

SUNPOWER GROUP LTD.

Unaudited Interim Financial Statements for the First Quarter Ended 31 March 2023

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2023

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
		First quarter ended			First quarter ended		
		31 March 2023	31 March 2022	% change	31 March 2023	31 March 2022	% change
Revenue		798,358	738,481	8.1%	798,358	738,481	8.1%
Cost of sales		(646,346)	(632,686)	2.2%	(646,346)	(632,686)	2.2%
Gross profit		152,012	105,795	43.7%	152,012	105,795	43.7%
Other operating income	1	2,594	3,057	(15.1)%	2,594	3,057	(15.1)%
Selling and distribution expenses		(13,458)	(10,169)	32.3%	(13,458)	(10,169)	32.3%
Administrative expenses		(20,769)	(19,509)	6.5%	(20,769)	(19,509)	6.5%
Foreign exchange gain/(loss)		11,815	2,576	358.7%	(161)	(860)	(81.3)%
Other operating expenses		(29)	(94)	(69.1)%	(29)	(94)	(69.1)%
Finance costs		(70,583)	(54,358)	29.8%	(50,589)	(36,045)	40.3%
Share of profit of associate		673	933	(27.9)%	673	933	(27.9)%
Fair value changes on convertible bonds		(7,165)	33,529	(121.4)%	-	-	-
Profit before income tax before income tax	2	55,090	61,760	(10.8)%	70,273	43,108	63.0%
Income tax expense		(15,893)	(11,981)	32.7%	(15,893)	(11,981)	32.7%
Profit for the period		39,197	49,779	(21.3)%	54,380	31,127	74.7%
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange difference on translation of foreign operation		-	(4)	(100.0)%	-	(4)	(100.0)%
Net fair value loss on investments in debt instruments classified as at FVTOCI		-	(411)	(100.0)%	-	(411)	(100.0)%
Total comprehensive income for the period		39,197	49,364	(20.6)%	54,380	30,712	77.1%
<u>Profit for the period attributable to:</u>							
Equity holders of the Company		28,657	41,093	(30.3)%	43,840	22,441	95.4%
Non-controlling interests		10,540	8,686	21.3%	10,540	8,686	21.3%
Profit for the period		39,197	49,779	(21.3)%	54,380	31,127	74.7%
<u>Total comprehensive income for the period attributable to:</u>							
Equity holders of the Company		28,657	40,643	(29.5)%	43,840	21,991	99.4%
Non-controlling interests		10,540	8,721	20.9%	10,540	8,721	20.9%
Total comprehensive income for the period		39,197	49,364	(20.6)%	54,380	30,712	77.1%

Explanatory Note for WITHOUT financial effects of Convertible Bonds:

- (1) Financial effects of Convertible Bonds consist of fair value change, unrealised foreign exchange translation and amortised interest costs of Convertible Bonds.

1(a)(ii) Other information:

Note 1: Other Operating Income

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
	First quarter ended			First quarter ended		
	31 March 2023	31 March 2022	% change	31 March 2023	31 March 2022	% change
Government grants	1,261	1,980	(36.3)%	1,261	1,980	(36.3)%
Reversal of impairment loss for trade receivable subject to ECL	-	81	(100.0)%	-	81	(100.0)%
Interest income	1,183	599	97.5%	1,183	599	97.5%
Government rebates	24	230	(89.6)%	24	230	(89.6)%
Others	126	167	(24.6)%	126	167	(24.6)%
Total	2,594	3,057	(15.1)%	2,594	3,057	(15.1)%

Note: There is no difference for other operating income with and without financial effects of Convertible Bonds for the first quarter ended 31 March 2023.

Note 2: Profit Before Income Tax

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
	First quarter ended			First quarter ended		
	31 March 2023	31 March 2022	% change	31 March 2023	31 March 2022	% change
Depreciation of property, plant and equipment	15,117	12,729	18.8%	15,117	12,729	18.8%
Depreciation of right-of-use assets	1,771	1,698	4.3%	1,771	1,698	4.3%
Amortisation of intangible assets	42,378	32,293	31.2%	42,378	32,293	31.2%
Impairment loss on trade and other receivables subject to ECL	-	36	(100.0)%	-	36	(100.0)%
Reversal of impairment loss on trade and other receivables subject to ECL	-	(81)	(100.0)%	-	(81)	(100.0)%
Loss on disposal of property, plant and equipment and intangible assets	-	9	(100.0)%	-	9	(100.0)%
Foreign exchange (gain)/loss on convertible bonds	(11,815)	(2,576)	358.7%	161	860	(81.3)%
Finance costs	70,583	54,358	29.8%	50,589	36,045	40.3%
Fair value changes on convertible bonds	7,165	(33,529)	(121.4)%	-	-	-
<i>n.m. denotes not meaningful</i>						

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement at the end of the immediately preceding financial year.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Actual (WITH financial effects of Convertible Bonds)			
	Group		Company	
	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
(RMB'000)				
ASSETS				
Current assets:				
Cash and cash equivalents	599,105	585,268	18,970	10,141
Pledged bank deposits	148,459	128,742	-	-
Trade receivables and contract assets	698,397	638,123	-	-
Other receivables, deposits and prepayments	413,025	349,409	294,471	294,471
Inventories	95,554	175,315	-	-
Financial assets at fair value through other comprehensive income	85,239	50,458	-	-
Total current assets	2,039,779	1,927,315	313,441	304,612
Non-current assets:				
Property, plant and equipment	564,614	632,439	-	-
Right-of-use assets	235,713	237,483	-	-
Other receivables, deposits and prepayments	68,580	44,722	129,660	129,660
Financial assets at fair value through other comprehensive income	2,445	2,445	-	-
Subsidiaries and Associates	54,560	53,887	914,379	914,379
Intangible assets	4,354,217	4,322,808	-	-
Deferred tax assets	29,899	31,932	-	-
Goodwill	415,582	415,582	-	-
Total non-current assets	5,725,610	5,741,298	1,044,039	1,044,039
Total assets	7,765,389	7,668,613	1,357,480	1,348,651
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables and contract liabilities	431,794	496,082	-	-
Other payables	555,313	648,741	448,612	431,104
Lease liabilities	1,668	1,646	-	-
Borrowings	1,150,195	918,485	-	-
Convertible bonds	-	892,707	-	892,707
Income tax payable	17,261	6,763	-	-
Total current liabilities	2,156,231	2,964,424	448,612	1,323,811
Non-current liabilities:				
Deferred tax liabilities	225,532	225,666	-	-
Borrowings	2,388,035	2,424,490	-	-
Convertible bonds	902,307	-	902,307	-
Lease liabilities	4,238	4,184	-	-
Total non-current liabilities	3,520,112	2,654,340	902,307	-

