii) 31.0% under the Amended Terms, where performance shortfall adjustments to conversion price cease to apply.

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.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "**expect**", "**anticipate**", "**believe**", "**estimate**", "**intend**", "**project**", "**plan**", "**strategy**", "**forecast**" and similar expressions or future or conditional verbs such as "**if**", "**will**", "**would**", "**should**", "**could**", "**may**" and "**might**". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and

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unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company undertakes any obligation to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

SUNPOWER GROUP LTD.

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

Board of Directors:

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

Registered Office:

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

11 July 2023

To: The Shareholders of Sunpower Group Ltd.

Dear Sir/Madam,

THE PROPOSED AMENDMENTS TO THE CONVERTIBLE BOND PURCHASE AGREEMENT AND CB TERMS AND CONDITIONS

1. INTRODUCTION

1.1. The Proposed Amendments to the Convertible Bond Purchase Agreement

- (a) The Company has entered into the following convertible bond purchase agreements with DCP and/or CDH (through their respective affiliates):
- (i) The Company had on 14 December 2016 entered into a convertible bond purchase agreement with Glory Sky Vision Limited (an affiliate of CDH) ("**Glory Sky**"), pursuant to which the Company agreed to issue, and Glory Sky agreed to purchase, the convertible bonds due 2022 of an aggregate principal amount of US\$110 million (the "**Tranche 1 Convertible Bonds**"). On 3 March 2017, the Group completed the issuance of the Tranche 1 Convertible Bonds of an aggregate principal amount of US\$110 million to Glory Sky with an initial conversion price of S\$0.50.
 - (ii) Subsequent to the issuance of the Tranche 1 Convertible Bonds, US\$60 million in principal amount of the Tranche 1 Convertible Bonds had been transferred to Blue Starry Energy Limited ("**Blue Starry**"), Alpha Keen Limited and Green Hawaii Air Limited (each an affiliate of DCP).
 - (iii) On 22 May 2018, the Company entered into a second convertible bond

LETTER TO SHAREHOLDERS

purchase agreement (as amended and supplemented by supplemental agreements dated 16 August 2018 and 28 January 2019 and the 2020 Amendment Agreement and as may be further supplemented from time to time, the "**Convertible Bond Purchase Agreement**") with Glory Sky and Blue Starry, pursuant to which the Company agreed to issue, and Glory Sky and Blue Starry agreed to purchase, the convertible bonds due 2022 up to an aggregate principal amount of US\$70 million, out of which an aggregate of US\$20 million in principal amount has been issued to them on 15 October 2020 (the "**Tranche 2 Convertible Bonds**"). Save as disclosed herein, the Company has not issued any other Tranche 2 Convertible Bonds as at the Latest Practicable Date.

- (b) The brief details of the amendments made to the Convertible Bond Purchase Agreement are as follows:
- (i) On 16 August 2018, the Company, Glory Sky and Blue Starry entered into the first supplemental agreement to the Convertible Bond Purchase Agreement to (A) provide, amongst others, that any adjustment to the conversion price of the Convertible Bonds which was not provided for under the CB Terms and Conditions shall be subject to the approval of the Shareholders of the Company; and (B) acknowledge a side letter entered into between the Company, Glory Sky and Blue Starry in relation to a Bondholder's obligation to furnish the Company details and documentary evidence of all transactions related to its investment securities, for purposes of determining investment returns enjoyed by that Bondholder;
 - (ii) On 28 January 2019, the Company, Glory Sky and Blue Starry entered into the second supplemental agreement to the Convertible Bond Purchase Agreement to clarify that the customary adjustments to conversion price take into account a share buyback scenario, in view of the share buyback mandate adopted by the Company on 28 December 2018; and
 - (iii) On 16 April 2021, the Company obtained Shareholders' approval for, amongst others, the amendment of certain terms of the Convertible Bond Purchase Agreement pursuant to an amendment agreement dated 31 December 2020 entered into between the Company, Glory Sky and Blue Starry pertaining to maturity extension, Performance Targets and conversion price adjustment, and the Subject Events, in connection with the Company's disposal of the M&S Business. Please refer to the Company's circular to its Shareholders dated 31 March 2021 for further details of such amendments.

As at the Latest Practicable Date, the list of Bondholders as reflected on the Company's register of Bondholders is as follows:

S/N	Name of Bondholder	Principal Amount of Tranche 1 Convertible Bonds Held (US\$)	Principal Amount of Tranche 2 Convertible Bonds Held (US\$)
1.	Alpha Keen Limited (DCP affiliate)	11,000,000	-
2.	Blue Starry Energy Limited (DCP affiliate)	46,000,815	17,142,857

LETTER TO SHAREHOLDERS

3.	Green Hawaii Air Limited (DCP affiliate)	2,999,185	-
4.	Glory Sky Vision Limited (CDH affiliate)	50,000,000	2,857,133

- (c) Reference is made to the Company's announcement dated 27 March 2023 in relation to the entry by the Company and the Bondholders into the 2023 Amendment Agreement to amend the relevant terms of the Convertible Bond Purchase Agreement and the CB Terms and Conditions (the "**Proposed Amendments**"). In particular, under the Existing Terms, the maturity date of the Convertible Bonds, pursuant to the Bondholders' election, is the 15th Business Day after the date on which the Company's audited financial statements for 2022 are issued, which was 17 April 2023 (the "**Current Maturity Date**"). Pursuant to the 2023 Amendment Agreement, the Company and the Bondholders have, *inter alia*, mutually agreed to extend the maturity date of the Convertible Bonds to the later of (i) 3 April 2025; or (ii) if so elected by the Bondholders, the date that is the 15th Business Day after the date on which the Company's audited financial statements for 2024 are issued (the "**New Maturity Date**"), as well as to make other Proposed Amendments, which are introduced to take into account, *inter alia*, the two-year postponement in the Bondholders' right of redemption upon maturity, the various significant events and the financial performance of the Company. Please refer to Paragraph 4 of this Circular for the salient terms of the Proposed Amendments.
- (d) Notwithstanding that the Current Maturity Date (in respect of both the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds) has already passed as at the date of this Circular, the Bondholders and the Company have agreed that during the period from the date of the 2023 Amendment Agreement to the earlier of (i) the date of the SGM or (ii) 31 July 2023, the Bondholders agree that non-redemption of the Convertible Bonds does not constitute an event of default under the Convertible Bond Purchase Agreement, and each of the Bondholders has undertaken not to exercise any right of redemption (on maturity or by reason of adjusted PATMI decline) or conversion for such period thereof, unless an event of default occurs.
- (e) For completeness, pursuant to the Special General Meeting of the Company held on 6 September 2018, Shareholders had approved the issuance of Tranche 2 Convertible Bonds of an aggregate principal amount of up to US\$70 million, out of which US\$50 million remains unissued as at the Latest Practicable Date. In the event the Proposed Amendments are approved by the Shareholders at the SGM, the Company shall be authorised to issue such Tranche 2 Convertible Bonds in accordance with the Convertible Bond Purchase Agreement and the CB Terms and Conditions, each as amended by the Proposed Amendments. However, in the event the Proposed Amendments are not approved by the Shareholders at the SGM, the Company would no longer be able to issue such Tranche 2 Convertible Bonds in view that the Current Maturity Date would have passed.

1.2. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Amendments and to seek the approval of Shareholders for the Proposed Amendments to the Convertible Bond Purchase Agreement as an ordinary resolution ("**Ordinary Resolution**") to be tabled at the forthcoming SGM, and to give the Shareholders notice of the SGM.

1.3. Legal Adviser

LETTER TO SHAREHOLDERS

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

2. BACKGROUND TO THE 2023 AMENDMENT AGREEMENT

2.1. Under the Existing Terms, the Bondholders have the discretion to either:

- (a) require the Company to redeem the Convertible Bonds in full on the Current Maturity Date at a redemption price that would generate a Total Internal Rate of Return of 8.0% to the Bondholders ("**Immediate Redemption**"). Taking into account the interests of approximately US\$17.2 million and the special dividend of approximately US\$62.5 million distributed on completion of the disposal of the M&S Business of the Group in 2021 (the "**M&S Dividends**"), the remaining redemption amount of approximately US\$111.6 million shall be immediately due and payable by the Company to the Bondholders upon full redemption on the Current Maturity Date under the Existing Terms. For details on how the approximately US\$111.6 million amount is arrived at, please refer to the first table of illustrations under Appendix B of this Circular; or
- (b) convert, in full or in part, its Convertible Bonds into shares at any time during the conversion period as provided for in the Existing Terms (the "**Conversion Right**"), at a pre-agreed conversion price, being S\$0.50 for the Tranche 1 Convertible Bonds and S\$0.60 for the Tranche 2 Convertible Bonds, subject to adjustments.

In particular, the Company is subject to a performance target of RMB325 million in adjusted profit after taxation and minority interests ("**PATMI**") for FY2022 in respect of its GI Business (the "**Performance Target**"), and a failure to meet such target will result in downward adjustments to the conversion price, otherwise known as performance shortfall adjustments. Due to the factors set out in Paragraph 2.2 of this Circular, the Group's FY2022 financial performance was negatively impacted. The Group's FY2022 unaudited adjusted PATMI was approximately RMB171.5 million¹.

¹ This is based on unaudited figures prepared by the Company's management in accordance with the adjusted PATMI schedule under the Existing Terms (the "**Schedule**") but without taking into account the clause that refers to Subject Event in the 2020 Amendment Agreement. Therefore, the Group's FY2022 adjusted PATMI figure of approximately RMB171.5 million is only indicative and has yet to be independently verified. The Group's FY2022 adjusted PATMI may range between RMB162 million and RMB172 million, as certain add-back items in accordance with the Schedule have not been mutually agreed upon between the Company and the Bondholders. Accordingly, depending on the final adjusted PATMI figure, the immediate additional dilution to Shareholders will range between 16.4% and 14.9%. The Group's actual FY2022 adjusted PATMI will have to be mutually agreed upon between the Company and the Bondholders, before the relevant adjustments are applied, and parties may consider enlisting independent verification of such figure in the event of any dispute. This has not yet taken place as at the Latest Practicable Date, in view that the adjusted PATMI will cease to be relevant under the Amended Terms in the event that the Proposed Amendments are approved by Shareholders.

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The Group's segmental profits from FY2020 to FY2022 are as follows:

	FY2020			FY2021			FY2022		
	M&S (RMB'000)	GI (RMB'000)	Total (RMB'000)	M&S (RMB'000)	GI (RMB'000)	Total (RMB'000)	M&S (RMB'000)	GI (RMB'000)	Total (RMB'000)
Revenue	2,723,636	1,335,167	4,058,803	556,533	2,929,534	3,486,067	-	3,448,606	3,448,606
Result									
Segment result	321,847	341,867	663,714	40,077	294,037	334,114	-	375,942	375,942
Unallocated corporate expenses	-	-	(45,319)	-	-	(15,319)	-	-	-
Gain on disposal of subsidiaries	-	-	-	-	-	934,334	-	12,820	12,820
Expenses on disposal of subsidiaries	-	-	-	-	-	(41,075)	-	-	-
Financial effects of convertible bonds	-	-	(427,321)	-	-	395,517	-	(2,259)	(2,259)
Financial effects of warrants	-	-	(5,255)	-	-	-	-	-	-
Dividend to convertible bond holders	-	-	-	-	-	(403,315)	-	-	-
Interest expense	(29,517)	(79,094)	(108,611)	(8,124)	(126,901)	(135,025)	-	(156,786)	(156,786)
Interest income	5,079	1,071	6,150	1,341	3,641	4,982	-	3,377	3,377
Profit before income tax	-	-	83,358	-	-	1,074,213	-	-	233,094
Income tax expense	-	-	(111,523)	-	-	(247,649)	-	-	(46,298)
(Loss) Profit for the year	-	-	(28,165)	-	-	826,564	-	-	186,796

Note: Relevant data is extracted from the Company's annual report for the corresponding financial year.

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Accordingly, if the Bondholders elect to exercise their Conversion Right, a conversion price of S\$0.264 (as opposed to the original conversion price of S\$0.50 under the Existing Terms) would apply to the Tranche 1 Convertible Bonds and a conversion price of S\$0.317 (as opposed to the original conversion price of S\$0.60 under the Existing Terms) would apply to the Tranche 2 Convertible Bonds, resulting in an additional 320,502,904 Shares being issued to the Bondholders upon conversion. This will result in an immediate additional dilution of approximately 15.0% for the Shareholders. On a fully diluted basis, the Bondholders would hold approximately 46.0% interest in the Company after such performance shortfall adjustments, as compared to 31.0% interest in the Company before such performance shortfall adjustments. Please refer to Appendix D to this Circular for an illustration.

2.2. Various Significant Events and Tough Macro-Economic Conditions throughout FY2022 Resulted in Decline in Performance and Failure to Meet the Performance Target

FY2022 was one of the most challenging years ever faced by the Company since the inception of its GI Business. The Company was continuously confronted by tough macro-economic conditions, caused by various significant events, that gave rise to challenges to the Group's business and operations, including the following:

- (a) ***Cumulative impact of the COVID-19 pandemic on the Group's business:*** The impact of the COVID-19 pandemic on the Group's business in the PRC, which started in 2020 and reached its peak in 2022, with the unexpected resurgence across the country from the beginning of 2022 and subsequently culminating in the lifting of pandemic control and prevention measures at the end of the year. The resultant lockdown restrictions during such period affected the normal production and operation of the existing GI Projects and the normal operation and production expansion of customers, prolonged the construction cycle of the Group's new projects, and slowed the relocation and construction of factories by industrial customers. As a result, the ramp-up process of the Group's existing projects was delayed and some projects that were under construction were put into production later than expected, causing the total steam sales of the Group to be negatively impacted in the last three (3) years. In addition, the COVID-19 pandemic also led to a lag in the price adjustment of several specific projects, due to the delay in the local governments' clearance of price adjustments above the issued price guidance for several projects as their attention was focused on COVID-19 pandemic prevention and control.
- (b) ***Repercussions of the high and volatile price of feedstock primarily due to geopolitical conflict in FY2022:*** The geopolitical conflict between Russia and Ukraine which broke out in February 2022 sparked off a global energy crisis and caused energy costs to soar globally. This included the price of coal, which caused a corresponding surge in the Group's production costs. Although there is a price adjustment mechanism in place and various measures have been adopted to mitigate the effect of rising feedstock prices, there was a delay in the price adjustment of several specific projects as mentioned above. As a result, the profitability of the GI Business in FY2022 was adversely impacted.

In addition to the main industrial steam business, several projects in northern PRC also involve the supply of residential heating. As the heating business is part of the Company's social initiatives that addresses livelihood issues of the local population, it is difficult to adjust the heating prices based on the rise of feedstock prices. Hence, the Group's profit was reduced. However, heating steam sales volume forms only a fragment of the total steam sales volume of the Group.

- (c) ***Occurrence of other relevant events that impacted GI business:*** The power

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curtailment due to extremely high temperatures during the summer of FY2022 also adversely affected the operations of the GI Projects. Further, sanctions imposed on Xinjiang cotton also impacted certain customers of the Group's GI Business.

Despite the impact of these challenges, the Group's total steam sales volume between FY2019 and FY2022 still rose by a CAGR of approximately 20.4% due to the resilient demand from industrial users and the continued ramp-up of operational projects as well as the launch production of new capacity, while the recurring revenue of GI Business increased by a CAGR of 35.6% over the same period. Profitability also gradually improved in FY2022. Unaudited GI recurring EBITDA increased from approximately RMB450.3 million in FY2021 to approximately RMB598.0 million in FY2022.² Finally, the Group has also implemented mitigation measures³ and differentiation strategies⁴ and continuously upgraded projects to reduce production costs and improve operational efficiency and profitability. The mitigation measures include but are not limited to raising steam prices with customers; diversifying the feedstock mix to include biomass, sludge and general solid waste; continued implementation of the cost-reduction strategy of controlling unit material use; stocking up on feedstock when prices are conducive; optimisation of steam transmission efficiency; strengthening the ramp-up of GI plant utilisation by connecting to more customers; and further reinforcing the refined management of the GI plants. The differentiation strategies refer to various differentiation strategies implemented across the Group's GI Project portfolio to realise the medium to long term growth potential of GI Projects, depending on the characteristics of each project and the industrial park that it is located in, such as the customer and industry mix; and the features of the location. Each GI Project has its different features and the Group takes full advantage of these features to maximise economic benefits. For instance, certain projects such as the Changrun project and the Shantou project supply industrial steam to textile and printing & dyeing industry customers. The sewage water discharged by these customers contains sludge with higher calories that, after treatment and anhydration, could be used to supplement the main feedstock. Therefore, the Changrun project and the Shantou project have increased their revenue by providing sludge treatment services and have also reduced production cost through sludge incineration. Further, the Shantou project has diversified its sources of revenue by supplying compressed air to printing & dyeing customers in addition to its principal products. Another example is how Yongxing plant, being located in the vicinity of a river, has managed to obtain the permit to use river water to produce steam, leading to a reduction in manufacturing cost.

However, due to the various significant events and conditions mentioned in this Paragraph, the Company's financial performance for FY2022 was negatively impacted. The Group's FY2022 unaudited adjusted PATMI was approximately RMB171.5 million, which is below the Performance Target, despite its proven business model and the efforts made by the management.

3. RATIONALE FOR THE ENTRY INTO THE 2023 AMENDMENT AGREEMENT

Accordingly, the Board of Directors of the Company and the Company are of the view that an extension of the Current Maturity Date to the New Maturity Date, coupled with the other Proposed Amendments, is necessary for the following reasons:

3.1. 2023 Amendment Agreement Prevents (a) Immediate Redemption and Default and (b) Immediate Additional Dilution of approximately 15.0%; Existing Funds are Insufficient to Satisfy Immediate Full Redemption although GI Projects Generate Resilient Operating Cash Flow

² As disclosed in the FY2021 and FY2022 earnings releases dated 27 February 2022 and 26 February 2023.

³ As disclosed in the FY2022 first quarter earnings release dated 15 May 2022.

⁴ As disclosed in the FY2022 second quarter earnings release dated 11 August 2022.

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The Group's GI Business has been in operation for approximately five (5) years since the Changrun project commenced operations in the second half of 2017, with projects still in the ramp-up stage. Due to the influence of the aforementioned significant events in Paragraph 2.2 of this Circular, the ramp-up and commercial production of the Company's projects were affected.

Given such events and conditions mentioned above, despite the projects having the capacity to generate recurring operating cash flows, the Company does not have sufficient funds in place for the full redemption of the Convertible Bonds on the Current Maturity Date whilst ensuring sufficient working capital to support the Company's operations amidst difficult headwinds, and at the same time, still continuously repaying the loans taken on to fund project construction and past acquisitions. An Immediate Redemption on the Current Maturity Date may affect the going concern status of the Company.

As disclosed in the Company's audited financial statements of the Group for FY2022 (the "**FY2022 Audited Results**"), as at 31 December 2022, the Group has cash and cash equivalents of approximately RMB585,268,000 (with and without the financial effects of the Convertible Bonds), which falls short of the balance amount payable by the Company for full redemption of the Convertible Bonds on the Current Maturity Date under the Existing Terms, being approximately US\$111.6 million.

