

## SUNPOWER GROUP LTD.

### Unaudited Interim Financial Statements for the First Quarter Ended 31 March 2024

#### 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 2024

(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 2024	31 March 2023	% change	31 March 2024	31 March 2023	% change
<b>Revenue</b>		825,849	798,358	3.4%	825,849	798,358	3.4%
Cost of sales		(616,890)	(646,346)	(4.6%)	(616,890)	(646,346)	(4.6%)
<b>Gross profit</b>		<b>208,959</b>	<b>152,012</b>	<b>37.5%</b>	<b>208,959</b>	<b>152,012</b>	<b>37.5%</b>
Other operating income	1	21,998	2,594	748.0%	21,998	2,594	748.0%
Selling and distribution expenses		(16,905)	(13,458)	25.6%	(16,905)	(13,458)	25.6%
Administrative expenses		(20,646)	(20,769)	(0.6%)	(20,646)	(20,769)	(0.6%)
Foreign exchange (loss)/gain		(872)	11,815	n.m.	354	(161)	n.m.
Other operating expenses		(936)	(29)	n.m.	(936)	(29)	n.m.
Finance costs		(70,187)	(70,583)	(0.6%)	(46,393)	(50,589)	(8.3%)
Share of profit of associate		1,922	673	185.6%	1,922	673	185.6%
Fair value changes on convertible bonds		-	(7,165)	(100.0%)	-	-	-
<b>Profit before income tax</b>	2	<b>123,333</b>	<b>55,090</b>	<b>123.9%</b>	<b>148,353</b>	<b>70,273</b>	<b>111.1%</b>
Income tax expense		(28,151)	(15,893)	77.1%	(28,151)	(15,893)	77.1%
<b>Profit for the period</b>		<b>95,182</b>	<b>39,197</b>	<b>142.8%</b>	<b>120,202</b>	<b>54,380</b>	<b>121.0%</b>
<b>Total comprehensive income for the period</b>		<b>95,182</b>	<b>39,197</b>	<b>142.8%</b>	<b>120,202</b>	<b>54,380</b>	<b>121.0%</b>
<u>Profit for the period attributable to:</u>							
Equity holders of the Company		55,996	28,657	95.4%	81,016	43,840	84.8%
Non-controlling interests		39,186	10,540	271.8%	39,186	10,540	271.8%
<b>Profit for the period</b>		<b>95,182</b>	<b>39,197</b>	<b>142.8%</b>	<b>120,202</b>	<b>54,380</b>	<b>121.0%</b>
<u>Total comprehensive income for the period attributable to:</u>							
Equity holders of the Company		55,996	28,657	95.4%	81,016	43,840	84.8%
Non-controlling interests		39,186	10,540	271.8%	39,186	10,540	271.8%
<b>Total comprehensive income for the period</b>		<b>95,182</b>	<b>39,197</b>	<b>142.8%</b>	<b>120,202</b>	<b>54,380</b>	<b>121.0%</b>

## 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 2024	31 March 2023	% change	31 March 2024	31 March 2023	% change
Government grants	1,150	1,261	(8.8%)	1,150	1,261	(8.8%)
Reversal of impairment loss for trade receivable subject to ECL	5,114	-	n.m.	5,114	-	n.m.
Interest income	1,356	1,183	14.6%	1,356	1,183	14.6%
Government rebates	31	24	29.2%	31	24	29.2%
Gain on carbon emission quota	13,979	-	n.m.	13,979	-	n.m.
Others	368	126	192.1%	368	126	192.1%
<b>Total</b>	<b>21,998</b>	<b>2,594</b>	<b>748.0%</b>	<b>21,998</b>	<b>2,594</b>	<b>748.0%</b>

**Note: There is no difference for other operating income with and without financial effects of Convertible Bonds for the first quarter ended 31 March 2024.**