	Actual (WITH financial effects of Convertible Bonds)			
	Group		Company	
	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
(RMB'000)				
Capital and reserves:				
Share capital	57,662	57,662	57,662	57,662
Share premium	313,653	313,653	313,653	313,653
General reserves	246,736	239,681	-	-
Share option reserve	319	319	319	319
Foreign currency translation reserve	-	-	-	-
Revaluation reserve	(1,706)	(1,706)	-	-
Retained earnings (Accumulated losses)	1,142,317	1,120,715	(365,073)	(346,794)
Equity attributable to equity holders of the Company	1,758,981	1,730,324	6,561	24,840
Non-controlling interests	330,065	319,525	-	-
Total equity	2,089,046	2,049,849	6,561	24,840
Total liabilities and equity	7,765,389	7,668,613	1,357,480	1,348,651

	Actual (WITHOUT financial effects of Convertible Bonds)			
	Group		Company	
	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)	As at 31 March 2023 (Unaudited)	As at 31 December 2022 (Audited)
(RMB'000)				
ASSETS				
Current assets:				
Cash and cash equivalents	599,105	585,268	18,970	10,141
Pledged bank deposits	148,459	128,742	-	-
Trade receivables and contract assets	698,397	638,123	-	-
Other receivables, deposits and prepayments	413,025	349,409	294,471	294,471
Inventories	95,554	175,315	-	-
Financial assets at fair value through other comprehensive income	85,239	50,458	-	-
Total current assets	2,039,779	1,927,315	313,441	304,612
Non-current assets:				
Property, plant and equipment	564,614	632,439	-	-
Right-of-use assets	235,713	237,483	-	-
Other receivables, deposits and prepayments	68,580	44,722	129,660	129,660
Financial assets at fair value through other comprehensive income	2,445	2,445	-	-
Subsidiaries and Associates	54,560	53,887	914,379	914,379
Intangible assets	4,354,217	4,322,808	-	-
Deferred tax assets	29,899	31,932	-	-
Goodwill	415,582	415,582	-	-
Total non-current assets	5,725,610	5,741,298	1,044,039	1,044,039
Total assets	7,765,389	7,668,613	1,357,480	1,348,651
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables and contract liabilities	431,794	496,082	-	-
Other payables	550,223	626,679	443,528	409,048
Lease liabilities	1,668	1,646	-	-
Borrowings	1,150,195	918,485	-	-
Convertible bonds	-	761,944	-	761,944
Income tax payable	17,261	6,763	-	-
Total current liabilities	2,151,141	2,811,599	443,528	1,170,992
Non-current liabilities:				
Deferred tax liabilities	225,532	225,666	-	-
Borrowings	2,388,035	2,424,490	-	-
Convertible bonds	739,389	-	739,389	-
Lease liabilities	4,238	4,184	-	-
Total non-current liabilities	3,357,194	2,654,340	739,389	-
Capital and reserves:				
Share capital	57,662	57,662	57,662	57,662
Share premium	313,653	313,653	313,653	313,653
General reserves	246,736	239,681	-	-
Share option reserve	319	319	319	319
Foreign currency translation reserve	-	-	-	-
Revaluation reserve	(1,706)	(1,706)	-	-
Retained earnings (Accumulated losses)	1,310,325	1,273,540	(197,071)	(193,975)
Equity attributable to equity holders of the Company	1,926,989	1,883,149	174,563	177,659
Non-controlling interests	330,065	319,525	-	-
Total equity	2,257,054	2,202,674	174,563	177,659
Total liabilities and equity	7,765,389	7,668,613	1,357,480	1,348,651

1(b)(ii) Aggregate amount of group borrowings and debt securities**Amount repayable in one year or less, or on demand**

(RMB'000)	<u>As at 31 March 2023</u>		<u>As at 31 December 2022</u>	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>1,150,195</u>	<u>-</u>	<u>918,485</u>	<u>-</u>

Amount repayable after one year

(RMB'000)	<u>As at 31 March 2023</u>		<u>As at 31 December 2022</u>	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>2,388,035</u>	<u>-</u>	<u>2,424,490</u>	<u>-</u>

Details of any collaterals:

<u>Collaterals</u>	<u>As at 31 March 2023 (RMB'000)</u>	<u>As at 31 December 2022 (RMB'000)</u>
Secured by building, land use rights, and service concession arrangement and equipment, pledged bank deposit of the subsidiary	2,762,000	2,780,128
Guaranteed by the subsidiary	501,383	288,000
Guaranteed by the company	<u>274,847</u>	<u>274,847</u>

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2023

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)	
	First quarter ended	
	31 March 2023	31 March 2022
Operating activities		
Profit before income tax	55,090	61,760
Adjustments for:		
Depreciation of property, plant and equipment	15,117	12,729
Depreciation of right-of-use assets	424	438
Amortisation of land use rights	1,347	1,260
Amortisation of intangible assets	42,378	32,293
Interest expense	70,583	54,358
Exchange differences arising on foreign currency translation	161	860
Share of profit of associate	(673)	(933)
Loss on disposal of property, plant and equipment	-	9
Interest income	(1,183)	(599)
Impairment loss on trade and other receivables subject to ECL, net	-	(45)
Exchange gain on convertible bonds	(11,976)	(3,436)
Fair value loss/(gain) on convertible bonds	7,165	(33,529)
Operating cash flows before movements in working capital	178,433	125,165
Trade receivables and contract assets	(61,054)	(111,758)
Financial assets at fair value through other comprehensive income	(34,781)	(35,350)
Other receivables, deposits and prepayments	(53,947)	(26,704)
Inventories	79,761	62,627
Trade payables, other payables and contract liabilities	(95,355)	(21,457)
Cash generated from operations	13,057	(7,477)
Income tax paid	(13,787)	(28,220)
Interest paid	(43,979)	(31,207)
Interest income	1,183	598
Net cash used in operating activities	(43,526)	(66,306)
Investing activities		
Purchase of property, plant and equipment	(7,709)	(16,610)
Prepayment for build-operate-transfer ("BOT") projects	(23,858)	(42,996)
Acquisition of intangible assets	(63,520)	(123,863)
Proceeds from disposal of property, plant and equipment	-	84
Payment of deferred consideration relating to acquisition of subsidiaries	-	(3,082)
Investment in associate	-	(10,000)
Proceeds from disposal of subsidiaries	1,400	-
Net cash used in investing activities	(93,687)	(196,467)
Financing activities		
Proceeds from new borrowings	426,383	272,069
Repayment of borrowings	(228,549)	(129,248)
Pledged bank deposits	(19,717)	-
Interest paid	(26,906)	(17,708)
Net cash from financing activities	151,211	125,113
Net increase/(decrease) in cash and cash equivalents	13,998	(137,660)
Cash and cash equivalents at beginning of period	585,268	398,399
Effects of foreign exchange rate changes	(161)	(864)
Cash and cash equivalents at end of period	599,105	259,875