Further, the existing credit facilities of the Group were obtained for project-specific and operational funding and do not provide sufficient headroom for further drawdown. Even if the additional financing can be obtained for such redemption, it would impose considerable constraints on the Group. Alternatively, if such additional financing cannot be obtained in time, the Company would be in immediate default of its redemption obligations, triggering a right for the Bondholders to redeem the entire outstanding amount of the Convertible Bonds at a price that may generate for the Bondholders a Total Internal Rate of Return of 20.0% under Condition 10(A) of the CB Terms and Conditions, details of which have been disclosed in Appendix 8 of the Company's circular to shareholders dated 21 August 2018 and reproduced in Appendix F of this Circular. Such Total Internal Rate of Return of 20.0% will be computed assuming that the Bondholder acquired such Convertible Bond at its initial principal amount on its original issuance 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 Bondholder had the Bondholder acquired such Convertible Bond at its initial principal amount on its original issuance date) in respect of such Convertible Bond, and calculated from the original issuance date to the date on which the payment is made in full. Please refer to the second table under Appendix B of this Circular for an illustration of the financial impact to the Company in this scenario, assuming that the Company is able to repay the Convertible Bonds 6 months after the Current Maturity Date, on 17 October 2023, with a redemption balance payable of approximately US\$291.2 million. The foregoing serves as illustration of the Existing Terms only (and not the Amended Terms) and does not preclude other legal consequences that may arise from a breach of the Existing Terms (if still applicable).

In addition, if the Bondholders elect to exercise their Conversion Right on or before the Current Maturity Date, there will be an immediate additional dilution of approximately 15.0% for the Shareholders. Please refer to Paragraph 2.1(b) of this Circular for further details.

On the other hand, the Company's entry into the 2023 Amendment Agreement will prevent (i) Immediate Redemption and default and (ii) immediate additional dilution of approximately 15.0% to Shareholders (if the Bondholders elect to exercise their Conversion Right on or before the Current Maturity Date), as well as provide an extension to the Current Maturity Date of the

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Convertible Bonds, giving the Company approximately two (2) additional years to repay the outstanding Convertible Bonds. As at the Latest Practicable Date, to the best knowledge of the Company, the Company is not aware of risks of acceleration or pre-payment of outstanding amounts drawn-down under the Group's existing facilities or risks of withdrawal or termination of undrawn facilities or unused credit limit by the relevant banks arising from the 2023 Amendment Agreement.

3.2. The Original Conversion Price of S\$0.50 for Tranche 1 Convertible Bonds and S\$0.60 for Tranche 2 Convertible Bonds Will No Longer be Subject to Adjustment based on Performance Target and There Will Be No Corresponding Additional Dilution of Approximately 15.0%

As part of the Proposed Amendments, the provisions relating to the Performance Target, conversion price adjustments and all other related terms under the Convertible Bond Purchase Agreement will be removed. As a result, the conversion prices of S\$0.50 for Tranche 1 Convertible Bonds and S\$0.60 for Tranche 2 Convertible Bonds will no longer be subject to adjustments based on the Company's Performance Target. Accordingly, under the Proposed Amendments, if the Bondholders elect to exercise their Conversion Right on or before the New Maturity Date⁵, the number of Shares to be issued to the Bondholders will be 358,188,000 shares, representing approximately 31.0% interest in the Company on a fully-diluted basis (calculated based on the fully-diluted number of 1,155,065,142 Shares)⁶.

3.3. Strong Business Fundamentals of the Group's GI Projects and Two-Year Runway Gives the Company Opportunities to Explore Alternatives and Maximise the Value of GI Assets

Despite the challenges faced, demand for the Group's clean industrial steam remained strong and it has achieved year-on-year growth in financial performance over the past years which is bolstered by its reliable business model that facilitates high-quality, long-term, recurring income and cash flows.

The Group's 11 GI Projects (out of which 10 are currently in operation and the remaining one (Shanxi Xinjiang Project) is expected to commence operation in 2023) are strategically located across 11 industrial parks that either have strong economic viability in economically developed areas or have industry clusters of excellence. The Group's GI Projects are exclusive suppliers within their coverage areas based on typically 30-year concessions and extensive networks of pipelines that enhance their *de facto* exclusivity. Its centralised steam facilities are part of the key utility generation infrastructure in industrial parks where steam is a non-discretionary input for the industrial users in a diversified range of industries that provide basic essential products to the vast domestic market of the PRC. Further, the Group has a typically business-to-business model and it also has the capability to require prepayment or payment within a certain period after use from its customers. As of the end of FY2022 and the Latest Practicable Date, more than 80% of the company's account receivables have an aging of less than 6 months and more than 90% have an aging of less than 1 year. The account receivables with longer aging are subsidies for biomass. The settlement of the biomass power subsidies is mainly dependent on the prevailing national policies and the Ministry of Finance of the PRC, which disburses the

⁵ For the avoidance of doubt, it should be noted that upon the removal of an adjustment in connection with the Performance Target, other customary adjustments to the conversion price pursuant to Condition 6(C) of the CB Terms and Conditions, details of which have been disclosed in Appendix 6 of the Company's circular to shareholders dated 21 August 2018 continue to apply. The figures presented in this paragraph assume that none of these other customary adjustments has taken place.

⁶ Based on (a) the total number of issued Shares of 795,686,142, (b) the aggregate number of 358,188,000 Shares held by the Bondholders on an as-converted basis assuming that all Convertible Bonds held by the Bondholders have been converted into Shares as at the date of the 2023 Amendment Agreement, and (c) assuming all the share options granted as part of the Company's employee share option scheme have been fully exercised.

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subsidies to the local State Grid and other competent authorities after approval, after which the local State Grid pays the subsidies to the biomass plants based on the volume of electricity sold to the State Grid. Collection efforts have been consistently maintained by the management through constant reminder to customers on their obligation including seeking legal action if necessary and currently there is no significant collectability issues. According to the accounting policy, as of the end of 2022, the assets for which the company has accrued impairment losses include: (i) bank deposits; (ii) inventory; and (iii) account receivables and other receivables, with a corresponding impairment loss balance at 31 December 2022 of RMB3.081 million for bank deposits, RMB1.759 million for inventory, and RMB6.331 million for account receivables and other receivables. In relation to (i), a wholly-owned subsidiary of the Company has a restricted bank account with a balance of RMB3.081 million at 31 December 2022. The bank account was opened for cooperation on a potential opportunity with a local business partner, and since no consensus was reached on the release of the funds with the business partner at that time, a full impairment loss has been recognised on grounds of prudence. Further details in relation to the impairment loss for the bank deposits are set out below.

- (a) In February 2018, the Company intended to acquire a partial stake in two project companies (hereinafter referred to as "**Project A**" and "**Project B**", or collectively, the "**Target Projects**") owned by a local business partner in the PRC ("**Local Business Partner**"). The Local Business Partner is an independent third-party private enterprise and not a related party or interested person of the Company. The identity of the Local Business Partner is omitted due to confidentiality obligations under the cooperation agreement. Except for the above-mentioned Target Projects, there are no other business dealings with this Local Business Partner.
- (b) During the negotiation process, in order to secure exclusivity for the proposed acquisition, the Company agreed under the terms of the cooperation agreement to escrow a deposit of RMB6 million into a bank account in the Company's name and under the joint management of the Company and the Local Business Partner. To the best of the Company's knowledge and based on the experience of the Company, such deposit is a common market practice during the investment process in the PRC. The Company and the Local Business Partner mutually agreed under the terms of the cooperation agreement that such deposit may only be released upon mutual consent from both parties.
- (c) Subsequently, the prerequisites agreed upon in the cooperation agreement for the acquisition of Project A were not fulfilled. For Project B, after the cooperation agreement was signed, the Company discovered material changes in the circumstances relating to the project, and upon further investigation, the Company assessed that Project B no longer met the Company's investment requirements and did not proceed with completion of the acquisition of Project B. Under the terms of the cooperation agreement, in the event that completion fails to occur, the manner in which the deposit is to be released is dependent on which party is at fault for the non-performance of the agreement. The Company sent a letter to the Local Business Partner in the second half of 2018 to propose the termination of cooperation agreement and also request for the release of the deposit for the Target Projects back to the Company, to which the Local Business Partner did not agree. Accordingly, there was no consensus between the parties on the cause of the non-performance of the cooperation agreement and, consequently, the deposit was not released.
- (d) Since 2018, the Company undertook various measures in attempting to reach a consensus with the Local Business Partner and/or procure a release of the deposit,

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including without limitation, (i) contacting the Local Business Partner via email, telephone, and formal letters to seek its consent to terminate the cooperation agreement and release the deposit; (ii) physical meetings and negotiations with the Local Business Partner to reach a consensus on the release of the deposit; (iii) communications with the banks on alternative ways to release the deposit; and (iv) seeking legal advice on possible recourse to secure a release. In terms of legal recourse, in 2022, the Company prevailed in a lawsuit in relation to Project A, thus successfully procuring the release of RMB3 million out of RMB6 million from the bank account. On the other hand, the Company did not pursue legal recourse in relation to Project B, as it obtained professional legal advice that the likelihood of success of such litigation was relatively low taking into account the circumstances of Project B, and the Company risks losing the entirety of the remaining deposit if the Local Business Partner prevails in court. Accordingly, the Company is presently still actively communicating and negotiating with the Local Business Partner, striving to reach an amicable consensus for the release of the deposit in respect of Project B, as opposed to resorting to litigation.

- (e) Given the longstanding impasse, in FY2019, a 50% loss risk provision with the amount of RMB1.5 million was made for each of the Target Projects, and in FY2021, the total balance of the account was fully provided for on grounds of prudence. After the Company prevailed in the lawsuit in relation to Project A in 2022 and successfully procured the release of RMB3 million from the deposit, the corresponding portion of the estimated loss has been reversed for Project A. Accordingly, the balance of impairment of RMB3.081 million as at 31 December 2022 is only in respect of Project B.
- (f) The Board, having considered the following, is of the view that the Company's and Shareholder's interests are protected, notwithstanding the impairment loss:
 - (i) the background of such bank deposit and the Company's potential investment plans at the time, and that it is a common market practice to place a deposit in advance during the investment process prior to the completion of the acquisition in the PRC;
 - (ii) the identity of the Local Business Partner, who has no affiliation with the Company or the controlling shareholders and is not an interested person of the Company;
 - (iii) the amount of deposit made being insignificant compared to the scale of GI Business;
 - (iv) that loss allowances for the deposit were provided for timely and prudently, in accordance with relevant accounting policy; and
 - (v) the Company having undertaken various measures to procure the release of the full deposit, which have resulted in the successful release of a portion of the deposit in respect of Project A.

As of early 2023, the overall pandemic situation in the PRC has been described as being at a "low level"⁷ and the COVID-19 virus has been classified as a normal, seasonal flu by certain

⁷ <https://www.channelnewsasia.com/asia/china-says-covid-19-situation-low-level-after-chinese-new-year-holiday-3241321>

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countries⁸. As a result, following the resumption of work and production after the Chinese New Year in late January 2023, the negative impact of the pandemic on the economy has gradually subsided and the PRC's economy is showing signs of recovery⁹. Following the 20th National Congress, the Chinese government is strongly determined to drive the country's economic recovery with consumption as the main focus¹⁰.

Barring unforeseen circumstances, the Board believes that the Company's proven business model and disciplined management, after having undergone various significant events mentioned in Paragraph 2.2 of this Circular, are expected to set a solid foundation for future growth with greater capital liquidity, and especially in view of the taper-off of the COVID-19 pandemic and the improved economic outlook in the PRC, which the Company believes to be favourable to its business operations. Further, barring unforeseen circumstances, the continued ramp-up of the Group's existing projects in operation and the capacity expansion of certain existing plants, namely Yongxing project's solid waste plant, the launch of Shantou project phase 2, Jining project phase 2, and Shanxi Xinjiang project, are expected to sustain the Group's growth in FY2023 and beyond. As at the Latest Practicable Date, details relating to the status, duration of operations and tenure for each of the GI Projects are as follows:

⁸ <https://www.moh.gov.sg/news-highlights/details/singapore-to-exit-acute-phase-of-pandemic>
⁹ https://data.eastmoney.com/report/zw_macresearch.jshtml?encodeUrl=N4nbWaRYxZfSry3LhciaSNkbOiDYLI7s7YYAMkb0+JE=
¹⁰ <https://www.globaltimes.cn/page/202301/1284379.shtml>

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No.	GI Project	Status	Commencement of operations (for new built projects) or first recognition of results (for acquired projects)	Duration of operations (since commencement of operations for new built projects, or first recognition of results for acquired projects) ⁽¹⁾	Conditions to becoming operational	Type of service concession arrangement (SCA)	Service concession period from start of concession	Amount of Investment Required as at 31 December 2022 (RMB million) ⁽⁶⁾	Amount Invested as at 31 December 2022 (RMB million) ⁽⁷⁾
1	Changrun Project	Operational	3Q FY2017	Approximately 6.0 years	N/A	Build-Operate-Transfer	30 years	1,164	1,157
2	Quanjiao Project	Operational	4Q FY2017	Approximately 5.7 years	N/A	Build-Operate-Transfer	30 years	90	89
3	Lianshui Project	Operational	4Q FY2017	Approximately 5.7 years	N/A	Build-Operate-Transfer	Not more than 30 years	135	131
4	Xinyuan Project	Operational	4Q FY2017	Approximately 5.7 years	N/A	Nil	De facto long-term supplier ^{(2) (3)}	297	280
5	Yongxing Plant	Operational	3Q FY2018	Approximately 5.0 years	N/A	Nil	De facto long-term supplier ⁽²⁾	977	975
6	Suyuan Plant	Operational	3Q FY2019	Approximately 4.0 years	N/A	Nil	De facto long-term supplier ⁽²⁾	469	464
7	Jining Project (phase 1)	Operational	1Q FY2018	Approximately 5.5 years	N/A	Build-Operate-Transfer	30 years	32 ⁽⁸⁾	32 ⁽⁸⁾
	Jining Project (phase 2) ⁽⁴⁾	Partially operational	1Q FY2023	N/A	N/A				
8	Xintai Zhengda Project ⁽⁵⁾	Operational	4Q FY2020	Approximately 2.7 years	N/A	Build-Operate-Transfer	30 years	832	826
9	Shantou Project (phase 1)	Operational	4Q FY2020	Approximately 2.7 years	N/A	Build-Operate-Transfer	38.5 years	1,471	1,467
	Shantou Project (phase 2)	Operational	1Q FY2023	Approximately 0.5 years	N/A		38.5 years		
10	Tongshan Project	Operational	4Q FY2022	Approximately 0.7 years	N/A	Build-Operate-Transfer	30 years	470	469
11	Shanxi Xinjiang Project	Expected to commence operation in FY2023	Expected to commence operation in FY2023	N/A	To commence operation after the completion of the commissioning and debugging phase, as well as the completion of construction of the branch pipeline network to the factories of the industrial customers and the installation of steam meters	Build-Operate-Transfer	30 years	386	373

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Notes:

- (1) Number of months calculated from the beginning of operations commencement quarter or first financial results recognition quarter to the end of the second quarter of FY2023.
- (2) *De facto* exclusive suppliers in the coverage areas with government permits. Further, these plants comprise extensive steam pipeline network within their coverage areas which also enhance *de facto* exclusivity for the supply of steam in long term.
- (3) In addition, as previously disclosed in January 2021, Xinyuan Plant entered into a concession agreement to supply clean heating to the Jimo International Trade Park, which expanded its original supply coverage area in Qingdao City, Shandong Province.
- (4) Jining Project is a 49%-owned associate company of the Group.
- (5) As previously disclosed, the acquisition of the old plant of Xintai Zhengda was completed in the third quarter of FY2018 and part of the new plant commenced commercial operations in the fourth quarter of FY2020. The old plant ceased operations in April 2021.
- (6) The amount of investment required reflects the Company's operational status as at the end of FY2022.
- (7) The amount invested is the closing cost of assets acquired as at 31 December 2022, including property plant and equipment, intangible assets, land use rights, etc, which are consistent with the audited financial statements of the Company for FY2022, save as set out in Note 8 below. The GI Project assets involve the Group's infrastructure and properties built in the course of construction and obtained through the acquisitions of businesses, as well as subsequent investments in facilities in operational phases, including technical innovation; reform and upgrades; expansion of pipeline networks, etc.
- (8) Jining Project is an associate of the Company in which the Company owns 49% and is not consolidated into the Group's financial statements. Accordingly, the amount invested is based on the actual amount of share capital injected by the Company into Jining Project for the two phases, being RMB32 million.

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Moreover, the Company's GI Business strategy is aligned with the PRC's "14th Five Year Plan", covering 2021 to 2025, that promotes the development of the circular economy and centralised steam facilities. The Company believes that its sizeable GI portfolio, which is able to generate high-quality recurring income and cash flows over the long term based on its proven business model, are valuable and of high potential.

During the extension period, the Company will have time to strategise and explore alternative options to raise the required funds for redemption on the New Maturity Date in a manner which may be more beneficial to the Company's longer-term financial health, including but not limited to seeking new investors, additional equity or debt fundraising, a strategic review of the Group's existing operations and financials, and monetisation of certain GI Projects. There is however no assurance that the Company will be able to raise the required funds for redemption in accordance with the Amended Terms, in which case this will constitute an event of default under the Amended Terms. The occurrence of any such event of default may also trigger cross default and/or cross acceleration in the Company's loan agreements relating to its other indebtedness. Bondholders and other creditors may also commence litigation against the Company and its subsidiaries, which may adversely affect the Company's business, financial conditions, results of operations and prospects. If the Company becomes unable to pay its debts as and when they fall due as a result of the foregoing, it may be deemed to be insolvent and not able to continue as a going concern.

3.4. Alternatives to Redemption on Current Maturity Date have been Evaluated and Considered Unfavourable

The Company has reviewed and considered the other available alternatives to redemption on the Current Maturity Date, which the Company considers to be impractical for the following reasons:

- (a) Legal Proceedings: Under the Existing Terms, upon the occurrence of certain "Subject Events", including the Company's business being materially, seriously and adversely affected by any pandemic in a way that is not less severe than the effect of COVID-19 in 2020, the Company may engage in good faith discussions with the Bondholders for an alteration of certain key provisions of the Existing Terms relating to performance adjustments to conversion price and redemption upon the absence of year-on-year PATMI growth.

Whilst the Company may choose to pursue legal proceedings with the Bondholders on the basis that certain factors set out in Paragraph 2.2 of this Circular may be considered "Subject Events" within the meaning of the Existing Terms, there will be substantial uncertainty in the outcome and significant time and costs may be incurred before a conclusion can be reached. More importantly, the Bondholders' entitlement to redemption on the Current Maturity Date is not subject to any "Subject Events" proviso, and therefore there is no requirement for the Bondholders to engage in good faith discussions with the Company in the event of redemption.

Accordingly, having considered the above factors and consulted with its legal advisers, the Company does not consider legal proceedings to be a viable alternative¹¹.

- (b) Conversion: Under the Existing Terms, the Bondholders are entitled to exercise their right of conversion in respect of the Convertible Bonds at a pre-agreed conversion

¹¹ In relation to the applicability of the "Subject Event" provisos under the Existing Terms, both the Company and the Bondholders reserve each of their respective positions.

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price, being S\$0.50 for the Tranche 1 Convertible Bonds and S\$0.60 for the Tranche 2 Convertible Bonds, subject to adjustments. As a result of the Performance Target, should the Bondholders choose to exercise their Conversion Right, the conversion price adjustments would result in an additional 320,502,904 Shares being issued to the Bondholders upon conversion. This would represent an additional dilution of approximately 15.0% to the Shareholders, as compared to conversion of the Convertible Bonds at their respective original conversion prices under the Existing Terms. On a fully diluted basis, the Bondholders would hold approximately 46.0% interest in the Company after such performance shortfall adjustments, as compared to 31.0% interest in the Company before such performance shortfall adjustments. Please refer to Paragraph 2.1(b) of this Circular for further details on the conversion price adjustments.