#### 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 2024	31 March 2023	% change	31 March 2024	31 March 2023	% change
Depreciation of property, plant and equipment	16,170	15,117	7.0%	16,170	15,117	7.0%
Depreciation of right-of-use assets	3,799	1,771	114.5%	3,799	1,771	114.5%
Amortisation of intangible assets	47,236	42,378	11.5%	47,236	42,378	11.5%
Reversal of impairment loss on trade and other receivables subject to ECL	(5,114)	-	n.m.	(5,114)	-	n.m.
Impairment loss on pledged bank deposits	29	-	n.m.	29	-	n.m.
Loss on disposal of property, plant and equipment	107	-	n.m.	107	-	n.m.
Foreign exchange loss/(gain) - net	872	(11,815)	(107.4%)	(354)	161	(319.9%)
Finance costs	70,187	70,583	(0.6%)	46,393	50,589	(8.3%)
Fair value changes on convertible bonds	-	7,165	(100.0%)	-	-	-

*n.m. denotes not meaningful*

**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 2024 (Unaudited)	As at 31 December 2023 (Audited)	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>(RMB'000)</b>				
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	682,373	663,090	5,262	995
Pledged bank deposits	86,602	84,676	-	-
Trade receivables	890,768	813,033	-	-
Other receivables, deposits and prepayments	267,042	249,575	427,116	427,083
Inventories	60,790	138,028	-	-
Financial assets at fair value through other comprehensive income	49,843	36,259	-	-
<b>Total current assets</b>	<b>2,037,418</b>	<b>1,984,661</b>	<b>432,378</b>	<b>428,078</b>
<b>Non-current assets:</b>				
Property, plant and equipment	510,120	517,628	-	-
Right-of-use assets	229,141	230,229	-	-
Other receivables, deposits and prepayments	42,233	50,117	-	-
Financial assets at fair value through other comprehensive income	2,142	2,142	-	-
Subsidiaries	-	-	914,379	914,379
Associates	60,871	58,949	-	-
Intangible assets	4,304,309	4,335,777	-	-
Deferred tax assets	30,775	34,010	-	-
Goodwill	415,582	415,582	-	-
<b>Total non-current assets</b>	<b>5,595,173</b>	<b>5,644,434</b>	<b>914,379</b>	<b>914,379</b>
<b>Total assets</b>	<b>7,632,591</b>	<b>7,629,095</b>	<b>1,346,757</b>	<b>1,342,457</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Trade payables, other payables and contract liabilities	564,525	712,896	436,937	488,890
Lease liabilities	1,235	1,235	-	-
Borrowings	1,279,347	1,191,484	-	-
Income tax payable	32,658	25,927	-	-
<b>Total current liabilities</b>	<b>1,877,765</b>	<b>1,931,542</b>	<b>436,937</b>	<b>488,890</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	216,600	217,460	-	-
Borrowings	2,135,537	2,191,842	-	-
Convertible bonds	993,101	973,845	993,101	973,845
Lease liabilities	1,737	1,737	-	-
<b>Total non-current liabilities</b>	<b>3,346,975</b>	<b>3,384,884</b>	<b>993,101</b>	<b>973,845</b>

	Actual (WITH financial effects of Convertible Bonds)			
	Group		Company	
	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>(RMB'000)</b>				
<b>Capital and reserves:</b>				
Share capital	57,662	57,662	57,662	57,662
Share premium	313,653	313,653	313,653	313,653
General reserves	300,075	288,101	-	-
Share option reserve	319	319	319	319
Revaluation reserve	(1,834)	(1,834)	-	-
Retained earnings (Accumulated losses)	1,286,561	1,242,539	(454,915)	(491,912)
<b>Equity attributable to equity holders of the Company</b>	<b>1,956,436</b>	<b>1,900,440</b>	<b>(83,281)</b>	<b>(120,278)</b>
Non-controlling interests	451,415	412,229	-	-
Total equity	2,407,851	2,312,669	(83,281)	(120,278)
<b>Total liabilities and equity</b>	<b>7,632,591</b>	<b>7,629,095</b>	<b>1,346,757</b>	<b>1,342,457</b>