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds)	
	First quarter ended	
	31 March 2023	31 March 2022
Operating activities		
Profit/(Loss) before income tax	70,273	43,108
Adjustments for:		
Depreciation of property, plant and equipment	15,117	12,729
Depreciation of right-of-use assets	424	438
Amortisation of land use rights	1,347	1,260
Amortisation of intangible assets	42,378	32,293
Interest expense	50,589	36,045
Exchange differences arising on foreign currency translation	161	860
Share of profit of associate	(673)	(933)
Loss on disposal of property, plant and equipment	-	9
Interest income	(1,183)	(599)
Impairment loss on trade and other receivables subject to ECL, net	-	(45)
Operating cash flows before movements in working capital	178,433	125,165
Trade receivables and contract assets	(61,054)	(111,758)
Financial assets at fair value through other comprehensive income	(34,781)	(35,350)
Other receivables, deposits and prepayments	(53,947)	(26,704)
Inventories	79,761	62,627
Trade payables, other payables and contract liabilities	(95,355)	(21,457)
Cash generated from operations	13,057	(7,477)
Income tax paid	(13,787)	(28,220)
Interest paid	(43,979)	(31,207)
Interest income	1,183	598
Net cash used in operating activities	(43,526)	(66,306)
Investing activities		
Purchase of property, plant and equipment	(7,709)	(16,610)
Prepayment for build-operate-transfer ("BOT") projects	(23,858)	(42,996)
Acquisition of intangible assets	(63,520)	(123,863)
Proceeds from disposal of property, plant and equipment	-	84
Payment of deferred consideration relating to acquisition of subsidiaries	-	(3,082)
Investment in associate	-	(10,000)
Proceeds from disposal of subsidiaries	1,400	-
Net cash used in investing activities	(93,687)	(196,467)
Financing activities		
Proceeds from new borrowings	426,383	272,069
Repayment of borrowings	(228,549)	(129,248)
Pledged bank deposits	(19,717)	-
Interest paid	(26,906)	(17,708)
Net cash from financing activities	151,211	125,113
Net increase/(decrease) in cash and cash equivalents	13,998	(137,660)
Cash and cash equivalents at beginning of period	585,268	398,399
Effects of foreign exchange rate changes	(161)	(864)
Cash and cash equivalents at end of period	599,105	259,875

* The cash outflow for purchase of subsidiaries during the first quarter is the payment for acquisitions made in the previous financial year.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2023

Actual (WITH financial effects of Convertible Bonds)											
Group	Share capital	Treasury shares	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	-	313,653	186,153	319	(190)	(1,209)	1,035,444	1,591,832	271,999	1,863,831
<u>Total comprehensive income for the year</u>											
Profit for the year	-	-	-	-	-	-	-	138,799	138,799	47,997	186,796
Other comprehensive income/(loss) for the year	-	-	-	-	-	190	(497)	-	(307)	(32)	(339)
Total	-	-	-	-	-	190	(497)	138,799	138,492	47,965	186,457
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	53,528	-	-	-	(53,528)	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(439)	(439)
Total	-	-	-	53,528	-	-	-	(53,528)	-	(439)	(439)
Balance as at December 31, 2022	57,662	-	313,653	239,681	319	-	(1,706)	1,120,715	1,730,324	319,525	2,049,849
<u>Total comprehensive income for January to March 2023</u>											
Profit for January to March 2023	-	-	-	-	-	-	-	28,657	28,657	10,540	39,197
Total	-	-	-	-	-	-	-	28,657	28,657	10,540	39,197
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	7,055	-	-	-	(7,055)	-	-	-
Total	-	-	-	7,055	-	-	-	(7,055)	-	-	-
Balance as at March 31, 2023	57,662	-	313,653	246,736	319	-	(1,706)	1,142,317	1,758,981	330,065	2,089,046

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Group</u>	Share capital	Treasury shares	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	-	313,653	186,153	319	(190)	(1,209)	1,190,528	1,746,916	271,999	2,018,915
<u>Total comprehensive income for the year</u>											
Profit for the year	-	-	-	-	-	-	-	136,540	136,540	47,997	184,537
Other comprehensive income/(loss) for the year	-	-	-	-	-	190	(497)	-	(307)	(32)	(339)
Total	-	-	-	-	-	190	(497)	136,540	136,233	47,965	184,198
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	53,528	-	-	-	(53,528)	-	-	-
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(439)	(439)
Total	-	-	-	53,528	-	-	-	(53,528)	-	(439)	(439)
Balance as at December 31, 2022	57,662	-	313,653	239,681	319	-	(1,706)	1,273,540	1,883,149	319,525	2,202,674
<u>Total comprehensive income for January to March 2023</u>											
Profit for January to March 2023	-	-	-	-	-	-	-	43,840	43,840	10,540	54,380
Total	-	-	-	-	-	-	-	43,840	43,840	10,540	54,380
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	7,055	-	-	-	(7,055)	-	-	-
Total	-	-	-	7,055	-	-	-	(7,055)	-	-	-
Balance as at March 31, 2023	57,662	-	313,653	246,736	319	-	(1,706)	1,310,325	1,926,989	330,065	2,257,054

Actual (WITH financial effects of Convertible Bonds)