Such an alternative outcome, if it occurs, may be detrimental to Shareholder value, especially considering the Company's failure to meet the prescribed performance target for FY2022 due to the various events as set out in Paragraph 2.2 of this Circular.

3.5. Benefits of Extension of Current Maturity Date to New Maturity Date are Subject to Certain Costs

Although the tenure of the Convertible Bonds would be extended by approximately a further two (2) years, the Company is cognisant that under the Proposed Amendments, the Bondholders would subsequently be entitled to a higher Total Internal Rate of Return at 10%, instead of the existing rate at 8%, on the New Maturity Date as detailed in Paragraph 4.3 of this Circular. With an additional 2% over the entire investment period, the subsequent redemption balance due and payable to the Bondholders on or before the New Maturity Date is approximately US\$158.1 million, which represents an increase of approximately US\$46.5 million of the amounts due and payable under the Existing Terms.

However, this Total Internal Rate of Return of 10% on redemption on the New Maturity Date will only apply if:

- (a) there is no redemption upon an Asset Sale (as defined below);
- (b) if the Bondholders do not exercise their Conversion Right on or prior to the New Maturity Date; and
- (c) there is no occurrence of a Relevant Event (as defined below).

4. SALIENT TERMS OF THE 2023 AMENDMENT AGREEMENT

Apart from the extension of the Current Maturity Date to the New Maturity Date, the salient terms of the Proposed Amendments are summarised as follows:

4.1. The Original Conversion Price of S\$0.50 for the Tranche 1 Convertible Bonds and S\$0.60 for the Tranche 2 Convertible Bonds Will No Longer be Subject to Adjustment based on Performance Target

If the Bondholders elect to exercise their Conversion Right on or before the New Maturity Date¹², the Conversion Price will remain as S\$0.50 for the Tranche 1 Convertible Bonds and S\$0.60 for the Tranche 2 Convertible Bonds, and the number of Shares to be issued to the

¹² See footnote 5 above.

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Bondholders will be 358,188,000, representing approximately 31.0% interest in the Company on a fully-diluted basis (calculated based on the fully-diluted number of 1,155,065,142 Shares)¹³. All provisions relating adjustments to the conversion price of the Convertible Bonds based on the Performance Target have been removed, as they have ceased to be applicable with the removal of the Performance Target. These include:

- (a) Condition 6(C)(10) and Condition 6(C)(20) of the CB Terms and Conditions, relating to adjustments to the conversion price due to performance target shortfall; and
- (b) Section 8.3 of the Convertible Bond Purchase Agreement, relating to excess performance adjustment sharing,

details of which have been disclosed in the Company's circular to Shareholders dated 21 August 2018.

4.2. Asset Sale

(a) Definitions

The following definitions apply in relation to this Paragraph 4 and the Appendices of this Circular:

An "**Asset Sale**" means a Special Transaction, a Partial Sale or a Series of Partial Sales.

A "**Special Transaction**" means a sale of assets or businesses of the Group which represent 95% or more of each of the consolidated total assets and net assets of the Group as reflected in the audited financial statements of the Group for either of the most recent 2 full financial years, provided that immediately upon completion of a Special Transaction, the Group shall own no more than one (1) project.

A "**Partial Sale**" means a sale or series of related sales of any asset or business of the Group with an aggregate value of US\$3,000,000 or above, other than any Special Transaction and any sales of asset or business in the ordinary course of business consistent with past practice, which is on an arm's length basis and is to person(s) other than a Related Party (as defined in the Convertible Bond Purchase Agreement).

A "**Series of Partial Sales**" means a series of Partial Sales which result in sales of assets or businesses of the Group which represent in aggregate 95% or more of each of the consolidated total assets and net assets of the Group as reflected in the audited financial statements of the Group for either of the most recent two (2) full financial years, and immediately upon completion of the last Partial Sale (which shall have occurred prior to the New Maturity Date), the Group owns no more than one (1) project.

"**Multiple of Money**" means the amount of money received by a Bondholder from its investment in a Convertible Bond (such calculation to include all cash interest, cash dividends already received as of the date of the 2023 Amendment Agreement, as well as any future cash interest, distributions, dividends and receipts received after the date of the 2023 Amendment Agreement and up to the date of payment) divided by the principal amount of such Bond.

Taking into account the interests of approximately US\$17.2 million and the M&S

¹³ See footnote 6 above.

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Dividends of approximately US\$62.5 million already paid to the Bondholders, a balance amount of approximately US\$154.3 million will be due and payable to the Bondholders if the 1.8x Multiple of Money criterion (as referred to below) applies.

For the 1.8x Multiple of Money criterion, the Bondholders proposed such numbers based on financing costs under today's environment and taking into consideration the nature of Convertible Bonds, which is subordinated to bank loans. Furthermore, the Bondholders also considered their expected returns on investments, namely that the current prevailing terms of 8% Total Internal Rate of Return should be increased having considered the further extension of maturity and not being able to exercise its redemption right immediately in 2023 and the current rising cost of capital and rising interest rates environment. As demonstrated by the fourth table of Appendix B of this Circular, a Multiple of Money of 1.8 represents a Total Internal Rate of Return of approximately 9.75% assuming that the redemption pursuant to an Asset Sale occurs on 3 April 2025. For the avoidance of doubt, the foregoing redemption scenario serves as illustration only.

"**Net Proceeds**" means the amount equal to the actual proceeds received by the Group in connection with the consummation of a Special Transaction or a Partial Sale (as the case may be), including without limitation any delayed payments payable to the Group post-completion, and after taking into account the applicable taxes and transaction costs and expenses relating to such Special Transaction or Partial Sale (as the case may be).

(b) **Special Transaction**

In the event of a Special Transaction, all outstanding Convertible Bonds shall be redeemed by the Company at a redemption price equal to the higher of (i) an amount that would result in the relevant Bondholder achieving a Multiple of Money of 1.8 or (ii) the Bondholders' pro rata portion of the Net Proceeds received by the Group in connection with such sale and any prior Partial Sales (together, the "**Applicable Redemption Prices**").

(c) **Partial Sale**

In the event of a Partial Sale, the Company will have the right, at its sole discretion, by delivering a written notice, to offer each Bondholder the right to redeem all of that Bondholder's Convertible Bonds at a redemption price equal to the higher of the Applicable Redemption Prices.

(d) **Series of Partial Sales**

In the event of a Series of Partial Sales, to the extent any Bondholder(s) have not exercised their right to redeem pursuant to any prior Partial Sales, all outstanding Convertible Bonds held by such Bondholder(s) shall be redeemed by the Company at a redemption price equal to the higher of the Applicable Redemption Prices.

(e) **Balance due on the New Maturity Date**

In the event that the Applicable Redemption Price is not paid in full prior to the New Maturity Date, the Company shall first, on the New Maturity Date, pay to the Bondholders an amount such that the total amounts received by the Bondholders shall equal the higher of (i) the YTM Redemption Price (as defined below), and (ii) such portion of the Applicable Redemption Prices with respect to which all relevant

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remittance procedures have been completed, with the remaining unpaid amounts being settled at a later date, without any penalty or interest provided it is duly paid within the agreed time period. Specifically, such payment should be made promptly upon receipt and completion of all remittance procedures and in any event no later than (i) where the proceeds are received outside of the PRC, the 30th day after the date of receipt of all proceeds; and (ii) where the proceeds are received in the PRC, such payment schedule as mutually agreed in writing by the Company and each Bondholder (each acting in good faith) upon the New Maturity Date but in any event no later than 1 year after the date of consummation of the relevant Special Transaction or Partial Sale (as the case may be).

(f) **Bondholders will be paid in Priority to Shareholders under Asset Sale**

Upon redemption in connection with an Asset Sale, the Bondholders will be paid in priority to Shareholders.

(g) **Consent to Future Sales**

While the consent of the Majority Bondholders is required for any acquisition or disposal of any material assets or business (except as contemplated in the current business plan of the Company) by the Company or any of its subsidiaries under Condition 6(F)(i)(b)j. of the CB Terms and Conditions, the Bondholders shall not unreasonably withhold such consent or subject their consent to conditions in respect of a Special Transaction or Partial Sale where the Company shall use the proceeds from such transaction to redeem the outstanding Convertible Bonds.

(h) **Anti-Embarrassment and Shareholders' Catch-Up**

(i) Subsequent Sale

If:

- (1) a Partial Sale is consummated prior to the New Maturity Date (such Partial Sale, the "**Initial Partial Sale**"), and the Group consummates, enters into any agreement to consummate, or otherwise makes any announcement with respect to the signing of, any Special Transaction or Partial Sale with the same purchaser(s) of such Initial Partial Sale or any of its affiliates (collectively, the "**Purchaser**") **within twelve (12) months after** the date of consummation of the Initial Partial Sale (such transaction, a "**Subsequent Sale**"); and
- (2) any Bondholder's pro rata portion of the total Net Proceeds received by the Group in connection with all prior Partial Sales and such Subsequent Sale is greater than the total amount of redemption price it has received prior to the date of consummation of the Subsequent Sale (such difference, the "**Subsequent Sale Additional Amount**"),

the Company shall pay to such Bondholder the Subsequent Sale Additional Amount in accordance with the Shareholders' Catch-Up clause (as set out below).

(ii) Potential Transactions

If:

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- (1) any of the Convertible Bonds is redeemed pursuant to their terms and conditions (the "**Redeemed Bonds**"), and any member of the Group has, on or before the date of redemption of such Redeemed Bonds, any agreement or mutual assent (in each case whether or not in writing) with any person regarding the material terms of any proposed Special Transaction, Partial Sale or any other transaction whereby any person will acquire any direct or indirect ownership or interest of any asset or business of any Group Member (each, a "**Potential Transaction**"), and at any time prior to the date which is **six (6) months after the New Maturity Date**, the Group consummates, enters into any definitive agreements to consummate, or otherwise makes any announcement with respect to the signing of, such Potential Transaction; and
- (2) any Bondholder's pro rata portion of the total Net Proceeds received by the Group in connection with all prior Partial Sales and such Potential Transaction is greater than the total amount of redemption price it has received prior to the date of consummation of the Potential Transaction (such difference, the "**Potential Transaction Additional Amount**"),

the Company shall pay to such Bondholder the Potential Transaction Additional Amount in accordance with the Shareholders' Catch-Up clause (as set out below).

(iii) Shareholders' Catch-Up

Any Subsequent Sale Additional Amount or Potential Transaction Additional Amount shall be paid to the Bondholder promptly upon receipt and completion of all remittance procedures and in any event no later than (x) in the case where proceeds of the Subsequent Sale or Potential Transaction are received outside of the PRC, the 30th day after the date of receipt of such proceeds, or (y) in the case where proceeds of the Subsequent Sale or Potential Transaction are received in the PRC, in accordance with such payment schedule as mutually agreed in writing by the Company and each Bondholder (each acting in good faith), and in accordance with the following calculation.

Shareholders (which, for the avoidance of doubt, shall exclude the Bondholders) shall be entitled to receive an amount which equals the following:

$$((A / B) \times C) - D$$

where:

A = the total amount of redemption price received by all Bondholders prior to the date of consummation of the relevant Subsequent Sale or Potential Transaction (as the case may be)

B = aggregate pro rata portion of all Bondholders (expressed as a percentage)

C = 100% - B

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D = the total amount of dividend or other distribution received by all Shareholders (which, for the avoidance of doubt, shall exclude the Bondholders) with respect to all prior Partial Sales prior to the date of consummation of the relevant Subsequent Sale or Potential Transaction

(iv) Pro Rata Distribution

If, after deducting the amount calculated in accordance with the preceding paragraph, there remains Net Proceeds available for distribution, all such remaining Net Proceeds shall be paid to all Bondholders in accordance with their respective pro rata portion, with the remainder to be paid to all Shareholders.

(v) Total Receipts

For the avoidance of doubt, the total distributions receivable by each Bondholder shall not exceed the higher of (i) the Applicable Redemption Prices, and (ii) the Bondholders' pro rata portion of the Net Proceeds received by the Group in connection with all prior Special Transactions and Partial Sales and the relevant Subsequent Sale or Potential Transaction (as the case may be).

For the avoidance of doubt, as at the Latest Practicable Date, the Company remains open to exploring various avenues for raising the required funds, which includes an Asset Sale. If deemed appropriate, a potential transaction with a related party or interested person may also be contemplated. In the event an Asset Sale were to take place, the Company will comply with all relevant rules under the Listing Manual as may be applicable to such Asset Sale, including Chapters 9 and/or 10 of the Listing Manual.

4.3. **Redemption YTM of 10% on New Maturity Date**

- (a) The "**Redemption YTM**" (being the Total Internal Rate of Return that the Bondholders shall achieve upon redemption on maturity, subject to the Proposed Amendment set out in the paragraph immediately below) will be revised to 10%, an increase of 2% from the current Redemption YTM of 8% over the investment period. The revised Redemption YTM of 10% was proposed by the Bondholders based on financing costs under today's environment and taking into consideration the nature of Convertible Bonds, which is subordinated to bank loans. Furthermore, the Bondholders also considered their expected returns on investments, namely that the current prevailing terms of 8% Redemption YTM should be increased having considered the further extension of maturity and not being able to exercise its redemption right immediately in 2023 and the current rising cost of capital and rising interest rates environment.
- (b) Under the Proposed Amendments, on the New Maturity Date, the Bondholders shall be entitled to redeem the Convertible Bonds at a redemption price equal to the higher of (i) a price that would generate for the holder of such Bond the Redemption YTM (such sum, the "**YTM Redemption Price**") or (ii) the Bondholders' pro rata portion of the Net Proceeds receivable by the Group in connection with all Partial Sales signed or consummated prior to the date of redemption (the "**Pro Rata Redemption Price**").
- (c) In the event that the Pro Rata Redemption Price is not paid in full prior to the New Maturity Date, the Company shall first, on the New Maturity Date, pay to the Bondholders an amount equal to the higher of (i) the YTM Redemption Price, and (ii) such portion of the Pro Rata Redemption Price with respect to which all relevant

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remittance procedures have been completed, with the remaining unpaid amounts being settled at a later date, without any penalty or interest provided it is duly paid within the agreed time period. Specifically, such payment should be made promptly upon receipt and completion of all remittance procedures and in any event no later than (i) where the proceeds are received outside of the PRC, the 30th day after the date of receipt of all proceeds; and (ii) where the proceeds are received in the PRC, such payment schedule as mutually agreed in writing by the Company and each Bondholder (each acting in good faith) upon the New Maturity Date but in any event no later than 1 year after the date of consummation of the relevant Partial Sale.

- (d) To-date, the Company has paid a total of US\$17.2 million interest and US\$62.5 million in M&S Dividends. The balance due and payable to the Bondholders under the Redemption YTM of 10% will be US\$158.1 million, assuming that there is no early redemption or conversion of the Convertible Bonds on or prior to the New Maturity Date.
- (e) **"Total Internal Rate of Return"** under the Amended Terms means, in respect of any Convertible Bond held by a holder, the annual rate based on a 365-day period used to discount each cash flow in respect of such Convertible Bond (such cash flow to include subscription or purchase consideration, cash dividends, interest and distributions received (including the M&S Dividends), as well as any future cash interest, distributions, dividends and receipts received after the date of the 2023 Amendment Agreement and up to the date of payment) to the original issuance date such that the present value of the aggregate cash flow equals zero. For the avoidance of doubt, any expense incurred by such Bondholder shall not be taken into account in such calculation of Total Internal Rate of Return. In connection with any payment required in the Amended Terms (save for the interest on any Overdue Amount (as defined below)), the Total Internal Rate of Return will be calculated with reference to the period from the date of issue of the Convertible Bonds to the date on which such payment is made in full. In connection with the interest on any Overdue Amount, the Total Internal Rate of Return will be calculated with reference to the period from the applicable due date of such Overdue Amount to the date on which such payment is made in full.

4.4. Comparison of Redemption Balances Payable on Asset Sale and on New Maturity Date

The following table sets out a comparison of the balance Applicable Redemption Prices (the **"Redemption Balance"**) payable by the Company upon redemption of the Convertible Bonds pursuant to an Asset Sale of different illustrative Net Exit Values, taking into account the interests and M&S Dividends already paid as at the Latest Practicable Date, or, where no redemption upon an Asset Sale takes place, the Redemption Balance of the YTM Redemption Price payable on New Maturity Date. **"Net Exit Value"** means the illustrative gross sale consideration of the GI assets in an Asset Sale after deducting taxes and transaction costs and expenses. Such figure is by no means indicative of the actual sale consideration of the GI asset.

Table 1: Illustration of Redemption Balances (Asset Sale/New Maturity Date)

Where Redemption Occurs pursuant to an Asset Sale				Where no Asset Sale Occurs and Redemption Occurs on New Maturity Date
Illustrative Net Exit Value from the Asset	(i) Redemption Balance based on 1.8x MoM Criterion (US\$)	(ii) Redemption Balance based on pro rata Net Proceeds	Redemption Balance based on Applicable Redemption	Redemption Balance based on YTM Redemption

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Sale (US\$)		(US\$) ⁽¹⁾	Price, being higher of (i) and (ii) (US\$)	Price (US\$)
300,000,000	154,300,866	93,030,000	154,300,866	158,095,373
500,000,000	154,300,866	155,050,000	155,050,000	158,095,373
700,000,000	154,300,866	217,070,000	217,070,000	158,095,373

Note:

- (1) The Redemption Balance based on pro rata Net Proceeds assumes that the Bondholders have a 31.0% stake of the Company on a fully-diluted basis. In the event that the Net Proceeds will be paid to Bondholders by way of a special dividend, and there has been interest that accrued and will accrue during the same financial year, such amount may be deducted from the pro rata Net Proceeds (if applicable), in accordance with Condition 5(D) of the CB Terms and Conditions.

4.5. **Overdue Amount**

In the event there is a default by the Company in the payment of any amount due in respect of any payment in accordance with Paragraph 4.2(e) or 4.3(c) of this Circular (the "**Overdue Amount**"), such Overdue Amount shall accrue interest in an amount that would generate for each Bondholder a Total Internal Rate of Return of 20% on the relevant Overdue Amount for the period from the applicable due date to the date on which such payment is made in full.

For clarity, the difference between Paragraphs 4.2(e) and 4.3(c) of this Circular is that in Paragraph 4.2(e), the Bondholders are being redeemed pursuant to an Asset Sale, whereas in Paragraph 4.3(c), the Bondholders are being redeemed on maturity pursuant to their entitlement under the CB Terms and Conditions.

For the avoidance of doubt, Condition 7(F) of the CB Terms and Conditions, which provides that if the Company fails to pay any sum in respect of the Convertible Bonds when the same becomes due and payable, interest shall accrue on the overdue sum at the rate of 20% per annum from the due date, shall not apply to this paragraph.

4.6. **Relevant Events**

Upon the occurrence of a Relevant Event (as defined below), the Bondholders will have the right, at their option, to redeem all or some only of their Convertible Bonds at a redemption price equal to the higher of (i) the YTM Redemption Price (upon the New Maturity Date), (ii) an amount that would result in the relevant Bondholder achieving a Multiple of Money of 1.8 (prior to the New Maturity Date), and (iii) in the case of a Change of Control only, such Bondholder's pro rata portion of the equity valuation of the Group in connection with such Change of Control.

