中理集團
SUNPOWER GROUP LTD.

SGM PRESENTATION

Special General Meeting (SGM) for:

Resolution 1: The Rights Issue Resolution

Resolution 2: The Whitewash Resolution

Resolution 3: The Transfer Resolution

26 February 2025

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Note: Unless otherwise defined or the context otherwise requires, all capitalised terms in the Presentation shall bear the same meaning as used in the Circular.

Rationale for The Rights Issue

- **Maturity of Existing Bonds**

- The Company had issued the Existing Bonds with an aggregate principal amount of approximately US$130 million to the Existing Bondholders in 2017 and 2018, comprising:
  - CB1: an aggregate of US$110 million in principal amount was issued in 2017 with an initial conversion price of S$0.50.
  - CB2: an aggregate of US$20 million in principal amount was issued in 2018 with an initial conversion price of S$0.60.

- The Existing Bonds will mature on the later of 3 April 2025 and if so elected by the Existing Bondholders (at their sole discretion) by written notice to the Company delivered not less than ten (10) Business Days before 3 April 2025, the date that is the 15th Business Day after the date on which the Company's audited financial statements for 2024 are issued.

- As at the Latest Practicable Date, the Company is not aware of any intention of the Existing Bondholders to convert their Existing Bonds into Shares.

Rationale for The Rights Issue

▪ Repayment of Existing Bonds

❖ **In order to fully repay the aforementioned liabilities in connection with the Existing Bonds, the Company:**

- is in the process of undertaking partial repayments of the Existing Bonds using current resources of the Group, such repayment to be completed prior to the completion of the Rights Issue ("**Partial Redemption**"); and
- is proposing to undertake the Rights Issue to repay the remaining amount of the aforesaid liabilities in connection with the Existing Bonds.

❖ As at the date hereof, the Company has undertaken two tranches of Partial Redemption of the Existing Bonds using the current resources of the Group on 2 January 2025 and 11 February 2025 respectively. As announced by the Company on 11 February 2025, an aggregate amount of approximately US$67.75 million has been paid to the Existing Bondholders after the completion of the two tranches of Partial Redemption and the remaining outstanding principal amount of the Existing Bonds has been reduced to approximately US$71.88 million.

❖ If the Rights Issue does not proceed, the Company will face an immediate need to re-evaluate alternate funding sources to redeem the Existing Bonds or risk facing default under the terms and conditions of the Existing Bonds.

❖ Upon the occurrence of any event of default specified in the terms and conditions of the Existing Bonds, each Existing Bondholder will be entitled to exercise its right to redeem the Existing Bonds, at a price that may generate for the Existing Bondholder a total internal rate of return of 20%.

Rationale for The Rights Issue

▪ Rights Issue Structure

❖ **Certainty of Funding**

The Company considered alternative financing options but determined that the Rights Issue provides more funding security, especially given the Irrevocable Undertakings from the Undertaking Parties, ensuring a portion of the funds will be raised despite market volatility.

❖ **Opportunity for Shareholders**

The Rights Issue will provide Entitled Shareholders who are confident of the future prospects of the Company with an opportunity to further participate in the equity of the Company through the conversion of the Convertible Bonds into Conversion Shares at a reasonable discount (while benefiting from the coupon payments from the Convertible Bonds in the meantime).

❖ **Reduce Dependence on External Funding**

Raising funds internally through Entitled Shareholders will allow the Group to be less reliant on external funding sources such as bank loans or external investors.

❖ **Strengthen Financial Position**

The financial position of the Group could also be further strengthened in the event the Convertible Bonds were converted into Conversion Shares, thus extinguishing the redemption obligation of the Convertible Bonds.