<u>Company</u>	Share capital	Treasury Shares	Share premium	Share option reserve	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	-	313,653	319	(330,224)	41,410	41,410
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(16,570)	(16,570)	(16,570)
Total	-	-	-	-	(16,570)	(16,570)	(16,570)
Balance as at December 31, 2022	57,662	-	313,653	319	(346,794)	24,840	24,840
Loss for the period, representing total comprehensive loss for January to March 2023	-	-	-	-	(18,279)	(18,279)	(18,279)
Total	-	-	-	-	(18,279)	(18,279)	(18,279)
Balance as at March 31, 2023	57,662	-	313,653	319	(365,073)	6,561	6,561

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Company</u>	Share capital	Treasury shares	Share premium	Share option reserve	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	-	313,653	319	(175,140)	196,494	196,494
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(18,835)	(18,835)	(18,835)
Total	-	-	-	-	(18,835)	(18,835)	(18,835)
Balance as at December 31, 2022	57,662	-	313,653	319	(193,975)	177,659	177,659
Loss for the period, representing total comprehensive loss for January to March 2023	-	-	-	-	(3,096)	(3,096)	(3,096)
Total	-	-	-	-	(3,096)	(3,096)	(3,096)
Balance as at March 31, 2023	57,662	-	313,653	319	(197,071)	174,563	174,563

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital (795,686,142 shares) since the end of the previous period reported.

There were no outstanding treasury shares held as at 31 March 2023 and 31 December 2022.

Total number of shares that may be issued on conversion of all the outstanding convertibles

On 3 March 2017, the Company had completed the issuance of the first tranche convertible bonds of an aggregate principal amount of US\$ 110 million ("Tranche 1 Convertible Bonds" or "CB1s") which are convertible into fully paid ordinary shares in the capital of the Company (which will potentially represent approximately 28.2% to 51.4% of share capital on a diluted basis) to Glory Sky Vision Limited ("Glory Sky") (ultimately indirectly and beneficially owned by CDH Fund V, L. P. ("CDH")).

On 10 January 2018, Glory Sky transferred US\$ 60 million Convertible Bonds to DCP Capital Partners L.P. and DCP Group (together, "DCP"), as a result of which, DCP and CDH (each an "Investor" and collectively, the "Investors") now hold US\$ 60 million and US\$ 50 million Convertible Bonds of the Company, respectively.

On 6 September 2018, the Company obtained shareholders' approval for the issuance of a second tranche convertible bonds of an aggregate principal amount of US\$ 70 million ("Tranche 2 Convertible Bonds" or "CB2s") and warrants exercisable at an aggregate amount of US\$ 30 million (the "Warrants") to DCP and CDH to fund the Green Investments ("GI") related business of the Company.

The Company and the Investors have entered into an amendment agreement (the "Amendment Agreement") on 31 December 2020 to amend certain terms of the purchase agreements of the CB1s and CB2s. Accordingly, the maturity date of the CB1s and CB2s is extended by one (1) year and revised to 3 March 2023.

The Company shall issue up to 57,625,714 Warrants at the exercise price of S\$ 0.70 (if exercised before or on 31 December 2019) or S\$ 0.80 (if exercised between 1 January 2020 to 31 December 2020, both dates inclusive), based on an agreed fixed exchange rate S\$ 1.3446 to US\$ 1. Each Warrant carries the right to subscribe for one (1) common share in the capital of the Company if the Warrants were exercised ("Warrant Share(s)").

Subsequently on 15 October 2018, CB2s of an aggregate amount of US\$ 20 million and 16,464,490 Warrants were issued to Blue Starry and Glory Sky. On 21 December 2018, the remaining 35,281,049 Warrants and 5,880,175 Warrants were issued to Blue Starry and Glory Sky respectively. As of 31 December 2020, none of the Warrants has been exercised and all Warrants have expired on 31 December 2020.

In accordance with the announcement released on 27 March 2023 (the “**27 March Announcement**”), the Company on 24 March 2023 entered into an amendment agreement (the “**2023 Amendment Agreement**”) with Glory Sky, Alpha Keen Limited, Green Hawaii Air Limited and Blue Starry Energy Limited (together with Alpha Keen Limited and Green Hawaii Air Limited, “**DCP**” and together with Glory Sky, the “**Bondholders**”).

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 certain other amendments to the terms of the Convertible Bond Purchase Agreement and the CB Terms and Conditions (collectively, the “**Proposed Amendments**”). The Proposed Amendments will take effect upon obtaining Shareholders’ approval at a special general meeting that will be convened in due course.

Assuming that all the outstanding CB1s and CB2s have been converted at S\$ 0.50 and S\$ 0.60 respectively and that all the share options granted have been exercised as at 31 March 2023, the maximum number of shares that may be issued as at 31 March 2023 is 359,379,000 ordinary shares (31 March 2022: 359,379,000 ordinary shares). The fully diluted shares (including treasury shares) as at 31 March 2023 and 31 March 2022 were 1,155,065,142 ordinary shares respectively.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 March 2023	As at 31 December 2022
Total number of issued shares	795,686,142	795,686,142
Less: Total number of treasury shares	-	-
Total number of issued shares excluding treasury shares	795,686,142	795,686,142

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

These figures have neither been audited nor reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has consistently applied the same accounting policies and methods of computation for the current reporting period compared with the audited financial statements for the year ended 31 December 2022.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

None.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

(a) Based on the weighted average number of ordinary shares on issue; and

	Actual (WITH financial effects of Convertible Bonds)		Actual (WITHOUT financial effects of Convertible Bonds)	
	First quarter ended 31 March 2023	31 March 2022	First quarter ended 31 March 2023	31 March 2022
Net profit attributable to equity holders of the Group (RMB'000)	28,657	41,093	43,840	22,441
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per share - <i>basic</i> (RMB cent)	3.60	5.16	5.51	2.82

Basic earnings per share for the first quarter ended 31 March 2023 and 31 March 2022 have been calculated based on the weighted average number of ordinary issued share capital of 795,686,142 ordinary shares respectively.