In the event of a Relevant Event which is also a Special Transaction or a Partial Sale, it is agreed between the parties that the applicable provisions relating to a Special Transaction or Partial Sale shall govern.

A "**Relevant Event**", as defined in the Convertible Bond Purchase Agreement, occurs:

- (a) when the Shares cease to be listed or admitted to trading on the SGX-ST or any alternative stock exchange (as relevant); or
- (b) when there is a Change of Control; or
- (c) when there is a Merger.

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"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 date of issuance of the relevant Convertible Bonds;
- (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.

"Merger" means the consummation of a consolidation of the Company with, merger or amalgamation of the Company into or a transfer of the Company's assets substantially as an entirety to any corporation or the conveyance or transfer of the Company's properties and assets substantially as an entirety to any person.

The following table sets out a comparison of the Redemption Balance payable by the Company upon redemption of the Convertible Bonds pursuant to a Change of Control, at different illustrative equity valuations of the Group.

Table 2: Illustration of Redemption Balance (Change of Control)⁽¹⁾

Illustrative Equity Valuation from Change of Control (such as General Offer) (US\$)	(i) Redemption Balance based on YTM Redemption Price (US\$)	(ii) Redemption Balance based on 1.8x MoM Criterion (US\$)	(iii) Redemption Balance based on pro rata portion of the equity valuation of the Group in connection with such Change of Control (US\$) ⁽²⁾	Redemption Balance of Applicable Redemption Price, being higher of (i), (ii) and (iii) (US\$)
300,000,000	158,095,373	154,300,866	93,030,000	158,095,373
500,000,000	158,095,373	154,300,866	155,050,000	158,095,373
700,000,000	158,095,373	154,300,866	217,070,000	217,070,000

Notes:

- (1) The illustrative equity valuations and redemption balances in the table above assume a Change of Control of 100% of the equity of the Company.
- (2) The Redemption Balance based on pro rata portion of the equity valuation of the Group in connection with such Change of Control assumes that the Bondholders have a 31.0% stake of the Company on a fully-diluted basis. In

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the event that the Net Proceeds will be paid to Bondholders by way of a special dividend, and there has been interest that accrued and will accrue during the same financial year, such amount may be deducted from the pro rata Net Proceeds (if applicable), in accordance with Condition 5(D) of the CB Terms and Conditions.

4.7. Extended Conversion Notice Period before Maturity

Under the Existing Terms, the Bondholders shall be entitled to give notice to the Company up to the close of business on the date that is (5) Business Days before the maturity date if they intend to exercise their conversion right under the Convertible Bond Purchase Agreement. Pursuant to the 2023 Amendment Agreement, the 5-Business-Day period has been extended to ninety (90) calendar days, which provides the Company with more certainty in advance as to whether the Bondholders plan to redeem or convert the Convertible Bonds.

4.8. Expenses

As part of the 2023 Amendment Agreement, the Company shall, as soon as practicable upon the request of a Bondholder, pay such Bondholder reasonable legal fees and accountant, administrative and operational fees incurred from time to time in connection with (i) the preparation and negotiation of the 2023 Amendment Agreement and the 2020 Amendment Agreement, the performance of obligations under the 2023 Amendment Agreement and the 2020 Amendment Agreement (for instance, but not limited to, fees incurred in connection with the review or preparation of various redemption notices and/or other documents contemplated thereunder); and (ii) the Convertible Bonds as amended by the 2023 Amendment Agreement, subject to a cap of US\$1.2 million in aggregate in all events.

The Company shall be responsible for such costs whether or not the Effective Date has occurred, and such obligations shall survive the payment of the Convertible Bonds upon redemption until all such obligations are satisfied and discharged in full.

As at the Latest Practicable Date, the Company has not paid any reimbursement to the Bondholders pursuant to this Proposed Amendment.

During the capital raising of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds between 2017 and 2018, the Company had reimbursed approximately US\$2.0 million in relation to transactional and professional expenses incurred by the Bondholders as mutually agreed under the Existing Terms.

4.9. For more details relating to the Proposed Amendments, please refer to:

- (a) Appendix A to this Circular for a summary of key proposed amendments to the Existing Terms and the rationale behind the proposed changes;
- (b) Appendix B to this Circular for an illustration of the redemption amount payable under different redemption scenarios pursuant to the 2023 Amendment Agreement;
- (c) Appendix C to this Circular for an illustration of the Shareholders' Catch-Up clause as described in Paragraph 4.2(h) in the event of a Subsequent Sale or Potential Transaction;
- (d) Appendix D to this Circular for an illustration of Performance Target shortfall adjustments to the conversion price of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds under the Existing Terms, which, for the avoidance of

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doubt, is included for Shareholders' information only and will no longer apply in the event that the Proposed Amendments are approved by Shareholders; and

- (e) Appendix E to this Circular for an illustration of the Overdue Amount.

4.10. Early Redemption Scenarios under Existing Terms and Amended Terms

Please refer to a summary table below, setting out the circumstances and conditions under the Existing Terms and/or the Amended Terms, under which early redemption prior to the Current Maturity Date or the New Maturity Date (as the case may be) may occur:

S/N	Early Redemption Scenario	Relevant Condition under Existing Terms	Relevant Condition under Amended Terms
1.	Redemption for Delisting or Change of Control or Merger	<i>Condition 8(B)</i> : Upon the occurrence of a Relevant Event, the Bondholders will have the right, at their option, to redeem all or some only of their Convertible Bonds at (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 Bond the Redemption YTM as defined under the Existing Terms (being a Total Internal Rate of Return of 8%).	<i>Condition 8(B) (as amended by the Proposed Amendments)</i> : Upon the occurrence of a Relevant Event, the Bondholders will have the right, at their option, to redeem all or some only of their Convertible Bonds at a redemption price equal to the higher of (i) the YTM Redemption Price (upon the New Maturity Date), (ii) an amount that would result in the relevant Bondholder achieving a Multiple of Money of 1.8 (prior to the New Maturity Date), and (iii) in the case of a Change of Control only, such Bondholder's pro rata portion of the equity valuation of the Group in connection with such Change of Control.
2.	Redemption at the Option of Bondholders for Adjusted PATMI Trigger Event	<i>Condition 8(C)</i> : If the Company's adjusted PATMI in respect of its GI Business for any financial year is less than the adjusted PATMI in respect of its GI Business for the immediately preceding financial year during the term of the Bonds, the holder of each Bond shall have the right, at its sole option, to require the Company, by delivering a written notice to the Company, to redeem the Bond at (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 Bond the Redemption YTM as defined under the Existing	Not applicable. Condition 8(C) of the Existing Terms has been deleted from the Amended Terms.

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		Terms (being a Total Internal Rate of Return of 8%).	
3.	Redemption upon an Asset Sale	Not applicable. This was not provided under the Existing Terms.	<p>In the event of a Special Transaction, all outstanding Convertible Bonds shall be redeemed by the Company at the higher of the Applicable Redemption Prices.</p> <p>In the event of a Partial Sale, the Company will have the right, at its sole discretion, by delivering a written notice, to offer each Bondholder the right to redeem all of that Bondholder's Convertible Bonds at a redemption price equal to the higher of the Applicable Redemption Prices.</p> <p>In the event of a Series of Partial Sales (as defined below), to the extent any Bondholder(s) have not exercised their right to redeem pursuant to any prior Partial Sales, all outstanding Convertible Bonds held by such Bondholder(s) shall be redeemed by the Company at a redemption price equal to the higher of the Applicable Redemption Prices.</p>

The foregoing table should be read together with the rest of this Paragraph 4 and Appendix A of this Circular.

4.11. Shareholders' Approval Required for the Proposed Amendments; Standstill Arrangements

- (a) Pursuant to Condition 11 of the CB Terms and Conditions, 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 was given when the Majority Bondholders entered into the 2023 Amendment Agreement.
- (b) Under Condition 11 of the CB Terms and Conditions, any material alteration to the CB Terms and Conditions that is to the advantage of the Bondholders shall be subject to approval by the Shareholders. As some of the Proposed Amendments as set out above introduce fundamental changes to the redemption structure of the Convertible Bonds, which may be construed to be to the advantage of the Bondholders, the Company is seeking Shareholders' approval for the Proposed Amendments for good order.
- (c) Notwithstanding that the Current Maturity Date has already passed as at the date of this Circular, the Bondholders and the Company have agreed that during the period

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from the date of the 2023 Amendment Agreement to the earlier of (i) the date of the SGM or (ii) 31 July 2023, the Bondholders agree that non-redemption of the Convertible Bonds does not constitute an event of default under the Convertible Bond Purchase Agreement, and each of the Bondholders has undertaken not to exercise any right of redemption (on maturity or by reason of adjusted PATMI decline) or conversion for such period thereof, unless an event of default occurs (such agreement, the "**Standstill**").

- (d) The Company intends to seek the approval of Shareholders for the Proposed Amendments at the SGM to be held on 28 July 2023 at 2.00 p.m., the notice of which is attached to this Circular. It is contemplated that once the Proposed Amendments are approved by the Shareholders, the 2023 Amendment Agreement and the Proposed Amendments will take effect on the Effective Date. The extension of the Current Maturity Date to the New Maturity Date, which is conditional upon the Proposed Amendments and the 2023 Amendment Agreement taking effect, will also accordingly take effect on the Effective Date.
- (e) In the event that the Proposed Amendments are not approved by the Shareholders, or no SGM has been held as at 31 July 2023, the Standstill shall forthwith be terminated on the Standstill Expiration Date and all amounts outstanding under the Convertible Bonds shall be deemed to have become due and payable on the Current Maturity Date and each Bondholder shall be immediately entitled to exercise all its rights under the Convertible Bonds pursuant to the Existing Terms. "**Standstill Expiration Date**" means (i) in the event the 2023 Amendment Agreement and the Proposed Amendments are not approved at the SGM, the date of the SGM; or (ii) in the event no SGM has been held as at 31 July 2023, 31 July 2023. In such an event, on the Standstill Expiration Date, the 2023 Amendment Agreement will be deemed to constitute notice given by the Bondholders to the Company notifying the Company that an event of default under the Existing Terms has occurred, and declaring that the Convertible Bonds have become due and payable on the Current Maturity Date.

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

The Proposed Amendments 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. There is no issue of company warrants or other convertible securities being proposed in connection with the Proposed Amendments. The Company is seeking Shareholders' approval for the Proposed Amendments in accordance with Rule 829(3).
Rule 829	The terms of the issue must provide for:—	This rule has been

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	<p>(1) adjustment to the exercise price or conversion price and, where appropriate, the number of company warrants or other convertible securities, in the event of a rights issue, bonus issue or subdivision or consolidation of shares, setting out the specific formula;</p> <p>(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 securities at least 1 month before the expiration date; and</p> <p>(3) any material amendment to the terms of the 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 amendment is made pursuant to the terms of the issue.</p>	<p>complied with. The relevant provisions under both the Existing Terms and the Amended Terms are Condition 6(C), Condition 3(F) and Condition 11.</p>
<p>Rule 830</p>	<p>An issuer must announce any adjustment or amendment made to the terms of the issue. In the case of an adjustment, the announcement must state the specific formula, whether the adjustment has been reviewed to be in accordance with the formula, the identity of the reviewer and its relationship to the issuer.</p>	<p>In relation to the announcement of adjustments, this Rule is not applicable. The Proposed Amendments do not include any adjustment or amendment to the conversion price or the number or amount of securities not already allotted. Pursuant to the Proposed Amendments, the conversion price of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds remains at the original price of S\$0.50 and S\$0.60 respectively.</p> <p>In relation to the announcement of amendments, this Rule has been complied with. The entry into the 2023 Amendment Agreement and the Proposed Amendments were announced by the</p>

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		Company on 27 March 2023. Further details relating to the Proposed Amendments have been disclosed in this Circular.
Rule 831	<p>(1) An issuer must not:—</p> <p>(a) extend the exercise period of an existing company warrant; or</p> <p>(b) issue a new company warrant to replace an existing company warrant.</p> <p>(2) Except where the adjustments are made pursuant to the terms of the issue, an issuer must not:—</p> <p>(a) change the exercise price of an existing company warrant; or</p> <p>(b) change the exercise ratio of an existing company warrant.</p>	Not applicable. The Convertible Bonds are not company warrants as defined under the Listing Manual.

4.13. No Transfer of Controlling Interest Arising from Proposed Amendments

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.

The Proposed Amendments do not include any terms which result in an issuance of securities to transfer a controlling interest in the Company and accordingly Rule 803 of the Listing Manual as set out above does not apply. For completeness, under the Amended Terms, in the event that there is a full conversion of the Tranche 1 Convertible Bonds and the Tranche 2 Convertible Bonds, DCP (together with its Affiliates) will hold approximately 18.14% of the total number of issued Shares in the Company, in respect of which the Company had obtained Shareholders' approval in connection with the issuance of the Tranche 2 Convertible Bonds and potential conversion thereof, further details of which are set out in the Company's circular to Shareholders dated 21 August 2018.

Please refer to Paragraph 6.3 of this Circular for the change in shareholding interests of the Directors, Substantial Shareholders and the Bondholders pursuant to the Proposed Amendments, assuming full conversion of the Convertible Bonds.

5. FINANCIAL EFFECTS

5.1 Financial Effects Assuming Full Conversion of Convertible Bonds as at 31 December 2022

We set out below the financial effects of a full conversion of the Convertible Bonds as at 31 December 2022, assuming that all Convertible Bonds had been converted into Shares as at 31 December 2022 in accordance with the Amended Terms. The computations are purely for illustrative purposes only and do not reflect the actual financial results and financial position of

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the Group upon a full redemption of the Convertible Bonds.

(a) **NAV per Share**

We set out below the financial effects on NAV per Share.

Balance Sheet	As at 31 Dec 2022	After Full Conversion of Convertible Bonds as at 31 Dec 2022
Net Assets Value (NAV)(USD'000)	250,822	380,227
No. of Shares before and after full conversion of Convertible Bonds	796,877,142	1,155,065,142
NAV per Share (USD cents)	31	33
NAV per Share (SGD cents)	42	44

(b) **EPS**

We set out below the financial effects on the EPS.

Profit and Loss	FY2022	After Full Conversion of Convertible Bonds as at 31 Dec 2022
Net earnings after minority interest (USD'000)	20,599	20,599
No. of Shares before and after full conversion of Convertible Bonds	796,877,142	1,155,065,142
EPS (USD cents)	2.58	1.78
EPS (SGD cents)	3.56	2.46

5.2 Financial Effects Assuming Full Redemption of Convertible Bonds Pursuant to Corporate Action

We set out below the financial effects of (i) certain indicative potential corporate actions, namely an equity fundraising, a debt fundraising or a sale of GI assets (each a "**Corporate Action**") to raise funds for a full redemption of the Convertible Bonds and (ii) the full redemption, for illustration purposes, assuming:

- (a) the Company raises (i) US\$100 million or (ii) US\$160 million in each Corporate Action scenario for purposes of the redemption. The US\$100 million represents the minimum amount required to be raised from a Corporate Action to effect a full redemption of the Convertible Bonds and for the Company to have sufficient operating cash flow over the next 12 months, based on the FY2022 Audited Results, and the US\$160 million is used purely to illustrate a comparison against the base scenario;
- (b) the Redemption Balance is US\$158,095,373, based on a Total Internal Rate of Return of 10% as at the New Maturity Date and inclusive of interests which would have been paid as at the New Maturity Date (being US\$6,500,000);
- (c) where the Corporate Action is an equity fundraising via a new Share placement, the issue price is based on the net asset value per Share as at 31 December 2022; and
- (d) the Corporate Action and the full redemption of the Convertible Bonds take place as at 31 December 2022.

The computations are purely for illustrative purposes only and do not reflect the actual financial

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results and financial position of the Group after the Corporate Action and the full redemption of the Convertible Bonds. There is no assurance that a Corporate Action will be successful or will take place, or that a full redemption of the Convertible Bonds will take place on or prior to the New Maturity Date. The Corporate Actions are for indicative purposes only and does not represent an exhaustive list of all potential corporate actions that the Company may take to raise funds.

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(a) **Scenario 1: Assuming that US\$100 million is Raised from the Corporate Action**

(i) **NAV per Share**

We set out below the financial effects on NAV per Share.

Balance Sheet	As at 31 Dec 2022	After Corporate Action			After payment of Redemption Balance on 31 Dec 2022		
		Equity Raising via new share placement	Debt raising via bank loans	Sale of part GI assets	Equity Raising via new share placement	Debt raising via bank loans	Sale of part GI assets
Net Assets Value (NAV)(USD'000)	250,822	350,822	250,822	250,822	322,131	222,131	222,131
No. of Shares before and after Corporate Action (assuming all ESOS are fully issued and without Convertible Bonds)	796,877,142	1,114,582,765	796,877,142	796,877,142	1,114,582,765	796,877,142	796,877,142
NAV per Share (USD cents)	31	31	31	31	29	28	28
NAV per Share (SGD cents)	42	42	42	42	39	37	37

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(ii) **EPS**

We set out below the financial effects on the EPS.

Profit and Loss	FY2022	After Corporate Action			After payment of Redemption Balance on 31 Dec 2022		
		Equity Raising via new share placement	Debt raising via bank loans	Sale of part GI assets	Equity Raising via new share placement	Debt raising via bank loans	Sale of part GI assets
Net earnings after minority interest (USD'000)	20,599	20,599	20,599	20,599	(8,092)	(8,092)	(8,092)
No. of Shares before and after Corporate Action (assuming all ESOS are fully issued and without Convertible Bonds)	796,877,142	1,114,582,765	796,877,142	796,877,142	1,114,582,765	796,877,142	796,877,142
EPS (USD cents)	2.58	1.85	2.58	2.58	(0.73)	(1.02)	(1.02)
EPS (SGD cents)	3.56	2.55	3.56	3.56	(1.00)	(1.40)	(1.40)

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(b) **Scenario 2: Assuming that US\$160 million is Raised from the Corporate Action**

(i) **NAV per Share**

We set out below the financial effects on NAV per Share.

Balance Sheet	As at 31 Dec 2022	After Corporate Action			After payment of Redemption Balance on 31 Dec 2022		
		Equity Raising via new share placement	Debt raising via bank loans	Sale of part GI assets	Equity Raising via new share placement	Debt raising via bank loans	Sale of part GI assets
Net Assets Value (NAV)(USD'000)	250,822	410,822	250,822	250,822	382,131	222,131	222,131
No. of Shares before and after Corporate Action (assuming all ESOS are fully issued and without Convertible Bonds)	796,877,142	1,305,206,140	796,877,142	796,877,142	1,305,206,140	796,877,142	796,877,142
NAV per Share (USD cents)	31	31	31	31	29	28	28
NAV per Share (SGD cents)	42	42	42	42	39	37	37

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(ii) **EPS**

We set out below the financial effects on the EPS.