Salient Terms of The Rights Issue

▪ The Rights Issue

Principal Terms	Description
Allotment Ratio	125 Convertible Bonds for every 1,000 existing Shares held by the Entitled Shareholders on the Record Date, fractional entitlements to be disregarded.
Trading of Nil-Paid Rights	Renounceable basis Entitled Depositors who wish to trade all or part of their provisional allotments of Convertible Bonds on the SGX-ST can do so during the rights trading period prescribed by the SGX-ST.
Underwriting	The Rights Issue will not be underwritten.
Irrevocable Undertaking	Irrevocable Undertakings secured from the Undertaking Parties, being the Undertaking Guo Entities, Undertaking Ma Entities, and the Undertaking Lin and Pan Entities, to ensure the certainty of funding for the repayment of the Existing Bonds: • Undertaking Guo Entities: amounting to a maximum aggregate value of S$17.45 million • Undertaking Ma Entities: amounting to a maximum aggregate value of S$7.00 million. For the avoidance of doubt, the Undertaking Ma Entities shall not be precluded from subscribing additional convertible bonds provisionally allotted to them under the Rights Issue in excess of the Ma Entities Undertaken Convertible Bonds. • Undertaking Lin and Pan Entities: amounting to a maximum aggregate value of S$75.15 million **On the basis of the Irrevocable Undertakings, the Rights Issue will be subscribed for in full (including in the event that all ESOS Options are exercised into Shares on or prior to the Record Date).**
Use of Proceeds	Under the Maximum Rights Issue Scenario, the Net Proceeds will be approximately S$98.51 million, after deducting professional fees and related expenses of approximately S$1.10 million. It is expected that all or a majority of the Net Proceeds will be utilised to repay the Existing Bonds, and any remaining amount of the Net Proceeds shall be retained by the Company for working capital purposes.

Note: Shareholders are advised to refer to Section 2.1 of the Circular for further details of the principal terms of the Rights Issue, the Convertible Bonds and the Conversion Shares.

Salient Terms of The Rights Issue

▪ The Convertible Bonds and the Conversion Shares

Principal Terms	Description
Issue Price and Principal Amount	S$1.00 for each Convertible Bond ("**Issue Price**").
Conversion Price	Subject to adjustments to be set out in the Terms and Conditions, the initial conversion price at which each Conversion Share will be issued shall be S$0.25 (the "**Conversion Price**") provided that the Conversion Price shall not be less than the par value of a Share of US$0.01. The Conversion Price represents a discount of approximately 9.09% over the closing price of S$0.275 per Share quoted on the SGX-ST on 6 December 2024, being the last full market day immediately before the date of the Announcement.
Size of Convertible Bonds and Conversion Shares	Under the Maximum Rights Issue Scenario, the Company will issue up to S$99,609,642 in aggregate principal amount of Convertible Bonds which are convertible into up to 398,438,568 Conversion Shares based on the Conversion Price of S$0.25.
Maturity Date	Five (5) years from the issue date of the Convertible Bonds (the "**Maturity Date**").
Coupon	7.00% per annum, payable on a semi-annual basis.
Conversion Right	Bondholders will have the right to convert their Convertible Bonds into Conversion Shares, credited as fully paid, in accordance with the Terms and Conditions. To exercise the Conversion Right attaching to any Convertible Bonds, the Bondholder must convert at least 100 Convertible Bonds, but this shall not apply in the event permission is not granted by the SGX-ST.

Note: Shareholders are advised to refer to Section 2.1 of the Circular for further details of the principal terms of the Rights Issue, the Convertible Bonds and the Conversion Shares.

Salient Terms of The Rights Issue

▪ The Convertible Bonds and the Conversion Shares (Continued)

Principal Terms	Description
Conversion Period and allotment of Conversion Shares	Bondholders may exercise the right to convert their Convertible Bonds, in whole or in part, into Conversion Shares at any time on or after the date falling 60 days after the issue date of the Convertible Bonds up to the close of business on the date falling 15 Business Days prior to the Maturity Date. The Conversion Date for which the Conversion Right has been validly exercised shall (subject to the provisions of the Terms and Conditions) be deemed to be the last day of the three-month periods ending 31 March, 30 June, 30 September or 31 December immediately following the date of the surrender of the bond certificate in respect of such Convertible Bond and delivery of the Conversion Notice. As soon as practicable, and in any event not later than 15 Stock Exchange Business Days after the Conversion Date, the Company will, in the case of Convertible Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant certificate and amounts payable by the relevant Bondholder paid as required under the Terms and Conditions, procure that the relevant number of Conversion Shares are allotted to and registered in the name of CDP for credit to the Securities Account designated for the purpose in the Conversion Notice for so long as the Shares are listed on the SGX-ST.
Final Redemption	Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Company will redeem each Convertible Bond at 100% of its principal amount together with unpaid accrued interest thereon on the Maturity Date. The Company shall notify all Bondholders of the forthcoming maturity of the Convertible Bonds at least one month prior to the Maturity Date.
Redemption at the option of the Bondholders	Redemption of the Convertible Bonds may not be made at the option of the Bondholders.

Note: Shareholders are advised to refer to Section 2.1 of the Circular for further details of the principal terms of the Rights Issue, the Convertible Bonds and the Conversion Shares.