(b) On a fully diluted basis (detailing any adjustments made to the earnings)

	Actual (WITH financial effects of Convertible Bonds)		Actual (WITHOUT financial effects of Convertible Bonds)	
	First quarter ended 31 March 2023	31 March 2022	First quarter ended 31 March 2023	31 March 2022
Net profit attributable to equity holders of the Group (RMB'000)	28,657	22,441	43,840	22,441
Weighted average number of ordinary shares outstanding ('000)	795,915	1,154,532	795,915	796,344
Earnings per share - <i>diluted</i> (RMB cents)	3.60	1.94	5.51	2.82

Diluted earnings per share for the above periods have been calculated by excluding treasury shares and assuming the outstanding convertibles have been converted at S\$ 0.50 and S\$ 0.60 based on exercise prices of convertible bonds issued on 3 March 2017 and 15 October 2018 respectively, and that the share options granted have been exercised as at 31 March 2023. The warrants issued along with the CB2s have expired on 31 December 2020.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group			
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	262.65	257.62	283.66	276.83

	Company			
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	0.93	3.12	21.94	22.33

The net asset value per share for 31 March 2023 and 31 December 2022 have been computed based on shareholders' equity as at these dates and the existing share capital of 795,686,142 ordinary shares as at 31 March 2023 and 31 December 2022 respectively.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) **Any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

Review of the Group's performance for the first quarter ended 31 March 2023 ("1Q2023") as compared to that of the first quarter ended 31 March 2022 ("1Q2022")

Based on actual financial performance WITH financial effects of Convertible Bonds

Revenue

The Group's revenue increased by approximately RMB 59.9 million or 8.1% from RMB 738.5 million in 1Q2022 to RMB 798.4 million in 1Q2023. The increase was mainly contributed by:

- The execution of the price adjustment mechanism that links feedstock cost to steam price;
- Demand for steam remained strong and this continued to ramp-up of existing projects.

The above-mentioned factors were offset by:

- A decrease in the construction service revenue from service concession arrangements in accordance with IFRIC 12 Service Concession Arrangements due to the reduced construction of BOT projects in 1Q2023.

Gross Profit

The Group's gross profit increased by approximately RMB 46.2 million or 43.7% from RMB 105.8 million in 1Q2022 to RMB 152.0 million in 1Q2023 due mainly to the growth in demand and further improvement in the production efficiency.

Profit before Income Tax

Profit before tax decreased by RMB 6.7 million or 10.8% from RMB 61.8 million in 1Q2022 to RMB 55.1 million in 1Q2023. The decrease was mainly attributable to the following factors:

- (a) Fair value loss on Convertible Bonds of RMB 7.2 million was recognized in 1Q2023, which was a decrease of RMB 40.7 million or 121.4% from a fair value gain on Convertible Bonds of RMB 33.5 million in 1Q2022. This was due to (i) the fair value of derivative liabilities of the Convertible Bonds as at 31 December 2022 being zero and (ii) an amendment agreement entered with the CB holders in March 2023, leading to the change in maturity date of the Convertible Bonds from April 2023 to April 2025 in accordance to the announcement released on 27 March 2023. The change in maturity date and the decline in share price based on valuation performed as at 31 March 2022 and 31 March 2023 resulted in an increase in derivative liabilities as at 31 March 2023 and consequently, a fair value loss in 1Q2023.;
- (b) Increase in selling and distribution expenses of RMB 3.3 million or 32.3% mainly due to increase in sales commission in 1Q2023 resulting from the increase in sales volume; and
- (c) Increase in finance costs of RMB 16.2 million or 29.8% as a result of the increase in financing activities.

The above-mentioned factors were offset by:

- (a) Increase in foreign exchange gain of RMB 9.2 million due mainly to the higher depreciation of US dollar against RMB for the USD Convertible Bonds compared to the same period last year.

Income Tax Expense

The income tax expense increased by RMB 3.9 million or 32.7% from RMB 12.0 million in 1Q2022 to RMB 15.9 million in 1Q2023.

Profit for the Financial Period

As a result of the above, the Group's net profit attributable to the equity holders decreased by RMB 12.4 million or 30.3% from RMB 41.1 million in 1Q2022 to RMB 28.7 million in 1Q2023.

(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Group's Financial Position

Based on the statement of financial position WITH financial effects of Convertible Bonds

The Group's total current assets increased by approximately RMB 112.5 million or 5.8% from RMB 1,927.3 million as at 31 December 2022 to RMB 2,039.8 million as at 31 March 2023. The increase was mainly due to:

- (a) Increase in cash and cash equivalents of RMB 13.8 million, mainly due to the cash generated from financing activities, which was offset by the usage of funds for Build-Operate-Transfer ("BOT") and GI projects;
- (b) Increase in pledged bank deposits of RMB 19.7 million as more collaterals were required for the credit facilities granted;
- (c) Increase in trade receivables and contract assets of RMB 60.3 million mainly due to the increase in account receivables of Shantou Project and the increase in receivables of biomass power subsidies of Group's biomass GI projects.

As disclosed previously, the Group owned 51% share of Shantou Project and according to the concession agreement signed between the Shantou Chaonan Local Government and CES (CITIC Envirotech (Shantou) Integrated Dyestuff Environmental Development Co., Ltd.), CES is an authorized concessionaire¹. The Shantou Project has signed a steam supply agreement with CES and currently supplies steam to over 100 downstream companies that are mainly in printing and dyeing industry.

The settlement of the biomass power subsidies are mainly based on the prevailing national policies and the Ministry of Finance of the PRC. The Ministry of Finance of the PRC disburses the subsidies to the local State Grid and other competent authorities after the approval and then the local State Grid pays the subsidies to the biomass plants based on the volume of electricity sold to the State Grid.

Approximately 78.1% and 22.2% of the trade receivables at 31 December 2022 and 31 March 2023 respectively were collected as at 30 April 2023. Loss allowances for trade receivables and contract assets are based on the expected credit loss model estimated by reference to past default experience of debtors, including historical and forward-looking information.

Collection efforts have been consistently maintained by the management through constant reminder to customers on their obligation including seeking legal action if necessary;

- (d) Increase in other receivables, deposits and prepayments of RMB 63.6 million mainly due to increase in prepayment for inventories and tax duties; and

¹ For the full details, please refer to section 2.3 of the announcement dated 18 January 2017.

- (e) Increase in financial assets at fair value through other comprehensive income of RMB 34.8 million resulting mainly from addition in notes receivables held by the GI business.

The above increase was outweighed by the following:

- (a) Decrease in inventories of RMB 79.8 million due primarily to consumption of raw materials and excess inventories kept as of December 2022.

The Group's total non-current assets decreased by RMB 15.7 million or 0.3% from RMB 5,741.3 million as at 31 December 2022 to RMB 5,725.6 million as at 31 March 2023. The decrease was mainly due to:

- (a) Decrease in property, plant and equipment of RMB 67.8 million mainly due to the construction in progress relating to service concession arrangement transferred to intangible assets and depreciation expenses incurred.