	Actual (WITHOUT financial effects of Convertible Bonds)			
	Group		Company	
	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)	As at 31 March 2024 (Unaudited)	As at 31 December 2023 (Audited)
<b>(RMB'000)</b>				
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	682,373	663,090	5,262	995
Pledged bank deposits	86,602	84,676	-	-
Trade receivables	890,768	813,033	-	-
Other receivables, deposits and prepayments	267,042	249,575	427,116	427,083
Inventories	60,790	138,028	-	-
Financial assets at fair value through other comprehensive income	49,843	36,259	-	-
<b>Total current assets</b>	<b>2,037,418</b>	<b>1,984,661</b>	<b>432,378</b>	<b>428,078</b>
<b>Non-current assets:</b>				
Property, plant and equipment	510,120	517,628	-	-
Right-of-use assets	229,141	230,229	-	-
Other receivables, deposits and prepayments	42,233	50,117	-	-
Financial assets at fair value through other comprehensive income	2,142	2,142	-	-
Subsidiaries	-	-	914,379	914,379
Associates	60,871	58,949	-	-
Intangible assets	4,304,309	4,335,777	-	-
Deferred tax assets	30,775	34,010	-	-
Goodwill	415,582	415,582	-	-
<b>Total non-current assets</b>	<b>5,595,173</b>	<b>5,644,434</b>	<b>914,379</b>	<b>914,379</b>
<b>Total assets</b>	<b>7,632,591</b>	<b>7,629,095</b>	<b>1,346,757</b>	<b>1,342,457</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Trade payables, other payables and contract liabilities	559,565	690,334	431,984	466,335
Lease liabilities	1,235	1,235	-	-
Borrowings	1,279,347	1,191,484	-	-
Income tax payable	32,658	25,927	-	-
<b>Total current liabilities</b>	<b>1,872,805</b>	<b>1,908,980</b>	<b>431,984</b>	<b>466,335</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities	216,600	217,460	-	-
Borrowings	2,135,537	2,191,842	-	-
Convertible bonds <sup>1</sup>	716,024	739,390	716,024	739,390
Lease liabilities	1,737	1,737	-	-
<b>Total non-current liabilities</b>	<b>3,069,898</b>	<b>3,150,429</b>	<b>716,024</b>	<b>739,390</b>
<b>Capital and reserves:</b>				
Share capital	57,662	57,662	57,662	57,662
Share premium	313,653	313,653	313,653	313,653
General reserves	300,075	288,101	-	-
Share option reserve	319	319	319	319
Revaluation reserve	(1,834)	(1,834)	-	-
Retained earnings (Accumulated losses)	1,568,598	1,499,556	(172,885)	(234,902)
<b>Equity attributable to equity holders of the Company</b>	<b>2,238,473</b>	<b>2,157,457</b>	<b>198,749</b>	<b>136,732</b>
Non-controlling interests	451,415	412,229	-	-
<b>Total equity</b>	<b>2,689,888</b>	<b>2,569,686</b>	<b>198,749</b>	<b>136,732</b>
<b>Total liabilities and equity</b>	<b>7,632,591</b>	<b>7,629,095</b>	<b>1,346,757</b>	<b>1,342,457</b>

<sup>1</sup> Financial effects of Convertible Bonds consisting of unrealised foreign exchange translation, amortised interest expense (inclusive of interest charges) and cumulative fair value gain/(loss) of Convertible Bonds have no operational effect to the financial performance of the Group. Please refer to *Section 8 Financial Effects of Convertible Bonds* for more details.

**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 2024</u>		<u>As at 31 December 2023</u>	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>1,269,347</u>	<u>10,000</u>	<u>1,191,484</u>	<u>-</u>

**Amount repayable after one year**

(RMB'000)	<u>As at 31 March 2024</u>		<u>As at 31 December 2023</u>	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>2,135,537</u>	<u>-</u>	<u>2,191,842</u>	<u>-</u>

**Details of any collaterals:**

<u>Collaterals</u>	<u>As at 31 March 2024 (RMB'000)</u>	<u>As at 31 December 2023 (RMB'000)</u>
Secured by building, land use rights, and service concession arrangement and equipment, pledged bank deposit of the subsidiary	2,592,013	2,617,955
Guaranteed by the subsidiary	557,250	509,750
Guaranteed by the company	<u>255,621</u>	<u>255,621</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 2024**