Salient Terms of The Rights Issue

▪ The Convertible Bonds and the Conversion Shares (Continued)

Principal Terms	Description
Events of Default	Please refer to Appendix A of the Circular for more details.
Board Representative of the Bondholders	Bondholders shall be entitled to nominate a maximum of two persons to the Board. Bondholder(s) acting in concert who hold more than 25% of the principal amount of the Convertible Bonds (at issuance) shall be entitled to nominate two persons to the Board. Subject to the priority of foregoing, Bondholder(s) who hold more than 20% but less than or equal to 25% of the principal amount of the Convertible Bonds (at issuance) shall be entitled to nominate one person to the Board. In the event of competing nominations, Bondholder(s) with the higher percentage shall prevail.
Excess Cash Dividend	If the Company pays any Excess Cash Dividend in any financial year, it will simultaneously pay to each Bondholder an additional amount of interest equal to the Excess Cash Dividend Amount multiplied by the number of Shares into which such Convertible Bond is convertible at the Conversion Price then in effect on the relevant record date for the payment of such Excess Cash Dividend provided that any interest which has accrued on the Convertible Bond and paid to a Bondholder shall be deducted from the Excess Cash Dividend Amount payable to such Bondholder.
Listing and Trading of the Convertible Bonds and the Conversion Shares	The Company has received the approval for the listing of and quotation for the Convertible Bonds and the Conversion Shares on the SGX-ST, subject to certain conditions. The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Convertible Bonds, the Conversion Shares, the Rights Issue, the Company and/or its subsidiaries. It should be noted that the Convertible Bonds may not be listed and quoted on the SGX-ST in the event of an insufficient spread of holdings of the Convertible Bonds to provide for an orderly market in the Convertible Bonds.

Note: Shareholders are advised to refer to Section 2.1 of the Circular for further details of the principal terms of the Rights Issue, the Convertible Bonds and the Conversion Shares.

Salient Terms of The Rights Issue

- **Comparison of the Salient Terms of the Existing Convertible Bonds and the Convertible Bonds**

Principal Terms	Existing Convertible Bonds	Convertible Bonds
Principal Amount	US$130 million	S$99.6 million
Conversion Price	S$0.50 and S$0.60	S$0.25
Maturity Period	60 and 48 months	60 months
Interest / Final Redemption Terms	Coupon rate: 2.5% per annum (Annual cost: US$3.25 million) 10% "Redemption YTM" (being the Total Internal Rate of Return that the Bondholders shall achieve upon redemption on maturity, over the investment period)	Coupon rate: 7.0% per annum (Annual cost: US$5.19 million) Principal only, no concept of Redemption YTM
Default Redemption Terms	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	No specific default redemption terms

Note: Shareholders are advised to refer to Section 2.1 of the Circular for further details of the principal terms of the Rights Issue, the Convertible Bonds and the Conversion Shares.

Salient Terms of The Rights Issue

▪ Comparison of the Salient Terms of the Existing Convertible Bonds and the Convertible Bonds

Principal Terms	Existing Convertible Bonds	Convertible Bonds
Excess Cash Dividend	If the Company pays any Excess Cash Dividend in any financial year, it will simultaneously pay to each Bondholder an additional amount of interest equal to the Excess Cash Dividend Amount multiplied by the number of Shares into which such Convertible Bond is convertible at the Conversion Price then in effect on the relevant record date for the payment of such Excess Cash Dividend provided that any interest which has accrued on the Convertible Bond and paid to a Bondholder shall be deducted from the Excess Cash Dividend Amount payable to such Bondholder	Yes, mechanism remains unchanged

Note: Shareholders are advised to refer to Section 2.1 of the Circular for further details of the principal terms of the Rights Issue, the Convertible Bonds and the Conversion Shares.

Irrevocable Undertakings

- **Irrevocable Undertakings provided by the Undertaking Guo Entities, Undertaking Ma Entities and Undertaking Lin and Pan Entities**

❖ To demonstrate their support for the Rights Issue and their commitment to the Company, the Undertaking Guo Entities, Undertaking Ma Entities and Undertaking Lin and Pan Entities have each executed an Irrevocable Undertaking on 9 December 2024.