The above-mentioned factors were offset by:

- (a) Increase in other receivables, deposits and prepayments of RMB 23.9 million due primarily to the increase in prepayments for BOT projects; and
- (b) Increase in intangible assets of RMB 31.4 million mainly due to the construction in progress relating to service concession arrangement transferred from property, plant and equipment. The Group's total current liabilities decreased by RMB 808.2 million or 27.3% from RMB 2,964.4 million as at 31 December 2022 to RMB 2,156.2 million as at 31 March 2023, mainly due to the following:

- (a) Decrease in trade payables and contract liabilities of RMB 64.3 million primarily as a result of increase in payments to third parties for the purchase of raw materials as of December 2022;
- (b) Decrease in other payables of RMB 93.4 million mainly resulting from the payment of construction payables for BOT project and salaries payable; and
- (c) Reclassification of Convertible bonds from current liabilities to non-current liabilities.

The above-mentioned factors were offset by:

- (a) Increase in short-term borrowings of RMB 231.7 million due to replenishment of working capital for GI business.

The Group's total non-current liabilities increased by approximately RMB 865.8 million or 32.6% from RMB 2,654.3 million as at 31 December 2022 to RMB 3,520.1 million as at 31 March 2023. The increase was due to:

- (a) Reclassification of Convertible bonds amounted RMB 902.3 million from current liabilities to non-current liabilities. *Please refer to Section 8 Financial Effects of Convertible Bonds.*

The above-mentioned factor was offset by:

- (a) Decrease in long-term borrowings of RMB 36.5 million due primarily to repayment of loans.

Review of the Group's cash flow statement

Based on the cash flow statement WITH financial effects of Convertible Bonds

Net cash used in operating activities amounted to approximately RMB 43.5 million in 1Q2023, primarily due to the following factors:

(a) Increased working capital requirements due to the increase in trade receivables of RMB 61.1 million, increase in financial assets at fair value through other comprehensive income of RMB 34.8 million, increase in other receivables and prepayments of RMB 53.9 million, decrease in inventories of RMB 79.8 million, decrease in trade payables, other payables and contract liabilities of RMB 95.4 million; and

(b) Interest and tax paid of RMB 57.8 million in aggregate.

Net cash used in investing activities amounted to RMB 93.7 million mainly due to the acquisition of intangible assets of RMB 63.5 million, purchase of property, plant and equipment of RMB 7.7 million, prepayment for BOT projects of RMB 23.9 million.

Net cash generating from financing activities amounted to RMB 151.2 million due to proceeds from bank loans of RMB 426.4 million, offset by repayment of bank loans of RMB 228.5 million and interest paid of RMB 26.9 million.

Use of Proceeds from Convertible Bonds

On 3 March 2017, the Company completed the issuance of first tranche convertible bonds with an aggregate principal amount of US\$ 110 million (“Tranche 1 Convertible Bonds” or “CB1s”), which are convertible into fully paid ordinary shares in the capital of the Company to Glory Sky Vision Limited (“Glory Sky”, ultimately indirectly and beneficially owned by CDH Fund V, L.P.).

On 10 January 2018, Glory Sky transferred US\$ 60 million in principal amount of CB1s to DCP as a result of which, DCP and CDH (each an “Investor” and collectively, the “Investors”) holds US\$ 60 million and US\$ 50 million of CB1s of the Company, respectively.

On 6 September 2018, the Company obtained shareholders’ approval for the issuance of a second tranche of convertible bonds with an aggregate principal amount of US\$ 70 million (“Tranche 2 Convertible Bonds or “CB2s”) and warrants with an aggregate exercisable amount of US\$ 30 million (the “Warrants”) to DCP and CDH to fund the GI related business of the Company. The net proceeds raised from the issuance of CB1s is approximately US\$ 106.2 million after deducting transaction expenses of US\$ 3.8 million, while net proceeds from the issuance of CB2s is expected to be approximately US\$ 67.6 million after the CB2s are fully issued to the Investors, after deducting transaction expenses of approximately US\$ 2.4 million.

Subsequently, the Company completed the issuance of CB2s with an aggregate principal amount of US\$ 20 million on 15 October 2018 and completed the issuance of 57,625,714 Warrants on 21 December 2018. As at 31 December 2020, all 57,625,714 Warrants expired unexercised and ceased to be valid for any purpose. To-date, the Company’s completed issuance of Convertible Bonds (both Tranche 1 and Tranche 2) is an aggregate principal amount of US\$ 130 million, and the net proceeds raised from the issuance of Convertible Bonds is US\$123.8 million.

On 31 December 2020, the Company and the Investors entered into an amendment agreement (the “Amendment Agreement”) to amend certain terms of the purchase agreements of the CBs. The Amendment Agreement confirms that the aggregate principal amount of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds (collectively, the “Convertible Bonds” or “CBs”) issued as at the date of the Amendment Agreement is US\$130 million, and proposes to extend the maturity date of the CBs by one (1) year to 3 March 2023².

On 24 March 2023, the Company and the Investors entered into an amendment agreement (the “2023 Amendment Agreement”) to amend the relevant terms of the purchase agreements of the CB1s and CB2s, and the terms and conditions of the Convertible Bonds. The 2023 Amendment Agreement confirms that the conversion price will remain at S\$ 0.50 for CB1 and S\$ 0.60 for CB2, and extend the maturity date of the CBs by two (2) years to 4 March 2025³.

The net proceeds have been and will be utilised for the expansion and further investment into Green Investments business, including by way of BOT/BOO/TOT models of centralised steam and electricity projects and other environmental protection related projects. As at 30 April 2023, the Company has utilised an aggregate of US\$ 123.8 million of the net proceeds from Convertible Bonds as per the schedule below.

² For the full details, please refer to the circular to shareholders that was released on 31 March 2021.

³ For the full details, please refer to the general announcement to shareholders that was released on 27 March 2023.