(RMB'000)	<b>Actual (WITH financial effects of Convertible Bonds)</b>	
	<b>First quarter ended</b>	
	<b>31 March 2024</b>	<b>31 March 2023</b>
<b>Operating activities</b>		
Profit before income tax	123,333	55,090
Adjustments for:		
Depreciation of property, plant and equipment	16,170	15,117
Depreciation of right-of-use assets	3,799	1,771
Amortisation of intangible assets	47,236	42,378
Interest expense	70,187	70,583
Exchange differences arising on foreign currency translation	(354)	161
Share of profit of associate	(1,922)	(673)
Impairment loss on pledged bank deposits	29	-
Net loss on disposal of property, plant and equipment	107	-
Interest income	(1,356)	(1,183)
Reversal of impairment loss on trade and other receivables subject to ECL, net	(5,114)	-
Exchange loss/(gain) on convertible bonds	1,226	(11,976)
Fair value loss on convertible bonds	-	7,165
Operating cash flows before movements in working capital	253,341	178,433
Trade receivables	(70,767)	(61,054)
Financial assets at fair value through other comprehensive income	(13,553)	(34,781)
Other receivables and prepayments	(8,772)	(53,947)
Inventories	77,238	79,761
Trade payables, other payables and contract liabilities	(95,971)	(95,355)
Cash generated from operations	141,516	13,057
Income tax paid	(27,836)	(13,787)
Interest paid	(37,647)	(43,979)
Interest received	1,356	1,183
Net cash generated from/(used in) operating activities	77,389	(43,526)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(7,064)	(7,709)
Prepayment for build-operate-transfer ("BOT") projects	(11,422)	(23,858)
Acquisition of intangible assets	(18,480)	(63,520)
Proceeds from disposal of subsidiaries	-	1,400
Net cash used in investing activities	(36,966)	(93,687)
<b>Financing activities</b>		
Proceeds from new borrowings	388,421	426,383
Repayment of borrowings	(380,863)	(228,549)
Pledged bank deposits	(1,955)	(19,717)
Interest paid	(26,743)	(26,906)
Net cash (used in)/generated from financing activities	(21,140)	151,211
Net increase in cash and cash equivalents	19,283	13,998
Cash and cash equivalents at beginning of period	663,090	585,268
Effects of foreign exchange rate changes	-	(161)
<b>Cash and cash equivalents at end of period</b>	<b>682,373</b>	<b>599,105</b>

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds)	
	First quarter ended	
	31 March 2024	31 March 2023
<b>Operating activities</b>		
Profit/(Loss) before income tax	148,353	70,273
Adjustments for:		
Depreciation of property, plant and equipment	16,170	15,117
Depreciation of right-of-use assets	3,799	1,771
Amortisation of intangible assets	47,236	42,378
Interest expense	46,393	50,589
Exchange differences arising on foreign currency translation	(354)	161
Share of profit of associate	(1,922)	(673)
Impairment loss on pledged bank deposit	29	-
Net loss on disposal of property, plant and equipment	107	-
Interest income	(1,356)	(1,183)
Reversal of impairment loss on trade and other receivables subject to ECL, net	(5,114)	-
Operating cash flows before movements in working capital	253,341	178,433
Trade receivables	(70,767)	(61,054)
Financial assets at fair value through other comprehensive income	(13,553)	(34,781)
Other receivables, deposits and prepayments	(8,772)	(53,947)
Inventories	77,238	79,761
Trade payables, other payables and contract liabilities	(95,971)	(95,355)
Cash generated from operations	141,516	13,057
Income tax paid	(27,836)	(13,787)
Interest paid	(37,647)	(43,979)
Interest received	1,356	1,183
Net cash generated from/(used in) operating activities	77,389	(43,526)
<b>Investing activities</b>		
Purchase of property, plant and equipment	(7,064)	(7,709)
Prepayment for build-operate-transfer (“BOT”) projects	(11,422)	(23,858)
Acquisition of intangible assets	(18,480)	(63,520)
Proceeds from disposal of subsidiaries	-	1,400
Net cash used in investing activities	(36,966)	(93,687)
<b>Financing activities</b>		
Proceeds from new borrowings	388,421	426,383
Repayment of borrowings	(380,863)	(228,549)
Pledged bank deposits	(1,955)	(19,717)
Interest paid	(26,743)	(26,906)
Net cash (used in)/generated from financing activities	(21,140)	151,211
Net increase in cash and cash equivalents	19,283	13,998
Cash and cash equivalents at beginning of period	663,090	585,268
Effects of foreign exchange rate changes	-	(161)
<b>Cash and cash equivalents at end of period</b>	<b>682,373</b>	<b>599,105</b>