Profit and Loss	FY2022	After Corporate Action			After payment of Redemption Balance on 31 Dec 2022		
		Equity Raising via new share placement	Debt raising	Asset sale	Equity Raising	Debt raising	Asset sale
Net earnings after minority interest (USD'000)	20,599	20,599	20,599	20,599	(8,092)	(8,092)	(8,092)
No. of Shares before and after Corporate Action (assuming all ESOS are fully issued and without Convertible Bonds)	796,877,142	1,305,206,140	796,877,142	796,877,142	1,305,206,140	796,877,142	796,877,142
EPS (USD cents)	2.58	1.58	2.58	2.58	(0.62)	(1.02)	(1.02)
EPS (SGD cents)	3.56	2.18	3.56	3.56	(0.85)	(1.40)	(1.40)

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5.3 Financial Effects Assuming Full Redemption of Convertible Bonds as at 31 December 2022

The Company does not have sufficient funds in place for the full redemption of the Convertible Bonds as at 31 December 2022 whilst ensuring sufficient working capital to support the Company's operations amidst difficult headwinds, and at the same time, still continuously repaying the loans taken on to fund project construction and past acquisitions. Accordingly, it is not meaningful to present numerical illustrations of financial effects assuming a full redemption of the Convertible Bonds as at 31 December 2022.

As disclosed in Paragraph 3.3 of this Circular, a failure to effect a full redemption in accordance with the Amended Terms will constitute an event of default under the Amended Terms. The occurrence of any such event of default may also trigger cross default and/or cross acceleration in the Company's loan agreements relating to its other indebtedness. Bondholders and other creditors may also commence litigation against the Company and its subsidiaries, which may adversely affect the Company's business, financial conditions, results of operations and prospects. If the Company becomes unable to pay its debts as and when they fall due as a result of the foregoing, it may be deemed to be insolvent and not able to continue as a going concern.

5.4 Explanatory Notes to Paragraphs 5.1 and 5.2

- (a) All amounts are denominated in USD and SGD with exchange rates extracted from Bloomberg L.P. of USD1:RMB6.8986 and USD1:SGD1.3395 as at 30 December 2022 and USD1:RMB6.7381 and USD1:SGD1.3788, being the average exchange rates for the full-year of 2022.
- (b) The Company recognized Build-Operate-Transfer projects for usage in relation to concession infrastructure as intangible assets according to the accounting treatment, and as a result NTA is negative and not meaningful. Based on the latest audited consolidated financial statements of the Group for FY2022, the consolidated NTA¹⁴ of the Group was negative RMB2,920,426,000 (approximately negative US\$423,336,000, based on the exchange rate of USD1:RMB6.8986 as at 30 December 2022). NAV is used to present the relevant financial effects instead.
- (c) In respect of the financial effects presented under Paragraph 5.2:
 - (i) The reduction in NAV after payment of Redemption Balance by approximately US\$29 million ("**Additional Finance Cost**") arose from the difference between Redemption Balance of approximately US\$158 million and the book value of Convertible Bonds as at 31 December 2022 of approximately US\$129 million.
 - (ii) The reduction of net earnings after minority interest by approximately US\$29 million arose from the expense of Additional Finance Cost.

¹⁴ NTA means net assets excluding intangible assets, goodwill and land use rights (both short-term and long-term).

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6. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

6.1. Interests of Directors

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

Name of Director	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Mr. Guo Hong Xin ⁽²⁾	-	-	153,638,554	19.31
Mr. Ma Ming ⁽³⁾	-	-	137,509,737	17.28
Mr. Yang Zheng	-	-	-	-
Mr. Lau Ping Sum Pearce	-	-	-	-
Mr. Chin Sek Peng	-	-	-	-
Mr. Wang Dao Fu	-	-	-	-
Mr. Li Lei	-	-	-	-
Ms. Wang Guannan	-	-	-	-

Notes:

- (1) The percentage is calculated based on a total number of 795,686,142 Shares of the Company in issue.
- (2) Mr. Guo Hong Xin is (i) deemed to be interested in 82,209,983 Shares held by Allgreat Pacific Limited, which is an investment holding company wholly owned by him, and (ii) deemed to be interested in 71,428,571 Shares held by Sunpower Business Group Pte. Ltd., which is an investment holding company wholly owned by Allgreat Pacific Limited, which is in turn wholly owned by him.
- (3) Mr. Ma Ming is (i) deemed to be interested in 66,081,166 Shares held by Claremont Consultancy Limited which is an investment holding company wholly owned by him, and (ii) deemed to be interested in 71,428,571 Shares held by Tournan Trading Pte. Ltd., which is an investment holding company wholly owned by Claremont Consultancy Limited, which is in turn wholly owned by him.

6.2. Interests of Substantial Shareholders

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

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Allgreat Pacific Limited ⁽²⁾	82,209,983	10.33	71,428,571	8.98
Claremont Consultancy Limited ⁽³⁾	66,081,166	8.30	71,428,571	8.98

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Sunpower Business Group Pte. Ltd.	71,428,571	8.98	-	-
Tournan Trading Pte. Ltd.	71,428,571	8.98	-	-
Lin Yucheng	100,000,000	12.57	-	-
Joyfield Group Limited	66,154,120	8.31	-	-
Pan Shuhong ⁽⁴⁾	19,393,198	2.44	66,154,120	8.31

Notes:

- (1) The percentage is calculated based on a total number of 795,686,142 Shares of the Company in issue.
- (2) Sunpower Business Group Pte. Ltd. is a wholly-owned subsidiary of Allgreat Pacific Limited. Accordingly, Allgreat Pacific Limited is deemed to be interested in 71,428,571 Shares held by Sunpower Business Group Pte. Ltd.
- (3) Tournan Trading Pte. Ltd. is a wholly owned subsidiary of Claremont Consultancy Limited. Accordingly, Claremont Consultancy Limited is deemed to be interested in 71,428,571 Shares held by Tournan Trading Pte. Ltd.
- (4) Pan Shuhong is deemed to be interested in 66,154,120 Shares held by Joyfield Group Limited, which is wholly owned by her.

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6.3. Interests of Directors, Substantial Shareholders and Bondholders

We have set out below the interests (if any) of the Directors, the Substantial Shareholders and the Bondholders (i) as at the Latest Practicable Date and (ii) assuming full conversion of the Convertible Bonds under the Amended Terms (without performance shortfall adjustments).

		As at the Latest Practicable Date		Assuming full conversion of Convertible Bonds (No performance shortfall adjustments) ⁽²⁾	
		No. of Shares	% ⁽¹⁾	No. of Shares	%
Directors	Holding Entities				
Guo Hong Xin	Allgreat Pacific Limited	82,209,983	10.33%	82,209,983	7.12%
	Sunpower Business Group Pte. Ltd.	71,428,571	8.98%	71,428,571	6.19%
Sub-total		153,638,554	19.31%	153,638,554	13.31%
Ma Ming	Claremont Consultancy Limited	66,081,166	8.30%	66,081,166	5.73%
	Tournan Trading Pte. Ltd.	71,428,571	8.98%	71,428,571	6.19%
Sub-total		137,509,737	17.28%	137,509,737	11.92%
Substantial Shareholders (other than Directors)					
Lin Yucheng	n.a.	100,000,000	12.57%	100,000,000	8.67%
Pan Shuhong	Joyfield Group Limited	66,154,120	8.31%	66,154,120	5.73%
Pan Shuhong	n.a.	19,393,198	2.44%	19,393,198	1.68%
Sub-total		85,547,318	10.75%	85,547,318	7.41%
Bondholders					
DCP (together with its Affiliates)		-	-	209,345,143	18.14%
CDH (together with its Affiliates)		-	-	148,842,857	12.90%

Notes:

- (1) The percentage is calculated based on a total number of 795,686,142 Shares of the Company in issue.
- (2) Under the Amended Terms, without any performance shortfall adjustments to the conversion price, the conversion price of Tranche 1 Convertible Bonds is the initial price of S\$0.50 and the conversion price of Tranche 2 Convertible Bonds is the initial price of S\$0.60.

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6.4. Interests in the Proposed Amendments

Mr. Li Lei and Ms. Wang Guannan (who was appointed in place of Mr. Liu Haifeng David on 25 February 2022), being Non-Executive and Non-Independent Directors appointed by the Bondholders pursuant to the terms of the Convertible Bond Purchase Agreement, are deemed to have an interest in the Proposed Amendments.

As such, each of Mr. Li Lei and Ms. Wang Guannan have recused (and will continue to recuse) themselves from the Board's decision-making in relation to the Proposed Amendments and will abstain from participating in any recommendation to be made by the Board with respect to the Proposed Amendments, as set out further in Paragraph 7 of this Circular.

Save as disclosed above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company, if any), in the Proposed Amendments. To the best of the Company's knowledge as at the Latest Practicable Date, save as disclosed above, there is no connection (including business relationship) amongst the Company, the Directors and the Substantial Shareholders of the Company, with the Bondholders, its directors and Substantial Shareholders.

7. DIRECTORS' RECOMMENDATION

7.1. The Proposed Amendments to the Convertible Bond Purchase Agreement

For the reasons set out in Paragraph 6.4 of this Circular, each of Mr. Li Lei and Ms. Wang Guannan (who was appointed in place of Mr. Liu Haifeng David on 25 February 2022) will abstain from making any recommendation on the Proposed Amendments in their capacity as Directors.

Having reviewed and considered, *inter alia*, the rationale for and benefits of the Proposed Amendments to the Convertible Bond Purchase Agreement and the CB Terms and Conditions, the Recommending Directors are of the view that the Proposed Amendments to the Convertible Bond Purchase Agreement and the CB Terms and Conditions are in the interests of the Company and its minority Shareholders. Accordingly, the Recommending Directors recommend that Shareholders **VOTE IN FAVOUR** of the **Ordinary Resolution** relating to the Proposed Amendments to the Convertible Bond Purchase Agreement and the CB Terms and Conditions as set out in the Notice of SGM.

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

8. SPECIAL GENERAL MEETING

The SGM is convened for the purpose of considering and, if thought fit, passing with or without modifications the Ordinary Resolution to approve the Proposed Amendments as set out in the Notice of SGM. The members of the Company are invited to attend physically at the SGM. **There will be no option for shareholders to participate virtually.**

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The SGM, notice of which is set out on pages N-1 to N-3 of this Circular, will be held on 28 July 2023 at 2.00 p.m. (Singapore time) at Ballroom 2, Level 3, The Westin Singapore, 12 Marina View, Asia Square Tower 2, Singapore 018961. The Company may restrict the number of in-person attendees at the SGM taking into account any regulations, directives, measures or guidelines that may be issued by any government and regulatory agency in light of the COVID-19 situation from time to time.

9. CIRCULAR, NOTICE OF SGM AND DEPOSITOR PROXY FORM

Printed copies of this Circular, the Notice of SGM and the Depositor Proxy Form have been despatched to Shareholders.

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

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

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

10. ACTION TO BE TAKEN BY SHAREHOLDERS

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 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, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, 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 regarded as a Shareholder of the Company entitled to attend the SGM and to vote thereat unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP to the Company at least 48 hours before the SGM.

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, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, not later than 48 hours before the time fixed for the SGM.

11. RESPONSIBILITY STATEMENTS

- 11.1.** 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

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facts about the Proposed Amendments, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading.

Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

- 11.2.** To the best of Stirling Coleman Capital Limited's (as the Financial Adviser to the Company) knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Amendments, the Company and its subsidiaries, and Stirling Coleman Capital Limited is not aware of any facts the omission of which would make any statement in this Circular misleading.

12. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Bye-laws of the Company;
- (b) the 2023 Amendment Agreement; and
- (c) the Convertible Bond Purchase Agreement.

Yours faithfully

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

Yang Zheng
Lead Independent Director

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

The table below summarises the key differences between the Existing Terms and the Amended Terms. It does not purport to be complete and is qualified in its entirety by reference to the 2023 Amendment Agreement, a copy of which is available for inspection at the registered office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 9 Raffles Place, #29-01 Republic Plaza Tower 1, Singapore 048619 for a period of three (3) months from the date of this Circular.

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

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
1.	Removal of the Performance Target and related provisions	<p>The Performance Target is the Adjusted PATMI of RMB325 million for FY2022.</p> <p><u>Performance Shortfall Adjustments to Conversion Price should FY2022 Performance Target not be met</u></p> <p>If, based on the audited financial statements of the Company for FY2022, the Performance Target is not met, the Conversion Price shall be adjusted, to the extent necessary, to be equal to the lower of:</p>	<p>Performance Target, together with provisions relating to performance shortfall adjustments and redemption upon year-on-year Adjusted PATMI decrease, has been removed.</p>	<p>Under the 2023 Amendment Agreement, there are downside protection clauses for the Bondholders such as:</p> <p>(a) redemption based on the Applicable Redemption Prices in the event of an Asset Sale, as elaborated under S/N 2;</p> <p>(b) redemption on New Maturity Date at the higher of the YTM Redemption Price</p>	<p>Conversion Price will remain at S\$0.50 for Tranche 1 Convertible Bonds and S\$0.60 for Tranche 2 Convertible Bonds, and the Bondholders will no longer be entitled to (a) any performance shortfall adjustments; or (b) an early redemption in the event of a year-on-year Adjusted PATMI decrease.</p> <p>Please refer to Appendix D for an illustration of adjustments to the Conversion Price under Existing Terms in the absence of this Proposed Amendment.</p>

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
		<p>(i) the Conversion Price in force; and</p> <p>(ii) the original Conversion Price as adjusted pursuant to any other provision multiplied by the following fraction:</p> $\frac{A}{B}$ <p>Where:</p> <p>A the higher of (a) the Adjusted PATMI for FY2022 and (b) RMB 108 million; and</p> <p>B is the Performance Target for FY2022.</p>		<p>and the Pro Rata Redemption Price, as elaborated under S/N 4; and</p> <p>(c) redemption upon the occurrence of a Relevant Event at the higher of (i) the YTM Redemption Price (upon the New Maturity Date), (ii) an amount that would result in the relevant Bondholder achieving a Multiple of Money of 1.8 (prior to the New Maturity Date), and (iii) in the case of a Change of Control only, such Bondholder's pro rata portion of the equity valuation of the Group in connection with such Change of</p>	

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
		<p><u>Redemption Right Tied to Adjusted PATMI of GI Business</u></p> <p>If the Issuer's Adjusted PATMI in respect of its GI Business for any financial year is less than the Adjusted PATMI in respect of its GI Business for the immediately preceding financial year during the term of the Bonds (the "Adjusted PATMI Redemption Trigger Event"), the holder of each Bond shall have the right, at its sole option, to require the Issuer, by delivering a written notice (an "Adjusted PATMI Redemption Notice") to the Issuer, to redeem the Bond at a redemption price equal to (i) 100% of the outstanding principal amount of the Bond, plus (ii) accrued and unpaid Interest on the outstanding principal amount, plus (iii) a premium that would generate for the holder of such Bond, the Redemption YTM</p>		<p>Control, as elaborated under S/N 6.</p> <p>In view of the above protection mechanisms, the Company was of the view that the Performance Target and related provisions are no longer necessary and the Bondholders had agreed to remove the same, which the Company believes benefits the Shareholders for the reasons set out in Paragraph 3.2 of this Circular by preventing an immediate dilution of 15.0% to the Shareholders. In view of the foregoing benefits to the Shareholders, the Board is of the view that this Proposed Amendment is in the interest of the</p>	

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
		<p>assuming that the holder acquired such Bond at its initial principal amount on the Closing Date and taking into account all interest, cash dividends and/or distributions paid by the Issuer and received by the holder in respect of such Bond (and would have been paid by the Issuer and received by the holder had the holder acquired such Bond at its initial principal amount on the Closing Date). Within fourteen (14) days after receipt of such Adjusted PATMI Redemption Notice, the Issuer shall redeem the Bonds the subject of Adjusted PATMI Redemption Notices delivered as aforesaid on the Relevant Event Redemption Date.</p>		Company.	
2.	<p>In the event of an Asset Sale, Applicable Redemption Price being the Higher</p>	<p>If the Company pays any Excess Cash Dividend in any financial year, it will simultaneously pay to each holder of a Bond an additional</p>	<p>(a) Special Transaction A "Special Transaction" means a sale of assets or businesses of the Group which represent 95% or</p>	<p>Under the 2023 Amendment Agreement, the Current Maturity Date will be extended for</p>	<p>In the event of an Asset Sale, Applicable Redemption Price being the Higher of (i) 1.8x Multiple of Money and (ii) the Bondholders' pro rata portion of</p>

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
	<p>of (i) 1.8x Multiple of Money and (ii) the Bondholders' pro rata portion of the Net Proceeds from such Asset Sale and prior Partial Sales will apply.</p>	<p>amount of interest equal to the Excess Cash Dividend Amount multiplied by the number of Shares into which such Bond is convertible at the Conversion Price then in effect on the relevant record date for the payment of such Excess Cash Dividend, in accordance with Condition 5(D) of the Existing Terms.</p> <p>Please refer to Appendix D to this Circular for an illustration of the fully-diluted percentage shareholdings of the Bondholders upon a conversion and the underlying assumptions under the Existing Terms and the Amended Terms. In particular, in relation to the applicability of the "Subject Event" provisos under the Existing Terms, which may potentially affect the computation of the Adjusted PATMI, both the Company and the Bondholders reserve</p>	<p>more of each of the consolidated total assets and net assets of the Group as reflected in the audited financial statements of the Group for either of the most recent two (2) full financial years, provided that immediately upon completion of a Special Transaction, the Group shall own no more than one (1) project.</p> <p>In the event of a Special Transaction, all outstanding Convertible Bonds shall be redeemed by the Company at a redemption price equal to the higher of (i) an amount that would result in the relevant Bondholder achieving a Multiple of Money of 1.8 or (ii) the Bondholders' pro rata portion of the Net Proceeds received by the Group in connection with such sale and any prior Partial Sales (as defined below), otherwise known as the "Applicable Redemption Prices".</p> <p>"Multiple of Money" means the amount of money received by a Bondholder from its investment in</p>	<p>approximately 2 years. In return, Asset Sale and other redemption scenarios (as further elaborated in S/N 4 and S/N 6 below, pursuant to redemption on the New Maturity Date or upon the occurrence of a Relevant Event) apply to strengthen the Bondholders' existing downside protection rights under the CB Terms and Conditions. For instance, for the revised Redemption YTM of 10% under S/N 4 below and the 1.8x Multiple of Money criterion, the Bondholders proposed such numbers based on financing costs under today's environment and taking into consideration the nature of Convertible Bonds, which is subordinated to</p>	<p>the Net Proceeds from such Asset Sale and prior Partial Sales will apply.</p> <p>Under (i), taking into account interests and distributions already paid to the Bondholders as at the date hereof, the redemption balance works out to be approximately US\$154.3 million under the 1.8x Multiple of Money criterion.</p> <p>The 1.8x Multiple of Money criterion translates into a Total Internal Rate of Return of approximately:</p> <p>(a) 9.75%, assuming that the redemption pursuant to an Asset Sale occurs on 3 April 2025; or</p> <p>(b) 10.79%, assuming that the redemption pursuant to an Asset Sale occurs on 3 April 2024.</p> <p>Please refer to Appendix B for an illustration of the redemption</p>

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
		each of their respective positions.	<p>a Convertible Bond (such calculation to include all cash interest, cash dividends already received as of the date of the 2023 Amendment Agreement, as well as any future cash interest, distributions, dividends and receipts received after the date of the 2023 Amendment Agreement and up to the date of payment) divided by the principal amount of such Bond.</p> <p>"Net Proceeds" means the amount equal to the actual proceeds received by the Group in connection with the consummation of a Special Transaction or a Partial Sale (as the case may be), including without limitation any delayed payments payable to the Group post-completion, and after taking into account the applicable taxes and transaction costs and expenses relating to such Special Transaction or Partial Sale (as the case may be).</p>	<p>bank loans. Furthermore, the Bondholders also considered their expected returns on investments, namely that the current prevailing terms of 8% Total Internal Rate of Return should be increased having considered the further extension of maturity and not being able to exercise its redemption right immediately in 2023 and the current rising cost of capital and rising interest rates environment. As demonstrated by the fourth table of Appendix B of this Circular, a Multiple of Money of 1.8 represents a Total Internal Rate of Return of approximately 9.75% assuming that the redemption pursuant to</p>	<p>amount payable under different redemption scenarios pursuant to the 2023 Amendment Agreement, including pursuant to an Asset Sale where the 1.8x Multiple of Money criterion applies.</p>