Project	Use of Convertible Bonds Proceeds	Amount
Shantou	Project construction and equipment procurement	US\$ 20.4 million (approximately RMB 132.6 million)
Liutuan	Registered capital	US\$ 0.8 million (approximately RMB 5.2 million)
Jining JVC	Installation of steam distribution pipeline	US\$ 1.6 million (approximately RMB 10.3 million)
Xinjiang	Registered capital	US\$ 1.4 million (approximately RMB 9.0 million)
Yingtian	Registered capital	US\$ 0.1 million (approximately RMB 0.5 million)
Shandong Yangguang Institute	Purchase consideration of the acquisition	US\$ 4.3 million (approximately RMB 28.0 million)
Xinyuan Thermal Power	Purchase consideration of the acquisition	US\$ 13.1 million (approximately RMB 85.0 million)
Xintai Zhengda Thermoelectric	Purchase consideration of the acquisition and construction of new facilities	US\$ 22.0 million (approximately RMB 145.0 million)
Yongxing Thermal Power	Purchase consideration of the acquisition	US\$ 50.2 million (approximately RMB 325.5 million)
General	Administrative and general expenses for business expansion of Green Investment related business	US\$ 9.9 million (approximately RMB 64.6 million)
Total Convertible Bonds Proceeds utilised		US\$ 123.8 million (approximately RMB 805.7 million)

*Note:

(1) It consists of (a) RMB42.7 million of remuneration for the development and management teams of GI; (b) RMB20.3 million of pre-development expenses of GI projects, such as costs expended for pre-investment due diligence activities, including project inspection, valuation and audit fees, communication costs and travel expenses etc; (c) RMB1.5 million of purchase of fixed assets for development teams of GI business; (d) RMB0.1 million of stamp duties for applicable GI transactions.

(2) The exchange rate is based on the actual settlement conditions.

Each of the above utilisation of the proceeds from the Convertible Bonds is consistent with the intended use as disclosed in the Company's circular to shareholders.

Use of Proceeds from Disposal of M&S Business

The Company announced the proposed disposal of the M&S business on 31 December 2020. On 16 April 2021, the proposed disposal was approved by shareholders of the Company at a Special General Meeting.

On 21 May 2021 and 2 July 2021, the Company announced that it has received the Tranche 1 and Tranche 2 Consideration of RMB 1,603.0 million and RMB 687.0 million respectively, for an aggregate amount of RMB 2,290.0 million. After accounting for the expenses incurred by the Company in connection with the disposal, including capital gains tax and stamp duties, of RMB 208.9 million and project adviser fees of RMB 56.7 million, the net proceeds from the proposed disposal of the M&S were RMB 2,024.4 million.

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning ascribed to them in the circular to shareholders dated 3 May 2021.

As of 30 April 2023	Use of Proceeds (RMB'000)
Proposed Special Dividend	(925,144) ⁽¹⁾
Bondholder's Special Dividend	(403,316) ⁽¹⁾⁽²⁾
Capital expenditure on existing projects	(501,465)
Feedstock procurement for operation	(79,943)
Construction costs due	(114,585)
Subtotal of net disposal proceeds used	(2,024,453)
Use of Proceeds balance	Nil

Note:

- (1) On 18 June 2021 and 21 July 2021, a Special Dividend of RMB 925.1 million and RMB 403.3 million was paid to the shareholders and bondholders of the Company respectively.
- (2) Based on the actual exchange rate utilised by the Company to exchange RMB into USD.

As at 30 April 2023, the Net Proceeds have been fully used as per the table above.

Use of Proceeds from Placement of Treasury Shares

On 19 May 2021, the Shareholders in a Special General Meeting approved the proposed placement of 2,542,000 treasury shares (the "Placement Shares") to the Placees at a price of S\$0.368 for each Placement Share, on and subject to the terms of the Placement Letters (the "Proposed Placement"), as stated in the circular to shareholders dated 3 May 2021 (the "Circular").

On 1 June 2021, the Company allotted and issued a total of 2,542,000 treasury shares, being the aggregate number of Placement Shares, to the Placees in the proportion set out in Paragraph 2.4 of the Circular.

The gross proceeds arising from the Proposed Placement are S\$935,456.00, while the amount of actual net proceeds from the Proposed Placement are S\$845,096.37 (the "Net Proceeds"), after deducting expenses of S\$90,359.63 comprising (a) legal and regulatory fees and (b) miscellaneous expenses.

Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning ascribed to them in the Circular.

As at 30 April 2023, the Net Proceeds have been fully used for procurement of raw materials required for operation of GI plants.

Financial Effects of Convertible Bonds

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

The fair value change of the Convertible Bonds and the related financial effects to the statement of profit or loss and other statements have no operational effects to the financial performance of the Group. Financial effects of Convertible Bonds consist of unrealised foreign exchange translation, amortised interest expense (inclusive of interest charges) and fair value gain/(loss) of Convertible Bonds. Excluding the financial effects of the Convertible Bonds, total net profit attributable to equity holders of the Company increased by RMB 21.4 million or 95.4% from RMB 22.4 million in 1Q2022 to RMB 43.8 million in 1Q2023.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no variance between the actual results and the forecast, or prospect statement previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group reported a significant YoY improvement in its financial performance in 1Q 2023. Total steam sales volume rose 16.9% YoY to 2.53 million tons in 1Q 2023 due to the continued ramp-up of the GI projects, bolstered by continued strong demand from end-customers, as the adverse effects of the pandemic receded.

GI recurring revenue¹ rose 23.1% YoY to RMB798.4 million, with the growth mainly attributed to the higher steam sales volume and the execution of the price adjustment mechanism that links feedstock cost to steam price.

Furthermore, the profitability of the GI projects improved on the back of the strong growth in demand for industrial steam, the execution of the price adjustment mechanism, the Mitigation Measures² as well as the tapering-off of the pandemic and the reduced volatility of feedstock prices³ in 1Q 2023. GI recurring EBITDA⁴ rose 43.7% to RMB191.9 million, while GI recurring PATMI⁵ rose 88.1% to RMB54.0 million on improved margins.

The 1Q 2023 results are a testament to the Group's proven business model and the solid foundation laid by the management's comprehensive response to the tough macro conditions of FY2022. With the tapering-off of the COVID-19 pandemic and the improved economic outlook in the PRC, Sunpower has continued to execute the Mitigation Measures and further refine its operations and management of each GI project to incrementally grow its earnings and sustain long-term growth.

The GI business recorded an operating cash outflow of RMB29.4 million mainly due to increased working capital requirements arising from the increase in trade receivables, increase in financial assets at fair value through other comprehensive income, increase in other receivables and prepayments, decrease in inventories, decrease in trade payables, other payables and contract liabilities, and interest and tax paid.