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 2024**

<b>Actual (WITH financial effects of Convertible Bonds)</b>											
<b>Group</b>	<b>Share capital</b>	<b>Treasury shares</b>	<b>Share premium</b>	<b>General reserves</b>	<b>Share option reserve</b>	<b>Foreign currency translation reserve</b>	<b>Fair value reserve</b>	<b>Retained earnings</b>	<b>Equity attributable to equity holders of the Company</b>	<b>Non-controlling interests</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Balance as at 1 January 2023</b>	<b>57,662</b>	<b>-</b>	<b>313,653</b>	<b>239,681</b>	<b>319</b>	<b>-</b>	<b>(1,706)</b>	<b>1,120,715</b>	<b>1,730,324</b>	<b>319,525</b>	<b>2,049,849</b>
<u>Total comprehensive income for the year</u>											
Profit for the year	-	-	-	-	-	-	-	175,772	175,772	92,710	268,482
Other comprehensive loss for the year	-	-	-	-	-	-	(128)	-	(128)	(6)	(134)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(128)</b>	<b>175,772</b>	<b>175,644</b>	<b>92,704</b>	<b>268,348</b>
<u>Transactions with owners, recognised directly in equity</u>											
Dividend paid	-	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)
Transfer to general reserves	-	-	-	47,737	-	-	-	(47,737)	-	-	-
Others	-	-	-	683	-	-	-	(683)	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,420</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(53,948)</b>	<b>(5,528)</b>	<b>-</b>	<b>(5,528)</b>
<b>Balance as at 31 December 2023</b>	<b>57,662</b>	<b>-</b>	<b>313,653</b>	<b>288,101</b>	<b>319</b>	<b>-</b>	<b>(1,834)</b>	<b>1,242,539</b>	<b>1,900,440</b>	<b>412,229</b>	<b>2,312,669</b>
<u>Total comprehensive income for January to March 2024</u>											
Profit for January to March 2024	-	-	-	-	-	-	-	55,996	55,996	39,186	95,182
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,996</b>	<b>55,996</b>	<b>39,186</b>	<b>95,182</b>
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	11,974	-	-	-	(11,974)	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,974</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,974)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance as at 31 March 2024</b>	<b>57,662</b>	<b>-</b>	<b>313,653</b>	<b>300,075</b>	<b>319</b>	<b>-</b>	<b>(1,834)</b>	<b>1,286,561</b>	<b>1,956,436</b>	<b>451,415</b>	<b>2,407,851</b>

**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
<b>Balance as at 1 January 2023</b>	<b>57,662</b>	<b>-</b>	<b>313,653</b>	<b>239,681</b>	<b>319</b>	<b>-</b>	<b>(1,706)</b>	<b>1,273,540</b>	<b>1,883,149</b>	<b>319,525</b>	<b>2,202,674</b>
<u>Total comprehensive income for the year</u>											
Profit for the year	-	-	-	-	-	-	-	279,964	279,964	92,710	372,674
Other comprehensive loss for the year	-	-	-	-	-	-	(128)	-	(128)	(6)	(134)
Total	-	-	-	-	-	-	(128)	279,964	279,836	92,704	372,540
<u>Transactions with owners, recognised directly in equity</u>											
Dividend paid	-	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)
Transfer to general reserves	-	-	-	47,737	-	-	-	(47,737)	-	-	-
Others	-	-	-	683	-	-	-	(683)	-	-	-
Total	-	-	-	48,420	-	-	-	(53,948)	(5,528)	-	(5,528)
<b>Balance as at 31 December 2023</b>	<b>57,662</b>	<b>-</b>	<b>313,653</b>	<b>288,101</b>	<b>319</b>	<b>-</b>	<b>(1,834)</b>	<b>1,499,556</b>	<b>2,157,457</b>	<b>412,229</b>	<b>2,569,686</b>
<u>Total comprehensive income for January to March 2024</u>											
Profit for January to March 2024	-	-	-	-	-	-	-	81,016	81,016	39,186	120,202
Total	-	-	-	-	-	-	-	81,016	81,016	39,186	120,202
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	11,974	-	-	-	(11,974)	-	-	-
Total	-	-	-	11,974	-	-	-	(11,974)	-	-	-
<b>Balance as at 31 March 2024</b>	<b>57,662</b>	<b>-</b>	<b>313,653</b>	<b>300,075</b>	<b>319</b>	<b>-</b>	<b>(1,834)</b>	<b>1,568,598</b>	<b>2,238,473</b>	<b>451,415</b>	<b>2,689,888</b>