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>(b) Partial Sale</p> <p>A "Partial Sale" means a sale or series of related sales of any asset or business of the Group with an aggregate value of US\$3,000,000 or above, other than any Special Transaction and any sales of asset or business in the ordinary course of business consistent with past practice, which is on an arm's length basis and is to person(s) other than a Related Party (as defined in the Convertible Bonds Purchase Agreement).</p> <p>In the event of a Partial Sale, the Company will have the right, at its sole discretion, by delivering a written notice, to offer each Bondholder the right to redeem all of that Bondholder's Convertible Bonds at a redemption price equal to the higher of the Applicable Redemption Prices.</p> <p>(c) Series of Partial Sales</p> <p>Where a series of Partial Sales result in sales of assets or</p>	<p>an Asset Sale occurs on 3 April 2025. For the avoidance of doubt, the foregoing redemption scenario serves as illustration only.</p> <p>From the perspective of the Company and the Board, they had considered the benefits of the 2023 Amendment Agreement as set out in Paragraph 3 of the Circular and given the considerations stated therein, had accepted the Applicable Redemption Price in the event of an Asset Sale, as well as the redemption prices payable under the other redemption scenarios (as further elaborated in S/N 4 and S/N 6 below).</p> <p>The Board considers these to be in the</p>	

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>businesses of the Group which represent in aggregate 95% or more of each of the consolidated total assets and net assets of the Group as reflected in the audited financial statements of the Group for either of the most recent 2 full financial years, and immediately upon completion of the last Partial Sale (which shall have occurred prior to the New Maturity Date), the Group owns no more than one (1) project, to the extent any Bondholder(s) have not exercised their right to redeem pursuant to any prior Partial Sales, all outstanding Convertible Bonds held by such Bondholder(s) shall be redeemed by the Company at a redemption price equal to the higher of the Applicable Redemption Prices.</p> <p>(d) Payment after Maturity Date</p> <p>In the event that the Applicable Redemption Price is not paid in full prior to the New Maturity Date, the Company shall first, on the New Maturity Date, pay to the</p>	<p>interests of the Shareholders, as the extension of the maturity to the New Maturity Date will offer more time and an additional runway of two years for the Company to strategise and explore alternative options to raise the required funds for redemption on the New Maturity Date in a manner which may be more beneficial to the Company's longer-term financial health, as further set out in Paragraph 3.3 of the Circular.</p>	

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>Bondholders an amount such that the total amounts received by the Bondholders shall equal the higher of (i) the YTM Redemption Price (as defined below), and (ii) such portion of the Applicable Redemption Prices with respect to which all relevant remittance procedures have been completed, with the remaining unpaid amounts being settled at a later date, without any penalty or interest provided it is duly paid within the agreed time period. Specifically, such payment should be made promptly upon receipt and completion of all remittance procedures and in any event no later than (i) where the proceeds are received outside of the PRC, the 30th day after the date of receipt of all proceeds; and (ii) where the proceeds are received in the PRC, such payment schedule as mutually agreed in writing by the Company and each Bondholder (each acting in good faith) upon the New Maturity Date but in any event no later than 1</p>		

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			year after the date of consummation of the relevant Special Transaction or Partial Sale (as the case may be).		
3.	<p>Anti-Embarrassment Clause #1 (Subsequent Sale)</p> <p>Anti-Embarrassment Clause #2 (Potential Transaction)</p> <p>Shareholders' Catch-Up Clause</p>	There was no specific clause in relation to a Subsequent Sale or a Potential Transaction under the Existing Terms.	<p>(a) Subsequent Sale</p> <p>If:</p> <p>(i) a Partial Sale is consummated prior to the New Maturity Date (such Partial Sale, the "Initial Partial Sale"), and the Group consummates, enters into any agreement to consummate, or otherwise makes any announcement with respect to the signing of, any Special Transaction or Partial Sale with the same purchaser(s) of such Initial Partial Sale or any of its Affiliates (collectively, the "Purchaser") within twelve (12) months after the date of consummation of the Initial Partial Sale (such transaction, a "Subsequent Sale"), and</p> <p>(ii) any Bondholder's pro rata portion of the total Net</p>	The rationale for the anti-embarrassment clauses is that Bondholders should be entitled to a pro rata share of the sale of GI assets and accordingly this clause is intended to protect the Bondholders, within a fixed time period after the Convertible Bonds have been redeemed, against wilful deprivation of the Bondholders' entitlement to a pro rata share of such sales of GI assets. The anti-embarrassment clauses apply after the Bondholders have been redeemed.	<p>Bondholders will be paid in priority to Shareholders up to the Subsequent Sale Additional Amount or the Potential Transaction Additional Amount (as the case may be), and if there are still proceeds remaining, Shareholders will receive payment pursuant to the Shareholders' Catch-Up clause. Any balance remaining will be distributed to the Bondholders in accordance with their pro-rata proportion, and the remainder to all the Shareholders.</p> <p>Please refer to Appendix C for an illustration of the Shareholders' Catch-Up. In particular, it should be noted that the total distributions receivable by each Bondholder shall not exceed the higher of (i) the Applicable Redemption Prices, and (ii) the Bondholders' pro rata</p>

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>Proceeds received by the Group in connection with all prior Partial Sales and such Subsequent Sale is greater than the total amount of redemption price it has received prior to the date of consummation of the Subsequent Sale (such difference, the "Subsequent Sale Additional Amount"),</p> <p>the Company shall pay to such Bondholder the Subsequent Sale Additional Amount in accordance with the Shareholders' Catch-Up clause (as set out below).</p> <p>(b) Potential Transactions</p> <p>If:</p> <p>(i) any of the Convertible Bonds is redeemed pursuant to their terms and conditions (the "Redeemed Bonds"), and any member of the Group has, on or before the date of redemption of such Redeemed Bonds, any</p>	<p>From the Company's perspective, it seeks to ensure that after the Bondholders receive their proceeds in priority to the Shareholders and have been redeemed, should the Bondholders still be entitled to proceeds arising from anti-embarrassment clauses, Shareholders have a chance to catch-up on the proceeds on a pro-rata basis.</p> <p>Furthermore, the total distributions receivable by each Bondholder shall not exceed the higher of (i) the Applicable Redemption Prices, and (ii) the Bondholders' pro rata portion of the Net Proceeds received by the Group in connection with all prior Asset Sales and the relevant</p>	<p>portion of the Net Proceeds received by the Group in connection with all prior Asset Sales and the relevant Subsequent Sale or Potential Transaction (as the case may be) at all times.</p>

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>agreement or mutual assent (in each case whether or not in writing) with any person regarding the material terms of any proposed Special Transaction, Partial Sale or any other transaction whereby any person will acquire any direct or indirect ownership or interest of any asset or business of any Group Member (each, a "Potential Transaction"), and at any time prior to the date which is six (6) months after the New Maturity Date, the Group consummates, enters into any definitive agreements to consummate, or otherwise makes any announcement with respect to the signing of, such Potential Transaction, and</p> <p>(ii) any Bondholder's pro rata portion of the total Net Proceeds received by the Group in connection with all prior Partial Sales and such Potential Transaction is</p>	<p>Subsequent Sale or Potential Transaction (as the case may be) at all times.</p> <p>In view of the safeguards in the Shareholders' Catch-Up Clause which ensure that Shareholders are able to catch up on the proceeds of a Subsequent Sale or Potential Transaction after the Bondholders receive their priority proceeds, and that the Bondholders' returns are capped at all times, and considering that it is generally within the Company's control to undertake or not undertake a Subsequent Sale or Potential Transaction, the Board is of the view that these Proposed Amendments, when</p>	

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>greater than the total amount of redemption price it has received prior to the date of consummation of the Potential Transaction (such difference, the "Potential Transaction Additional Amount"),</p> <p>the Company shall pay to such Bondholder the Potential Transaction Additional Amount in accordance with the Shareholders' Catch-Up clause (as set out below).</p> <p>(c) Shareholders' Catch-Up Clause</p> <p>Any Subsequent Sale Additional Amount or Potential Transaction Additional Amount shall be paid to the Bondholder promptly upon receipt and completion of all remittance procedures and in any event no later than (x) in the case where proceeds of the Subsequent Sale or Potential Transaction are received outside of the PRC, the 30th day after the date of receipt of such proceeds,</p>	<p>considered in totality with the other Proposed Amendments, are in the interests of the Company.</p>	

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>or (y) in the case where proceeds of the Subsequent Sale or Potential Transaction are received in the PRC, in accordance with such payment schedule as mutually agreed in writing by the Company and each Bondholder (each acting in good faith), and in accordance with the following calculation:</p> <p><u>Shareholders' Catch Up</u></p> <p>(i) Shareholders (which, for the avoidance of doubt, shall exclude the Bondholders) shall be entitled to receive an amount which equals the following:</p> <p>$((A / B) \times C) - D$</p> <p>where:</p> <p>A = the total amount of redemption price received by all Bondholders prior to the date of consummation of the relevant Subsequent Sale or Potential Transaction (as the</p>		

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>case may be)</p> <p>B = aggregate pro rata portion of all Bondholders (expressed as a percentage)</p> <p>C = 100% - B</p> <p>D = the total amount of dividend or other distribution received by all Shareholders (which, for the avoidance of doubt, shall exclude the Bondholders) with respect to all prior Partial Sales prior to the date of consummation of the relevant Subsequent Sale or Potential Transaction; and</p> <p><u>Pro Rata Distribution</u></p> <p>(ii) If, after deducting the amount calculated in accordance with the preceding paragraph, there remains Net Proceeds available for distribution, all such remaining Net Proceeds shall be paid to all Bondholders in accordance with their respective pro rata</p>		

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>portion, with the remainder to be paid to all Shareholders.</p> <p><u>Total Receipts</u></p> <p>(iii) For the avoidance of doubt, the total distributions receivable by each Bondholder shall not exceed the higher of (i) the Applicable Redemption Prices, and (ii) the Bondholders' pro rata portion of the Net Proceeds received by the Group in connection with all prior Special Transactions and Partial Sales and the relevant Subsequent Sale or Potential Transaction (as the case may be).</p>		
4.	Redemption YTM of 10% on the New Maturity Date	<p>"Redemption YTM" means a Total Internal Rate of Return of 8.0%.</p> <p>"Total Internal Rate of Return", in respect of any Convertible Bond held by a Bondholder, means the annual rate based on a 365-</p>	<p>"Redemption YTM" means a Total Internal Rate of Return of 10.0%.</p> <p>"Total Internal Rate of Return", in respect of any Convertible Bond held by a Bondholder, means the annual rate based on a 365-day period used to discount each cash flow in respect of such Convertible</p>	Please refer to S/N 2 above.	Upon redemption on the New Maturity Date, the Bondholders will be entitled to the higher of the YTM Redemption Price or the Pro Rata Redemption Price. If the YTM Redemption Price applies, taking into account interests and distributions already paid to the Bondholders

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
		<p>day period used to discount each cash flow in respect of such 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 Shares issued upon conversion of the Convertible Bond) to the original issuance date such that the present value of the aggregate cash flow equals zero. The Total Internal Rate of Return will be calculated with reference to the period from the relevant dates of issuance of such Convertible Bonds under the Convertible Bond Purchase Agreement to the date on which such payment is made in full.</p>	<p>Bond (such cash flow to include subscription or purchase consideration, cash dividends, interest and distributions received <u>(including the M&S Dividends)</u>, as well as any <u>future cash interest, distributions, dividends and receipts received after the date of the 2023 Amendment Agreement and up to the date of payment)</u> to the original issuance date such that the present value of the aggregate cash flow equals zero. <u>For the avoidance of doubt, any expense incurred by such Bondholder shall not be taken into account in such calculation of Total Internal Rate of Return.</u> In connection with any payment required in the CB Terms and Conditions <u>(save for the interest on any Overdue Amount)</u>, the Total Internal Rate of Return will be calculated with reference to the period from the date of issue of the Convertible Bonds to the date on which such payment is made in full. <u>In connection with the</u></p>		<p>as at the date hereof, the redemption balance works out to be US\$158.1 million, which is approximately US\$46.5 million higher than the redemption balance payable on the Current Maturity Date under the Existing Terms.</p> <p>Please refer to Appendix B for an illustration of the redemption amount payable under different redemption scenarios pursuant to the 2023 Amendment Agreement, including pursuant to redemption on the New Maturity Date.</p>

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			<p><u>interest on any Overdue Amount, the Total Internal Rate of Return will be calculated with reference to the period from the applicable due date of such Overdue Amount to the date on which such payment is made in full.</u></p> <p>Further, on the New Maturity Date, the Bondholders shall be entitled to redeem the Convertible Bonds at a redemption price equal to the higher of (i) a price that would generate for the holder of such Bond the Redemption YTM (such sum, the "YTM Redemption Price") or (ii) the Bondholders' pro rata portion of the Net Proceeds received by the Group in connection with all Partial Sales signed or consummated prior to the date of redemption (the "Pro Rata Redemption Price"). In the event that the Pro Rata Redemption Price is not paid in full prior to the New Maturity Date, the Company shall first, on the New Maturity Date, pay to the</p>		

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>Bondholders an amount equal to the higher of (i) the YTM Redemption Price, and (ii) such portion of the Pro Rata Redemption Price with respect to which all relevant remittance procedures have been completed, with the remaining unpaid amounts being settled at a later date, without any penalty or interest provided it is duly paid within the agreed time period. Specifically, such payment should be made promptly upon receipt and completion of all remittance procedures and in any event no later than (i) where the proceeds are received outside of the PRC, the 30th day after the date of receipt of all proceeds; and (ii) where the proceeds are received in the PRC, such payment schedule as mutually agreed in writing by the Company and each Bondholder (each acting in good faith) upon the New Maturity Date but in any event no later than 1 year after the date of consummation of the relevant</p>		

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			Partial Sale.		
5.	Overdue Amount	<p>There was no concept of Overdue Amount under the Existing Terms. However, upon the occurrence of an event of default, including where a default is made by the Company in the payment of any amount (of principal, redemption payment, interest or otherwise) due in respect of the Convertible 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 shall not apply), then any Convertible Bond may, by notice given to the Company by the Bondholder, be declared immediately due and payable whereupon it shall become immediately due and payable at a price that may generate</p>	<p>In the event that the Applicable Redemption Price or Pro Rata Redemption Price is not paid in full prior to the New Maturity Date, the Company shall <u>first pay the higher of (i) the YTM Redemption Price; and (ii) such portion of the Applicable Redemption Price or Pro Rata Redemption Price (as the case may be) with respect to which all relevant remittance procedures have been completed, on the New Maturity Date and shall then duly pay the remaining unpaid amounts within an agreed time period, without any penalty or interest provided it is duly paid within the agreed time period.</u> Specifically, such payment should be made promptly upon receipt and completion of all remittance procedures and in any event no later than (i) where the proceeds are received outside of the PRC, the 30th day after the date of</p>	<p>Whilst under the Existing Terms, any amount due and unpaid will trigger the event of default Total Internal Rate of Return of 20%, the Company has sought to improve its position by limiting the scope of such application, to pre-empt situations which are beyond the Company's control, such as progress payment in the event of an Asset Sale or a delay in funds remittance procedures by purchasers in the event of an Asset Sale, by clarifying that (a) the Total Internal Rate of Return of 20% applies to the Overdue Amount portion only (as opposed to the entire Applicable Redemption</p>	<p>In respect of an Overdue Amount, the overdue amount will accrue a Total Internal Rate of Return of 20% between applicable due date and the date on which the payment is made in full.</p> <p>Please also refer to Appendix E for an illustration in relation to the Overdue Amount.</p>

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S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
		<p><u>for the Bondholder a Total Internal Rate of Return of 20%, assuming that the Bondholder acquired such Convertible Bond at its initial principal amount on the Closing Date</u> 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 Bondholder had the Bondholder acquired such Convertible Bond at its initial principal amount on the Closing Date) in respect of such Convertible Bond.</p>	<p>receipt of all proceeds; and (ii) where the proceeds are received in the PRC, such payment schedule as mutually agreed in writing by the Company and each Bondholder (each acting in good faith) upon the New Maturity Date but in any event no later than 1 year after the date of consummation of the relevant Partial Sale.</p> <p>In the event that there is a default by the Company to make any payment in accordance with the foregoing (an "Overdue Amount"), such Overdue Amount shall accrue interest in an amount that would generate for each Bondholder <u>a Total Internal Rate of Return of 20% on the relevant Overdue Amount for the period from the applicable due date to the date on which such payment is made in full.</u></p>	<p>Price); and (b) with respect to such Overdue Amount, the applicable period of the 20% Total Internal Rate of Return is from the period of the applicable due date to the date on which such payment is made in full.</p> <p>The Company is of the view that in the context of an Overdue Amount, the above are improved positions as compared to the Existing Terms, where the Total Internal Rate of Return of 20% would be computed over the entire investment amount from the date of issuance of the relevant Convertible Bonds to the date on which such payment is made in full. In view of that this represents an improved position as</p>	

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
				<p>compared to the Existing Terms in respect of an Overdue Amount, the Board is of the view that this Proposed Amendment is in the interests of the Company.</p>	
6.	Relevant Events	<p>Upon the occurrence of a Relevant Event (as defined below), the Bondholders will have the right, at their option, to redeem all or some only of their Convertible Bonds <u>at the Redemption YTM.</u></p> <p>A "Relevant Event", as defined in the CB Terms and Conditions, occurs:</p> <p>(i) when the Shares cease to be listed or admitted to trading on the SGX-ST or any alternative stock exchange (as relevant); or</p>	<p>Upon the occurrence of a Relevant Event (as defined under the Existing Terms), the Bondholders will have the right, at their option, to redeem all or some only of their Convertible Bonds <u>at a redemption price equal to the higher of:</u></p> <p>(i) the YTM Redemption Price (upon the New Maturity Date);</p> <p>(ii) an amount that would result in the relevant Bondholder achieving a Multiple of Money of 1.8 (prior to the New Maturity Date); and</p>	Please refer to S/N 2 above.	<p>Please refer to S/N 2 above.</p> <p>Please refer to Appendix B for an illustration of the redemption amount payable under different redemption scenarios pursuant to the 2023 Amendment Agreement, including pursuant to redemption upon the occurrence of a Relevant Event.</p>

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
		<p>(ii) when there is a Change of Control (as defined in the CB Terms and Conditions); or</p> <p>(iii) when there is a Merger (as defined in the CB Terms and Conditions).</p>	<p>(iii) in the case of a Change of Control (as defined in the Convertible Bond Purchase Agreement) only, such Bondholder's pro rata portion of the equity valuation of the Group in connection with such Change of Control.</p> <p><u>In the event of a Relevant Event which is also a Special Transaction or a Partial Sale, it is agreed that the applicable provisions relating to a Special Transaction or Partial Sale shall govern.</u></p>		
7.	Priority in Payment to Bondholders vis-à-vis Shareholders	<p>Under the Existing Terms, the Bondholders will receive a fixed protected return upon redemption on the Current Maturity Date, generating a Total Internal Rate of Return of 8%.</p> <p>Please also refer to S/N 2 above in relation to the Bondholders' entitlement to Excess Cash Dividend under</p>	<p>Under the Proposed Amendments, the Bondholders will receive a fixed protected return upon redemption on the Current Maturity Date, generating a Total Internal Rate of Return of 10%, subject to the below.</p> <p>Where an Asset Sale has occurred, the Bondholders will be paid in priority to Shareholders under different redemption scenarios, namely:</p>	<p>The Convertible Bonds are a hybrid instrument, and Bondholders are ranked above Shareholders with certain protective rights.</p> <p>Under the Existing Terms, the Bondholders have maturity redemption rights and</p>	<p>The Bondholders will be paid in priority than Shareholders under the events set out in this S/N 7.</p>