❖ Pursuant to the Irrevocable Undertakings, each Undertaking Party has irrevocably undertaken to the Company, amongst others, that he/it will, by way of acceptance, subscribe and pay for (or procure subscription and payment for) in full at the Issue Price, the following amounts of Convertible Bonds to be provisionally allotted to the respective Undertaking Parties:

- in the case of Undertaking Guo Entities, 10,276,247 and 7,178,5718 Convertible Bonds provisionally allotted to Allgreat Pacific Limited and Sunpower Business Group Pte. Ltd. respectively, amounting to a maximum aggregate value of which is S$17,454,818;
- in the case of the Undertaking Ma Entities, 7,000,000 Convertible Bonds provisionally allotted to Claremont Consultancy Limited, amounting to a maximum aggregate value of which is S$7,00,000, and further for the avoidance of doubt, the Undertaking Ma Entities shall not be precluded from subscribing additional Convertible Bonds provisionally allotted to them under the Rights Issue in excess of the Ma Entities Undertaken Convertible Bonds; and
- in the case of the Undertaking Lin and Pan Entities, 12,500,000, 8,269,265 and 2,424,149 Convertible Bonds provisionally allotted to Lin Yucheng, Joyfield Group Limited and Pan Shuhong respectively, as well as all the Convertible Bonds which are not taken up by other Shareholders of an aggregate value of up to S$51,961,410 based on the Issue Price and the Maximum Rights Issue Scenario for a maximum of up to 51,961,410 Convertible Bonds to be subscribed for by way of excess application, amounting to a maximum aggregate value of which is S$75,154,824.

Ordinary Resolutions

▪ Ordinary Resolution 1 – The Rights Issue Resolution

- ❖ **The Company is seeking the approval from the Shareholders to create and issue up to S$99,609,642 in aggregate principal amount of 7.00% Convertible Bonds in accordance with the Terms and Conditions and to allot and issue of up to 398,438,568 Conversion Shares based on the Conversion Price determined based on the Terms and Conditions.**

Ordinary Resolutions

▪ Ordinary Resolution 2 – The Whitewash Resolution

❖ In the event that no Shareholder (other than the Undertaking Parties) subscribes for the Convertible Bonds and the Undertaking Parties subscribe for such number of undertaken Convertible Bonds in accordance with their respective Irrevocable Undertakings, the fulfilment by the Undertaking Lin and Pan Entities of their obligations under its Irrevocable Undertaking may result in BLP Capital acquiring Convertible Bonds which, upon conversion into Conversion Shares, may result in the BLP Concert Party Group increasing its shareholding to 30% or more of the Enlarged Issued Share Capital. In such event, the BLP Concert Party Group would incur an obligation to make a MGO for Shares not already owned by the BLP Concert Party Group under Rule 14.1 of the Code.

❖ **Accordingly, the Company is seeking the approval from the Shareholders (other than Lin Yucheng, Joyfield Group Limited and Pan Shuhong and any party not independent of the BLP Concert Party Group) to unconditionally and irrevocably waive their rights to receive a MGO from the BLP Concert Party Group, in the event that the allotment and issuance of Conversion Shares to the BLP Concert Party Group results in them incurring an obligation to make a MGO pursuant to Rule 14 of the Code.**

❖ The Whitewash Resolution (Ordinary Resolution 2) is conditional on the passing of the Rights Issue Resolution (Ordinary Resolution 1)

Ordinary Resolutions

▪ Ordinary Resolution 3 – The Transfer Resolution

❖ As at the Latest Practicable Date, BLP Capital does not hold any Shares. Assuming that no other Shareholder (other than the Undertaking Parties, in accordance with their respective Irrevocable Undertakings) subscribes for the Convertible Bonds and BLP Capital subscribes for and converts all of the Lin and Pan Entities Undertaken Excess Convertible Bonds at the Conversion Price:

- in the Maximum Rights Issue Scenario, BLP Capital will be issued 207,845,640 Conversion Shares after conversion, which will in turn represent approximately 17.39% of total voting rights based on the Enlarged Issued Share Capital of 1,195,315,710 Shares; whereas
- in the Minimum Rights Issue Scenario, BLP Capital will be issued 207,250,140 Conversion Shares after conversion, which will in turn represent approximately 17.36% of total voting rights based on the Enlarged Issued Share Capital of 1,193,529,210 Shares.

Conversion of the Convertible Bonds into Conversion Shares amounting to 15% or more of the total voting rights in the Company will cause a transfer of controlling interest in the Company.

❖ **Accordingly, the Company is seeking the approval from the Shareholders in accordance with Rule 803 of the Listing Manual for the potential transfer of controlling interest in the Company arising in the event that BLP Capital is issued Conversion Shares amounting to 15% or more of the total voting rights in the Company.**

❖ The Transfer Resolution (Ordinary Resolution 3) is conditional on the passing of the Rights Issue Resolution (Ordinary Resolution 1)