**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
<b>Balance as at 1 January2023</b>	<b>57,662</b>	-	<b>313,653</b>	<b>319</b>	<b>(346,794)</b>	<b>24,840</b>	<b>24,840</b>
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(139,590)	(139,590)	(139,590)
<u>Transactions with owners, recognised directly in equity</u>							
Dividend paid	-	-	-	-	(5,528)	(5,528)	(5,528)
Total	-	-	-	-	(145,118)	(145,118)	(145,118)
<b>Balance as at 31 December2023</b>	<b>57,662</b>	-	<b>313,653</b>	<b>319</b>	<b>(491,912)</b>	<b>(120,278)</b>	<b>(120,278)</b>
<u>Total comprehensive income for January to March 2024</u>							
Loss for January to March 2024	-	-	-	-	(28,202)	(28,202)	(28,202)
Strike off of a subsidiary	-	-	-	-	65,199	65,199	65,199
Total	-	-	-	-	36,997	36,997	36,997
<b>Balance as at 31 March2024</b>	<b>57,662</b>	-	<b>313,653</b>	<b>319</b>	<b>(454,915)</b>	<b>(83,281)</b>	<b>(83,281)</b>

**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
<b>Balance as at 1 January2023</b>	<b>57,662</b>	-	<b>313,653</b>	<b>319</b>	<b>(193,975)</b>	<b>177,659</b>	<b>177,659</b>
Loss for the year, representing total comprehensive loss for the year	-	-	-	-	(35,399)	(35,399)	(35,399)
<u>Transactions with owners, recognised directly in equity</u>							
Dividend paid	-	-	-	-	(5,528)	(5,528)	(5,528)
Total	-	-	-	-	(40,927)	(40,927)	(40,927)
<b>Balance as at 31 December2023</b>	<b>57,662</b>	-	<b>313,653</b>	<b>319</b>	<b>(234,902)</b>	<b>136,732</b>	<b>136,732</b>
<u>Total comprehensive income for January to March 2024</u>							
Loss for January to March 2024	-	-	-	-	(3,182)	(3,182)	(3,182)
Strike off of a subsidiary	-	-	-	-	65,199	65,199	65,199
Total	-	-	-	-	62,017	62,017	62,017
<b>Balance as at 31 March2024</b>	<b>57,662</b>	-	<b>313,653</b>	<b>319</b>	<b>(172,885)</b>	<b>198,749</b>	<b>198,749</b>

**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 2024 and 31 December 2023.

**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.

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 had taken effect upon obtaining Shareholders' approval at the special general meeting that was convened on 28 July 2023.

Assuming that all the outstanding CB1s and CB2s have been converted using the fixed conversion price of S\$ 0.50 and S\$ 0.60 respectively and that all the share options granted have been exercised as at 31 March 2024, the maximum number of shares that may be issued as at 31 March 2024 is 359,379,000 ordinary shares (31 March 2023: 359,379,000 ordinary shares). The fully diluted shares (including treasury shares) as at 31 March 2024 and 31 March 2023 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.**

	<b>As at 31 March 2024</b>	<b>As at 31 December 2023</b>
Total number of issued shares	795,686,142	795,686,142
Less: Total number of treasury shares	-	-
<b>Total number of issued shares excluding treasury shares</b>	<b>795,686,142</b>	<b>795,686,142</b>