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
		<p>the Existing Terms on a pro-rata and pari passu basis as Shareholders.</p>	<p>(a) in a redemption pursuant to an Asset Sale, as set out in S/N 2 above, the Bondholders will be paid in priority to Shareholders from the Net Proceeds from such Asset Sale than Shareholders;</p> <p>(b) in a redemption on New Maturity Date, as set out in S/N 4 above, where the Pro Rata Redemption Price applies, the Bondholders will be paid in priority to Shareholders from the Net Proceeds of prior Partial Sales than Shareholders; and</p> <p>(c) in the event of a redemption pursuant to a Change of Control, as set out in S/N 6 above, the Bondholders will be paid in priority to Shareholders of its pro rata portion of the equity valuation of the Group in connection with such Change of Control.</p> <p>Nevertheless, as explained under</p>	<p>redemption rights upon certain scenarios such as a Relevant Event. This also means that under the Existing Terms, they will already be paid in priority to Shareholders on redemption upon maturity or upon the relevant scenarios. The Proposed Amendments are similar on maturity redemption, with the Bondholders having an added priority to Shareholders in the event of an Asset Sale or under different redemption scenarios. As such, the general principle under the Proposed Amendments is consistent with that under the Existing Terms for so long as the Convertible Bonds remain outstanding and have not been</p>	

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			S/N 3 where a Subsequent Sale or a Potential Transaction occurs, the Shareholders' Catch-Up clause will apply, where Shareholders will enjoy priority in payment after the Bondholders are first paid up to the Subsequent Sale Additional Amount or the Potential Transaction Additional Amount (as the case may be).	converted to Shares. In view that these Proposed Amendments are consistent with the principle of the Existing Terms, and that in respect of a Subsequent Sale or a Potential Transaction, there are additional safeguards (as explained under S/N 3 above) which ensure that Shareholders are given the opportunity to catch up immediately after Bondholders receive their proceeds in priority, the Board is of the view that these Proposed Amendments are in the interests of the Company.	
8.	Expenses	At Closing of the first Tranche, the Company shall pay the Original Investors all costs, duties, taxes and expenses incurred by the Original Investors in connection with	The Company shall, promptly upon request of a Bondholder, pay such Bondholder reasonable legal fees ("Legal Fees") and accountant, administrative and operational fees ("Accountant	This is to pay the Bondholders for additional expenses that they have incurred in relation to the applicable amendment	The Company will be liable to reimburse an additional amount of potentially up to US\$1.2 million of Legal Fees and Accountant Fees incurred by the Bondholders. As at the Latest

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
		<p>the preparation and negotiation of the Convertible Bond Purchase Agreement and in connection with performance under the Convertible Bond Purchase Agreement or the consummation of the transactions contemplated thereby or referred to therein, including all legal fees, accountant fees and due diligence expenses incurred prior to such Closing Date (the "Investor Costs"), up to a maximum aggregate amount of US\$1.0 million.</p>	<p>Fees") incurred by such Bondholder from time to time in connection with (i) the preparation and negotiation of the 2023 Amendment Agreement and the performance under the 2020 Amendment Agreement; and (ii) the Convertible Bonds as amended by the 2023 Amendment Agreement.</p> <p>In all events, the total Legal Fees and Accountant Fees borne by the Company pursuant to this section shall not exceed US\$1,200,000 in aggregate.</p> <p>The Company shall be responsible for such costs whether or not the Effective Date has occurred, and such obligations shall survive the payment of the Convertible Bonds upon redemption until all such obligations are satisfied and discharged in full.</p>	<p>agreements. However, under the Amended Terms, both parties have agreed after negotiation that any such expenses incurred by the Bondholders shall not be taken into account in calculating the Total Internal Rate of Return or the Multiple of Money, which are used to determine the Bondholders' redemption prices under various redemption scenarios. In view that this is part of the Bondholders' proposal for agreeing to enter into the 2023 Amendment Agreement, and that it is not uncommon as a matter of commercial negotiation for the issuer to bear part of investors' transaction expenses, and</p>	<p>Practicable Date, the Company has not paid any reimbursement to the Bondholders in respect of this Proposed Amendment.</p> <p>During the capital raising of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds between 2017 and 2018, the Company had reimbursed approximately US\$2.0 million in relation to transactional and professional expenses incurred by the Bondholders as mutually agreed under the Existing Terms.</p>

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
				<p>considering the parties' agreement after negotiation that such expenses shall not be taken into account in calculating the Bondholders' returns, the Board is of the view that this Proposed Amendment, when considered in totality with the other Proposed Amendments, is in the interests of the Company.</p>	
9.	Interim Arrangements	Not applicable.	<p>During the period from the date of the 2023 Amendment Agreement to the earlier of (a) the date of the special general meeting of the Company to be held in respect of the 2023 Amendment Agreement and the amendments contemplated therein (the "SGM"), and (b) 31 July 2023 (the "Longstop Date") (the "Standstill Period"), the Bondholders agree that the non-redemption of the Convertible Bonds on or prior to</p>	<p>This takes into account that even though the SGM is being held after the Current Maturity Date, the Company and the Bondholders have entered into the 2023 Amendment Agreement to extend the Current Maturity Date, pending Shareholders' approval. Accordingly, the Bondholders have</p>	<p>There is no financial impact to the Company under the Interim Arrangement clause during the Standstill period, in which redemption and adjustments on conversion price are to be on standstill.</p>

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>the Current Maturity Date does not constitute an event of default and further agree that they shall not, during the Standstill Period, exercise any of the following rights under the Convertible Bond Purchase Agreement (such agreement, the "Standstill"):</p> <ul style="list-style-type: none"> (i) Conversion Rights pursuant to Condition 6(A) (<i>Conversion Right</i>); (ii) redemption right pursuant to Condition 8(A) (<i>Maturity</i>); and (iii) redemption right pursuant to Condition 8(C) (<i>Redemption at the Option of the Bondholders</i>), <p>provided that upon the occurrence of any event of default, the Standstill shall be immediately terminated.</p> <p>Further, the Bondholders have agreed to grant a partial waiver in accordance with the following terms: if, within 10 Business Days</p>	<p>agreed not to exercise certain rights that have accrued under the Existing Terms, provided that no event of default has occurred.</p> <p>This prevents the Company from being in default of the Convertible Bonds during such an interim period by reason of failure to redeem on the Current Maturity Date. In view of the foregoing, the Board is of the view that this Proposed Amendment is in the interest of the Company.</p>	

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
			<p>after the Standstill Expiration Date, the Company has redeemed all of the Bonds held by each Bondholder at a redemption price equal to an amount that may generate for such Bondholder a total IRR of 10%, the obligations of the Company under Condition 10(A) of the CB Terms and Conditions shall be deemed to have been satisfied (the "Partial Waiver"). "Standstill Expiration Date" means (i) in the event the 2023 Amendment Agreement and the Proposed Amendments are not approved at the SGM, the date of the SGM or (ii) in the event no SGM has been held as at the Longstop Date, the Longstop Date.</p>		
10.	Consent to Future Sales	Without prior written consent of the Majority Bondholders (which consent shall be deemed to be given if each of the directors appointed by the Bondholders on the Issuer's board of directors has approved the relevant matters in writing, as evidenced in the	Without prior written consent of the Majority Bondholders (which consent shall be deemed to be given if each of the directors appointed by the Bondholders on the Issuer's board of directors has approved the relevant matters in writing, as evidenced in the relevant board meeting minutes or	This recognises that the Bondholders shall not unreasonably withhold their consent to an asset disposal if it is being done for the purpose of facilitating the redemption of the Convertible Bonds. As	Nil.

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
		<p>relevant board meeting minutes or written resolutions, as the case may be), the Company shall not, and shall ensure that none of its Subsidiaries shall, acquire or dispose of any material assets or businesses except as contemplated in the current business plan of the Company.</p>	<p>written resolutions, as the case may be), the Company shall not, and shall ensure that none of its Subsidiaries shall, acquire or dispose of any material assets or businesses except as contemplated in the current business plan of the Company, <u>provided that the Bondholders shall not unreasonably withhold their consent or subject their consent to conditions in respect of a Special Transaction or Partial Sale where the Company shall use the proceeds from such transaction to redeem the outstanding Convertible Bonds.</u></p>	<p>such, the Company will not be unreasonably prevented from consummating an Asset Sale and redeeming the Convertible Bonds at the Applicable Redemption Price. In view of the foregoing, the Board is of the view that this Proposed Amendment is in the interest of the Company.</p>	
11.	Extended Conversion Notice Period before Maturity	<p>The Bondholders shall be entitled to give notice to the Company up to the close of business on the date that is <u>(5) Business Days</u> before the New Maturity Date if they intend to exercise their conversion right under the Convertible Bond Purchase Agreement.</p>	<p>The Bondholders shall be entitled to give notice to the Company up to the close of business on the date that is <u>ninety (90) calendar days</u> before the New Maturity Date if they intend to exercise their conversion right under the Convertible Bond Purchase Agreement.</p>	<p>This represents an improvement to the Existing Terms as the Company will have certainty in advance as to whether the Bondholders plan to redeem or convert the Convertible Bonds, and will therefore have more time to prepare the</p>	Nil.

APPENDIX A – SUMMARY OF KEY PROPOSED AMENDMENTS AND RATIONALE AND FINANCIAL IMPACT

S/N	Feature	Existing Terms	Amended Terms	Rationale for Change and Board's Assessment	Financial or Key Impact
				redemption monies ahead of the New Maturity Date and hence prevent the occurrence of an event of default. In view of the foregoing, the Board is of the view that this Proposed Amendment is in the interest of the Company.	

APPENDIX B – ILLUSTRATION OF REDEMPTION AMOUNT PAYABLE UNDER DIFFERENT REDEMPTION SCENARIOS

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

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

Table 1: Redemption Yield 8% Total Internal Rate of Return up till 17 April 2023

<u>Description</u>	<u>Date of Cashflow</u>	<u>Cashflow (US\$)</u>	<u>Aggregate Cashflow (US\$)</u>
Investments received from Bondholders			
Tranche 1 Convertible Bonds	3 March 2017	(110,000,000)	
Tranche 2 Convertible Bonds	10 October 2018	(2,857,133)	
Tranche 2 Convertible Bonds	15 October 2018	(17,142,857)	
Aggregate investments received from Bondholders			(129,999,990) ⁽¹⁾
Payments to Bondholders			
Interest	15 March 2018	2,750,000	
	1 March 2019	1,789,975	
	4 March 2019	1,150,020	
	25 February 2020	1,671,408	
	4 March 2020	1,578,592	
	26 February 2021	349,980	
	1 March 2021	2,900,021	
	3 March 2022	727,691	
	4 March 2022	1,062,035	
	1 March 2023	1,671,409	
	2 March 2023	1,578,592	
Aggregate			17,229,723
M&S Dividend	18 June 2021	14,955,740	
	21 June 2021	21,002,792	
	21 July 2021	11,019,058	
	22 July 2021	15,491,803	
Aggregate			62,469,393
Redemption Cash ⁽²⁾	17 April 2023	111,559,567	111,559,567
Aggregate Payments to Bondholders to-date			191,258,683 ⁽³⁾

APPENDIX B – ILLUSTRATION OF REDEMPTION AMOUNT PAYABLE UNDER DIFFERENT REDEMPTION SCENARIOS

Return to Bondholders	<u>Internal Rate of Return</u>	<u>Return to Bondholders (US\$)</u>	<u>Multiple of Money</u>
	8.00%	61,258,693*	1.47x

*The net assets of the Group as at 31 December 2022 (after taking into account the effect of the Convertible Bonds) is approximately US\$250,822,000, based on exchange rate of US\$1:RMB6.8986 (the "**Net Assets**"). The return to the Bondholders as a percentage of the Net Assets is 24.42%.

APPENDIX B – ILLUSTRATION OF REDEMPTION AMOUNT PAYABLE UNDER DIFFERENT REDEMPTION SCENARIOS

Table 2: Event of Default Yield 20% Total Internal Rate of Return up till 17 October 2023 (being 6 months after Current Maturity Date)⁽⁴⁾

<u>Description</u>	<u>Date of Cashflow</u>	<u>Cashflow (US\$)</u>	<u>Aggregate Cashflow (US\$)</u>	
Investments received from Bondholders				
Tranche 1 Convertible Bonds	3 March 2017	(110,000,000)		
Tranche 2 Convertible Bonds	10 October 2018	(2,857,133)		
Tranche 2 Convertible Bonds	15 October 2018	(17,142,857)		
Aggregate investments received from Bondholders			(129,999,990) ⁽¹⁾	
Payments to Bondholders				
Interest	15 March 2018	2,750,000		
	1 March 2019	1,789,975		
	4 March 2019	1,150,020		
	25 February 2020	1,671,408		
	4 March 2020	1,578,592		
	26 February 2021	349,980		
	1 March 2021	2,900,021		
	3 March 2022	727,691		
	4 March 2022	1,062,035		
	1 March 2023	1,671,409		
	2 March 2023	1,578,592		
Aggregate			17,229,723	
M&S Dividend	18 June 2021	14,955,740		
	21 June 2021	21,002,792		
	21 July 2021	11,019,058		
	22 July 2021	15,491,803		
Aggregate			62,469,393	
Redemption Cash	17 October 2023	291,215,112		
Aggregate Payments to Bondholders to-date			291,215,112	
			370,914,228 ⁽⁴⁾	
		<u>Internal Rate of Return</u>	<u>Return to Bondholders (US\$)</u>	<u>Multiple of Money</u>
Return to Bondholders		20.00%	240,914,238*	2.85x

*The return to the Bondholders as a percentage of the Net Assets is 96.05%.

APPENDIX B – ILLUSTRATION OF REDEMPTION AMOUNT PAYABLE UNDER DIFFERENT REDEMPTION SCENARIOS

Table 3: Redemption Yield 10% Total Internal Rate of Return up till 3 April 2025

<u>Description</u>	<u>Date of Cashflow</u>	<u>Cashflow (US\$)</u>	<u>Aggregate Cashflow (US\$)</u>		
Investments received from Bondholders					
Tranche 1 Convertible Bonds	3 March 2017	(110,000,000)			
Tranche 2 Convertible Bonds	10 October 2018	(2,857,133)			
Tranche 2 Convertible Bonds	15 October 2018	(17,142,857)			
Aggregate investments received from Bondholders				(129,999,990) ⁽¹⁾	
Payments to Bondholders					
Interest					
	15 March 2018	2,750,000			
	1 March 2019	1,789,975			
	4 March 2019	1,150,020			
	25 February 2020	1,671,408			
	4 March 2020	1,578,592			
	26 February 2021	349,980			
	1 March 2021	2,900,021			
	3 March 2022	727,691			
	4 March 2022	1,062,035			
	1 March 2023	1,671,409			
	2 March 2023	1,578,592			
	4 March 2024	3,250,000			
	4 March 2025	3,250,000			
Aggregate				23,729,723	
M&S Dividend					
	18 June 2021	14,955,740			
	21 June 2021	21,002,792			
	21 July 2021	11,019,058			
	22 July 2021	15,491,803			
Aggregate				62,469,393	
Redemption Cash	3 April 2025	151,595,373		151,595,373	
Aggregate Payments to Bondholders to-date				237,794,489 ⁽⁶⁾	
Redemption Balance				158,095,373⁽⁵⁾	
Return to Bondholders		Internal Rate of Return	Return to Bondholders (US\$)	Multiple of Money	
		10.00%	107,794,499*	1.83x	

*The return to the Bondholders as a percentage of the Net Assets is 42.98%.

APPENDIX B – ILLUSTRATION OF REDEMPTION AMOUNT PAYABLE UNDER DIFFERENT REDEMPTION SCENARIOS

Table 4: Redemption Cash for 1.8x Multiple of Money (i.e if a sale occurs in the 2nd year, on 3 April 2025)

<u>Description</u>	<u>Date of Cashflow</u>	<u>Cashflow (US\$)</u>	<u>Aggregate Cashflow (US\$)</u>	
Investments received from Bondholders				
Tranche 1 Convertible Bonds	3 March 2017	(110,000,000)		
Tranche 2 Convertible Bonds	10 October 2018	(2,857,133)		
Tranche 2 Convertible Bonds	15 October 2018	(17,142,857)		
Aggregate investments received from Bondholders			(129,999,990) ⁽¹⁾	
Payments to Bondholders				
Interest	15 March 2018	2,750,000		
	1 March 2019	1,789,975		
	4 March 2019	1,150,020		
	25 February 2020	1,671,408		
	4 March 2020	1,578,592		
	26 February 2021	349,980		
	1 March 2021	2,900,021		
	3 March 2022	727,691		
	4 March 2022	1,062,035		
	1 March 2023	1,671,409		
	2 March 2023	1,578,592		
	4 March 2024	3,250,000		
	4 March 2025	3,250,000		
Aggregate			23,729,723	
M&S Dividend	18 June 2021	14,955,740		
	21 June 2021	21,002,792		
	21 July 2021	11,019,058		
	22 July 2021	15,491,803		
Aggregate			62,469,393	
Redemption Cash	3 April 2025	147,800,866		
Aggregate Payments to Bondholders to-date			147,800,866	
			233,999,982 ⁽⁸⁾	
Redemption Balance			154,300,866⁽⁵⁾	
		<u>Internal Rate of Return</u>	<u>Return to Bondholders (US\$)</u>	<u>Multiple of Money</u>
Return to Bondholders		9.75% ⁽⁷⁾	103,999,992*	1.80x

*The return to the Bondholders as a percentage of the Net Assets is 41.46%.

APPENDIX B – ILLUSTRATION OF REDEMPTION AMOUNT PAYABLE UNDER DIFFERENT REDEMPTION SCENARIOS

Table 5: Redemption Cash for 1.8x Multiple of Money (i.e if a sale occurs in the 1st year, on 3 April 2024)

<u>Description</u>	<u>Date of Cashflow</u>	<u>Cashflow (US\$)</u>	<u>Aggregate Cashflow (US\$)</u>	
Investments received from Bondholders				
Tranche 1 Convertible Bonds	3 March 2017	(110,000,000)		
Tranche 2 Convertible Bonds	10 October 2018	(2,857,133)		
Tranche 2 Convertible Bonds	15 October 2018	(17,142,857)		
Aggregate investments received from Bondholders			(129,999,990) ⁽¹⁾	
Payments to Bondholders				
Interest	15 March 2018	2,750,000		
	1 March 2019	1,789,975		
	4 March 2019	1,150,020		
	25 February 2020	1,671,408		
	4 March 2020	1,578,592		
	26 February 2021	349,980		
	1 March 2021	2,900,021		
	3 March 2022	727,691		
	4 March 2022	1,062,035		
	1 March 2023	1,671,409		
	2 March 2023	1,578,592		
	4 March 2024	3,250,000		
Aggregate			20,479,723	
M&S Dividend	18 June 2021	14,955,740		
	21 June 2021	21,002,792		
	21 July 2021	11,019,058		
	22 July 2021	15,491,803		
Aggregate			62,469,393	
Redemption Cash	3 April 2024	151,050,866		
Aggregate Payments to Bondholders to-date			233,999,982 ⁽⁸⁾	
Redemption Balance			154,300,866⁽⁵⁾	
Return to Bondholders		<u>Internal Rate of Return</u>	<u>Return to Bondholders (US\$)</u>	<u>Multiple of Money</u>
		10.79% ⁽⁷⁾	103,999,992*	1.80x

*The return to the Bondholders as a percentage of the Net Assets is 41.46%.