At the "Two Sessions" annual meeting in March 2023, the target growth rate of China's domestic economy in 2023 was set at 5%, with consumption and investment emphasized as the twin drivers of domestic demand⁶. In 1Q 2023, the consumer market accelerated its recovery⁷ and the manufacturing sector continued to maintain stable growth⁸.

¹ GI recurring revenue refers to recurring revenue generated by the GI business, including commission fees recognised in accordance with SFRS(I) INT15. It excludes one-time contributions from services for BOT projects, including EPC services, that are performed by the Group's internal project management department, recognised under IFRIC 12 Service Concession Arrangements.

² Refer to the 1Q 2022 earnings release dated 15 May 2022 for more information.

³ Source taken from: https://sxcoal.substack.com/p/issue-15-chinas-thermal-and-coking?utm_source=post-email-title&publication_id=1242508&post_id=114253873&isFreemail=true&utm_medium=email

⁴ GI recurring EBITDA refers to the recurring Earnings before Interest, Tax, Depreciation and Amortisation of the GI Business. It excludes gains or costs incurred by way of the Manufacturing & Services (M&S) business disposal such as excess cash dividends, gain on disposal, withholding tax, etc. in 2021; one-time contributions from services for BOT projects, including EPC services, that are provided by the Group's internal project management department, recognised under IFRIC 12 Service Concession Arrangements; as well as expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and remuneration of the employees at the group level, etc., which reflects the operating results of the GI business.

⁵ GI recurring PATMI refers to the recurring Profit After Tax and Minority Interests of the GI Business which reflects the profit of the GI business attributable to the Group. It excludes gains or costs incurred by way of the M&S disposal such as excess cash dividends, gain on disposal, withholding tax, etc. in 2021; one-time revenue contributions from services for BOT projects, including EPC services, that are provided by the Group's internal project management department, recognised under IFRIC 12 Service Concession Arrangements; and expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and employee remuneration at the group level, etc.

⁶ Source taken from: <https://new.qq.com/rain/a/20230411A00ELR00>

⁷ Source taken from: https://www.cqcb.com/rewenzixun/2023-04-11/5230882_pc.html

⁸ Source taken from: https://www.sohu.com/a/664354226_120144921

With Covid-19 being downgraded as an infectious virus under Class B Infectious Disease, the inhibitory effect of the pandemic on production has been greatly reduced, which is conducive to unleashing the potential of economic growth⁹. Further, China has reduced restrictions on travellers entering China and is promoting the country's opening up¹⁰. As of April 2023, the outlook for steam demand in 2023 is strong.

However, geopolitical risks still remain¹¹ and Covid-19 may undergo a sporadic domestic resurgence in the future¹², which may still affect business operations of some enterprises.

Barring unforeseen circumstances, the Group expects the business trends summarised below to benefit its business in FY2023:

Continued ramp-up and expansion of existing GI plants, namely:

- Continued ramp-up of 10 existing projects in operation, driven by the mandatory location and/or relocation of new factories into industrial parks, expansion of coverage area, and/or organic growth of customers and industrial parks.
- Expansion of capacity of certain existing plants, namely Yongxing Project's solid waste JV plant, launch of Shantou Project Phase 2, and Jining Project Phase 2.
- Expected start of operation of Shanxi Xinjiang Project.

Continued execution of holistic strategy to further enhance profitability, namely:

- Leverage the price adjustment mechanism that links feedstock costs to steam prices for more flexibility in raising steam prices.
- Continue to deploy the Mitigation Measures and differentiation strategies.
- Explore new business opportunities in the medium to long term.

⁹ Source taken from: <https://baijiahao.baidu.com/s?id=1755236243621847268&wfr=spider&for=pc>

¹⁰ Source taken from: <https://baijiahao.baidu.com/s?id=1753349760507183541&wfr=spider&for=pc>

¹¹ Source taken from: https://business.sohu.com/a/669862320_121123915

¹² Source taken from: http://m.ce.cn/yw/gd/202304/23/t20230423_38514118.shtml

11. If a decision regarding dividend has been made:

(a) *Whether an interim (final) ordinary dividend has been declared (recommended)*

None.

**(b) *(i) Amount per share in cents
(ii) Previous corresponding period in cents***

None.

(c) *Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).*

Not applicable.

(d) *The date the dividend is payable.*

Not applicable.

(e) *The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.*

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended by the Board of Directors of the Company for the quarter ended 31 March 2023. It is not the Company's practice to declare dividends during the first quarter of the financial year.

13. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has obtained a general mandate from shareholders for IPTs. The IPT mandate shall continue in force until the conclusion of the next annual general meeting in the calendar year 2023. The IPTs for the first quarter ended 31 March 2023 are outlined as follows:

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	3M2023	
				Aggregate value of all interested person transactions for the first quarter ended 31 March 2023 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual for the first quarter ended 31 March 2023 (excluding transactions less than \$100,000) RMB'000
Jiangsu Sunpower Clean Energy Co., Ltd.	Jiangsu Sunpower Technology Co., Ltd.	Associate of controlling shareholders	Lease of office buildings	-	494

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	3M2023	
				Aggregate value of all interested person transactions for the first quarter ended 31 March 2023 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual for the first quarter ended 31 March 2023 (excluding transactions less than \$100,000) RMB'000
Jiangsu Sunpower Clean Energy Co., Ltd.	<p>Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. (Jiangning branch)</p> <p><u>AND</u></p> <p>Sunpower Technology (Jiangsu) Co., Ltd.</p> <p><u>AND</u></p> <p>Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.¹</p> <p><u>AND</u></p> <p>Jiangsu Sunpower Technology Co., Ltd.</p> <p><u>AND</u></p> <p>Nanjing Shengnuo Heat Pipe Co.,Ltd.</p>	Associate of controlling shareholders	Fee received for providing catering services in staff canteen	1,214	-

¹ Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd was disposed on 26 July 2022, and is no longer considered an interested person subsequent to its disposal.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

We do hereby confirm on behalf of the Board of Directors of the Company (“the Board”) that, to the best of our knowledge nothing has come to the attention of the Board which may render the unaudited financial statements for the first quarter ended 31 March 2023 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The company has obtained undertakings from all directors and executive officers.

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

Ma Ming
Executive Director and Chief Executive Officer

Yang Zheng
Lead Independent Director

BY ORDER OF THE BOARD

Ma Ming
Executive Director and Chief Executive Officer

10 May 2023