APPENDIX B – ILLUSTRATION OF REDEMPTION AMOUNT PAYABLE UNDER DIFFERENT REDEMPTION SCENARIOS

Note:

- (1) This is the precise figure invested by the Bondholders but for ease of illustration throughout the Circular, US\$130 million has been used.
- (2) Total Internal Rate of Return is the annualized rate of return of an initial investment. It takes into account the amount of cash flow and the precise date of the cash flow. The Redemption Cash is the balancing cash flow, such that the Total Internal Rate of Return for the period is 8% or 10% depending on the illustration.
- (3) This represents the total return to all Bondholders (if payable), of which US\$112,689,881 shall be payable to DCP or its affiliates, and US\$78,568,802 shall be payable to CDH or its affiliates.
- (4) The foregoing serves as illustration of the Existing Terms only (and not the Amended Terms) and does not preclude other legal consequences that may arise from a breach of the Existing Terms (if still applicable).
- (5) This Redemption Balance is a summation of interests for March 2024 and March 2025 and the Redemption Cash.
- (6) This represents the total return to all Bondholders (if payable), of which US\$139,927,046 shall be payable to DCP or its affiliates, and US\$97,867,443 shall be payable to CDH or its affiliates.
- (7) The 1.8x Multiple of Money is an absolute return concept which does not take into account the time value of money. As an illustration, when the Bondholders invested US\$130 million in the Company, based on the 1.8x Multiple of Money criterion, the Bondholders expect to receive 1.8x of US\$130 million, that is, US\$234 million in absolute return. The Total Internal Rate of Return on the other hand, considers the time value of money, that is, the precise date of the cash flows. As such, assuming the same investment date and other cash flows such as interests and the M&S Dividend are the same, (a) should the Bondholders receive the Redemption Cash only at the end of two years or 3 April 2025, the Total Internal Rate of Return works out to be 9.75% (b) should the Bondholders receive the Redemption Cash earlier, at the end of one year or 3 April 2024, the Total Internal Rate of Return works out to be higher than (a) in the aforesaid, that is, 10.79%.
- (8) This represents the total return to all Bondholders (if payable), of which US\$138,857,143 shall be payable to DCP or its affiliates, and US\$95,142,839 shall be payable to CDH or its affiliates.

APPENDIX C – ILLUSTRATION OF SHAREHOLDER CATCH-UP UPON SUBSEQUENT SALE OR POTENTIAL TRANSACTION

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

This Appendix C is purely for illustration purpose only and does not prejudice the provisions of the Existing Terms and/or the Amended Terms. It applies only upon the occurrence of a Subsequent Sale within twelve (12) months after the date of consummation of the Initial Partial Sale, or a Potential Transaction within six (6) months after the New Maturity Date, in each case as further elaborated under Appendix A. The figures used in this Appendix C (including the net exit values) are purely illustrative only and are not indicative of the present or future value of GI assets. In particular, the net exit values of US\$300m, US\$500m and US\$700m were selected to illustrate three scenarios that help Shareholders understand the Shareholders' Catch-Up Clause, and it is further assumed for illustrative purposes that the progress payment from the sale is such that 60% of net exit value is first received, followed by the balance 40% of net exit value.

Illustration C1:

This scenario assumes a Net Exit Value of US\$300 million. "Net Exit Value" or "NEV" means the illustrative gross sale consideration of the GI assets in an Asset Sale after deducting taxes and transaction expenses. Such figure is by no means indicative of the actual sale consideration of the GI assets. All figures are in US\$ unless otherwise stated.

Redemption Balance under 1.8x MoM Criterion

Redemption Cash	147,800,866
3 March 2024 Interest	3,250,000
3 March 2025 Interest	3,250,000
Redemption Balance	154,300,866

Initial NEV	180,000,000	Subsequent NEV	120,000,000	Total NEV	300,000,000
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Distribution Flow

<u>Step 1 (assuming aforesaid interest not already paid)</u>		<u>Step 3</u>	
Bondholders get under 1.8x MoM	154,300,866 (85.72%)	Shareholders Catch-Up	120,000,000 ⁽¹⁾ (100%)
Balance	25,699,134	Balance	-
<u>Step 2</u>		<u>Step 4 Stakeholders Share Pro Rata</u>	
Shareholders only get	25,699,134 (14.28%)	Bondholders Pro Rata	-
		Shareholders Pro Rata	-

Total NEV for Bondholders	154,300,866 (51.43%)
Total NEV for Shareholders	145,699,134 (48.57%)

APPENDIX C – ILLUSTRATION OF SHAREHOLDER CATCH-UP UPON SUBSEQUENT SALE OR POTENTIAL TRANSACTION

Had it been pro rata of Net Proceeds and should there be sufficient total proceeds

Total for Bondholders	154,300,866	31.01%
Total for Shareholders	343,283,352	68.99%
Total	497,584,218	100%

APPENDIX C – ILLUSTRATION OF SHAREHOLDER CATCH-UP UPON SUBSEQUENT SALE OR POTENTIAL TRANSACTION

Illustration C2:

This scenario assumes a Net Exit Value of US\$500 million. "Net Exit Value" or "NEV" means the illustrative gross sale consideration of the GI assets in an Asset Sale after deducting taxes and transaction expenses. Such figure is by no means indicative of the actual sale consideration of the GI assets. All figures in US\$ unless otherwise stated.

Redemption Balance under 1.8x MoM Criterion

Redemption Cash	147,800,866
3 March 2024 Interest	3,250,000
3 March 2025 Interest	3,250,000
Redemption Balance	154,300,866

Initial NEV	300,000,000	Subsequent NEV	200,000,000	Total NEV	500,000,000
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Distribution Flow

<u>Step 1 (assuming aforesaid interest not already paid)</u> Bondholders get under 1.8x MoM		154,300,866 (51.43%)	<u>Step 3</u> Shareholders Catch-Up		197,584,218 ⁽¹⁾ (98.79%)	Total NEV for Bondholders	155,050,000 (31.01%)
Balance		145,699,134	Balance		2,415,782	Total NEV for Shareholders	344,950,000 (68.99%)
<u>Step 2</u> Shareholders only get		145,699,134 (48.57%)	<u>Step 4 Stakeholders Share Pro Rata</u> Bondholders Pro Rata		749,134 (0.37%)		
			Shareholders Pro Rata		1,666,648 (0.83%)		

Had it been pro rata of Net Proceeds and should there be sufficient total proceeds

Total for Bondholders	154,300,866	31.01%
Total for Shareholders	343,283,352	68.99%
Total	497,584,218	100%

APPENDIX C – ILLUSTRATION OF SHAREHOLDER CATCH-UP UPON SUBSEQUENT SALE OR POTENTIAL TRANSACTION

Illustration C3:

This scenario assumes a total Net Exit Value of US\$700 million. "Net Exit Value" or "NEV" means the illustrative gross sale consideration of the GI assets in an Asset Sale after deducting taxes and transaction expenses. Such figure is by no means indicative of the actual sale consideration of the GI assets. All figures in US\$ unless otherwise stated.

Redemption Balance under 1.8x MoM Criterion

Redemption Cash	147,800,866
3 March 2024 Interest	3,250,000
3 March 2025 Interest	3,250,000
Redemption Balance	154,300,866

Initial NEV	420,000,000	Subsequent NEV	280,000,000	Total NEV	700,000,000
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Distribution Flow

<u>Step 1 (assuming aforesaid interest not already paid)</u>		<u>Step 3</u>		Total NEV for Bondholders	217,070,000 (31.01%)
Bondholders get under 1.8x MoM	154,300,866 (36.74%)	Shareholders Catch-Up	77,584,218 ⁽¹⁾ (27.71%)		
Balance	265,699,134	Balance	202,415,782	Total NEV for Shareholders	482,930,000 (68.99%)
<u>Step 2</u>		<u>Step 4 Stakeholders Share Pro Rata</u>			
Shareholders only get	265,699,134 (63.26%)	Bondholders Pro Rata	62,769,134 (22.42%)		
		Shareholders Pro Rata	139,646,648 (49.87%)		

Had it been pro rata of Net Proceeds and should there be sufficient total proceeds

Total for Bondholders	154,300,866	31.01%
Total for Shareholders	343,283,352	68.99%
Total	497,584,218	100%

Notes:

- (1) Shareholders' Catch Up under Step 3, when aggregated with Step 2, will be to a total of US\$343,283,352 (being 68.99% of Net Proceeds had there been sufficient total proceeds), or such amount available from the sale after Step 1 (had there not been sufficient total proceeds).

APPENDIX D – ILLUSTRATION OF PERFORMANCE SHORTFALL ADJUSTMENTS UNDER EXISTING TERMS

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

This Appendix D is purely for illustration purpose only and does not prejudice the provisions of the Existing Terms and/or the Amended Terms. For the avoidance of doubt, this is included for Shareholders' information only and will no longer apply in the event that the Proposed Amendments are approved by Shareholders.

Illustration of Performance Shortfall Adjustments

Illustration	FY2022 (RMB' million)
Adjusted PATMI	171.5 ¹⁵
Performance Target	325
Floor	108
Adjustment ratio, being the ratio of Adjusted PATMI over Performance Target	53%
Adjustment ratio to be applied to the conversion price	
For the Tranche 1 Convertible Bonds, the revised conversion price will be S\$0.50 x the adjustment ratio	S\$ 0.264
For the Tranche 2 Convertible Bonds, the revised conversion price will be S\$0.60 x the adjustment ratio	S\$ 0.317

¹⁵ See footnote 1 above.

APPENDIX D – ILLUSTRATION OF PERFORMANCE SHORTFALL ADJUSTMENTS UNDER EXISTING TERMS

Resultant Shareholdings with Adjustments

Tranche	Principal Amount (US\$)	Illustrative Exchange Rate	Principal Amount (S\$)	Entitled Conversion Shares	% of Fully Diluted Share Capital	Existing Share Capital (assuming all ESOS are fully issued)	% of Fully Diluted Share Capital	Fully Diluted Share Capital
Tranche 1 Convertible Bonds	110,000,000	US\$1:S\$1.4244	156,684,000	593,766,434 ⁽¹⁾				
Tranche 2 Convertible Bonds	20,000,000	US\$1:S\$1.3446	26,892,000	84,924,471 ⁽¹⁾				
Total	130,000,000	-	183,576,000	678,690,904	46.0% ⁽²⁾	796,877,142	54.0%	1,475,568,046

Resultant Shareholdings without Adjustments

Tranche	Principal Amount (US\$)	Illustrative Exchange Rate	Principal Amount (S\$)	Entitled Conversion Shares	% of Fully Diluted Share Capital	Existing Share Capital (assuming all ESOS are fully issued)	% of Fully Diluted Share Capital	Fully Diluted Share Capital
Tranche 1 Convertible Bonds	110,000,000	US\$1:S\$1.4244	156,684,000	313,368,000 ⁽³⁾				
Tranche 2 Convertible Bonds	20,000,000	US\$1:S\$1.3446	26,892,000	44,820,000 ⁽³⁾				
Total	130,000,000	-	183,576,000	358,188,000	31.0% ⁽⁴⁾	796,877,142	69.0%	1,155,065,142

Bondholders' Aggregate Shareholding On As-If Converted Basis

With Adjustments	46.0%
Without Adjustments	31.0%
Additional Dilution to Shareholders should there be Adjustments	15.0%

Notes:

- (1) The number of entitled conversion shares for the Tranche 1 Convertible Bonds is calculated by dividing the principal amount of S\$156,684,000 by the adjusted conversion price of S\$0.264, and the number of entitled conversion shares for the Tranche 2 Convertible Bonds is calculated by dividing the principal amount of S\$26,892,000 by the adjusted conversion price of S\$0.317.
- (2) The percentage of fully diluted share capital is calculated by dividing the total number of entitled conversion shares (being 678,690,904) by the total number of shares in the fully diluted share capital (being 1,475,568,046).
- (3) The number of entitled conversion shares for the Tranche 1 Convertible Bonds is calculated by dividing the principal amount of S\$156,684,000 by the adjusted conversion price of S\$0.50, and the number of entitled conversion shares for the Tranche 2 Convertible Bonds is calculated by dividing the principal amount of S\$26,892,000 by the adjusted conversion price of S\$0.60.
- (4) The percentage of fully diluted share capital is calculated by dividing the total number of entitled conversion shares (being 358,188,000) by the total number of shares in the fully diluted share capital (being 1,155,065,142).

APPENDIX E – ILLUSTRATION OF OVERDUE AMOUNT

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

This Appendix E is purely for illustration purpose only and does not prejudice the provisions of the Existing Terms and/or the Amended Terms. This illustrates the calculation of the 20% Total Internal Rate of Return on the Overdue Amount, applicable to the scenario by an example where, on the New Maturity Date, a portion of the YTM Redemption Price has not been fully repaid and there is an outstanding amount due by the Company to the Bondholders.

<u>Description</u>	<u>Amount (US\$)</u>	
Total amount equal to the YTM Redemption Price	158,095,373	
Less: Interest paid on 3 March 2024	-3,250,000	
Less: Interest paid on 3 March 2025	-3,250,000	
Less: Redemption Amount Paid on Maturity	-121,595,374	
Overdue Amount on Maturity	30,000,000	
Overdue Amount on Maturity on 3 April 2025	30,000,000	
Payment made on 30 June 2025	-5,000,000	
Payment made on 30 September 2025	-5,000,000	
Payment made in full on 31 December 2025	-23,649,419 ⁽¹⁾	
Aggregate of payment made	-33,649,419	Total Internal Rate of Return (%) 20.0%

Notes:

- (1) US\$23,649,419 is the balancing cashflow such that the Total Internal Rate of Return is 20% taking into account the cashflow of the Overdue Amount between the period 3 April 2025 and 31 Dec 2025.

APPENDIX F – EVENTS OF DEFAULT UNDER EXISTING TERMS

Unless already defined in this Circular, capitalised terms used but not defined in this summary shall have the meanings given in the Existing Terms.

The following is an extract of the Events of Default set out in Condition 10(A) of the Existing Terms. It should be read together with S/N 5 of Appendix A in relation to the Proposed Amendments to the Existing Terms in respect of an Overdue Amount and the amended definition of "Total Internal Rate of Return" as set out under the Definitions section.

"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

APPENDIX F – EVENTS OF DEFAULT UNDER EXISTING TERMS

- (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

APPENDIX F – EVENTS OF DEFAULT UNDER EXISTING TERMS

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.

NOTICE OF SPECIAL GENERAL MEETING

SUNPOWER GROUP LTD.

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

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting ("**SGM**") of the Shareholders of Sunpower Group Ltd. (the "**Company**") will be convened and held at 2.00 p.m. (Singapore time) on 28 July 2023 at Ballroom 2, Level 3, The Westin Singapore, 12 Marina View, Asia Square Tower 2, Singapore 018961 for the purpose of considering and, if thought fit, passing with or without modifications, the following resolution:

*Unless otherwise defined or the context otherwise requires, all capitalised terms herein shall bear the same meaning as used in the circular dated 11 July 2023 issued by the Company (the "**Circular**").*

ORDINARY RESOLUTION – THE PROPOSED AMENDMENTS TO THE CONVERTIBLE BOND PURCHASE AGREEMENT AND CB TERMS AND CONDITIONS

That:

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

By Order of the Board

Yang Zheng
Lead Independent Director

11 July 2023

Notes:

1. The members of the Company are invited to attend physically at the SGM. **There will be no option for shareholders to participate virtually.**
2. Printed copies of the Circular, this Notice of SGM and the Depositor Proxy Form have been despatched to Shareholders. Electronic copies of this Circular, the Notice of SGM and the Depositor Proxy Form are available on SGXNET and on the Company's website at the URL <http://sunpower.listedcompany.com>.

3. Please bring along your NRIC/passport so as to enable the Company to verify your identity. The Company reserves the right to refuse admittance to the SGM if the attendee's identity cannot be verified accurately. Members are advised not to attend the SGM if they are feeling unwell.
4. A member who is unable to attend the SGM and wishes to appoint proxy(ies) to attend, speak and vote at the SGM on his/ her/its behalf should complete, sign and return the Depositor Proxy Form in accordance with the instructions printed thereon.
5. 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.
6. All Depositor Proxy Forms must be submitted to the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712 **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**, failing which the Company shall be entitled to regard the Depositor Proxy Form as invalid.
7. The Depositor Proxy Form must be signed by the appointor or his attorney duly authorised in writing. In the case of joint appointor(s), all joint appointor(s) must sign the Depositor Proxy Form. Where the Depositor Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Depositor Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney appointing the attorney or other authority, or a notarially certified copy thereof, if any, under which the Depositor Proxy Form is signed must (unless previously registered with the Company) be lodged with the Depositor Proxy Form, failing which the Company shall be entitled to regard the Depositor Proxy Form as invalid.

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

A Shareholder who wishes to submit the Depositor Proxy Form must first complete and sign the Depositor Proxy Form, before submitting it to the address provided above.

8. In the case of Shareholders of the Company whose Shares are entered against their names in the Depository Register, the Company may, at its discretion, reject any Depositor Proxy Form lodged if such Shareholders are not shown to have Shares entered against their names in the Depository Register (as defined in Part 3AA of the Securities and Futures Act 2001), as at 48 hours before the time appointed for holding the SGM as certified by The Central Depository (Pte) Limited to the Company.
9. Investors who hold their Shares through a relevant intermediary should not use the Depositor Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions.

A "**relevant intermediary**" means:

- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 who holds Shares in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 ("**CPF Act**"), in respect of Shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
10. Shareholders may submit questions related to the resolution to be tabled for approval for the SGM at the SGM or in advance of the SGM. For Shareholders who would like to submit questions in advance of the SGM, their questions must be submitted in the following manner no later than 2.00 p.m. on 21 July 2023 (being five (5) Market Days before the SGM) (the "**Cut-Off Date**"):
 - (a) if submitted electronically, be submitted via email to ir@sunpowergroup.com.cn; or
 - (b) if submitted by post, be lodged at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

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

The Company will endeavour to address all substantial and relevant questions relating to the resolution to be tabled for approval at the SGM as received from Shareholders either before the SGM on SGXNET and the Company's website at the URL <http://sunpower.listedcompany.com> or during the SGM. The Company will also address any subsequent clarifications sought or follow-up questions received after the above Cut-Off Date at the SGM in respect of substantial and relevant matters. The Company will publish the responses to such questions together with the minutes of the SGM on SGXNET and the Company's website at <http://sunpower.listedcompany.com> within one (1) month after the date of 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 the Depositor Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the SGM and/or any adjournment thereof, a Shareholder (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 SGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the SGM (including any adjournment thereof), and 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 Shareholder discloses the personal data of the Shareholder's proxy(ies) and/ or representative(s) to the Company (or its agents), the Shareholder 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 Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.