**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 2023.

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 2024	31 March 2023	First quarter ended 31 March 2024	31 March 2023
Net profit attributable to equity holders of the Group (RMB'000)	55,996	28,657	81,016	43,840
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per share - <i>basic</i> (RMB cent)	7.04	3.60	10.18	5.51

Basic earnings per share for the first quarter ended 31 March 2024 and 31 March 2023 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 2024	31 March 2023	First quarter ended 31 March 2024	31 March 2023
Net profit attributable to equity holders of the Group (RMB'000)	81,016	28,657	81,016	43,840
Weighted average number of ordinary shares outstanding ('000)	1,153,874	795,973	795,799	795,973
Earnings per share - <i>diluted</i> (RMB cents)	7.02	3.60	10.18	5.51

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 2024. 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 2024	31 December 2023	31 March 2024	31 December 2023
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	302.61	290.65	338.06	322.95

  

	Company			
	31 March 2024	31 December 2023	31 March 2024	31 December 2023
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	(10.47)	(15.12)	24.98	17.18

The net asset value per share for 31 March 2024 and 31 December 2023 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 2024 and 31 December 2023 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 2024 ("1Q2024") as compared with that of the first quarter ended 31 March 2023 ("1Q2023")**

*\*Based on actual financial performance WITH financial effects of Convertible Bonds\**

Revenue

The Group's revenue increased by approximately RMB 27.5 million or 3.4% from RMB 798.4 million in 1Q2023 to RMB 825.8 million in 1Q2024. The increase was mainly contributed by:

- (a) Strong demand for steam which contributed to ramp-up of existing projects; and
- (b) Increase in revenue generated from the Xinjiang Project which had finished construction and is in the operational phase as at end of 2023.

Gross Profit

The Group's gross profit increased by approximately RMB 56.9 million or 37.5% from RMB 152.0 million in 1Q2023 to RMB 209.0 million in 1Q2024 due mainly to the continued ramp-up of the GI projects in response to the strong demand for clean industrial steam, the solid execution of the price adjustment mechanism, coal blending, continuous optimisation of feedstock procurement strategy, the benefits generated by waste heat recovery, equipment technological upgrades and the refined management of the GI projects that gave rise to further improvement in production efficiency.

Profit before Income Tax

Profit before tax increased by RMB 68.2 million or 123.9% from RMB 55.1 million in 1Q2023 to RMB 123.3 million in 1Q2024. The increase was mainly attributable to the following factors:

- (a) Increase in gross profit of RMB 56.9 million as explained above;
- (b) Increase in other operating income of RMB 19.4 million or 748.0% from RMB 2.6 million in 1Q2023 to RMB 22.0 million in 1Q2024 due mainly to an increase in gain on carbon emission quota and reversal of impairment allowances for trade receivable due to the collection of trade receivables; and
- (c) There is nil fair value change in 1Q2024 as compared with fair value loss of RMB 7.2 million in 1Q2023. This was due to an amendment agreement entered with the CB holders in March 2023, resulting in substantial modifications to the terms of the bond and hence it was accounted for as an extinguishment of the original liability and recognition of the new liability and the convertible feature was classified as equity.

The above-mentioned factors were offset by:

- (a) Increase in foreign exchange loss of RMB 12.7 million from foreign exchange gain of RMB 11.8 million in 1Q2023 to foreign exchange loss of RMB 0.9 million in 1Q2024 due mainly to the depreciation of RMB against USD for the USD Convertible Bonds compared with the same period last year.

### Income Tax Expense

The income tax expense increased by RMB 12.3 million or 77.1% from RMB 15.9 million in 1Q2023 to RMB 28.2 million in 1Q2024.

### Profit for the Financial Period

As a result of the above, the Group's net profit attributable to the equity holders increased by RMB 27.3 million or 95.4% from RMB 28.7 million in 1Q2023 to RMB 56.0 million in 1Q2024.

- (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 52.8 million or 2.7% from RMB 1,984.7 million as at 31 December 2023 to RMB 2,037.4 million as at 31 March 2024. The increase was mainly due to:

- (a) Increase in cash and cash equivalents of RMB 19.3 million, mainly due to an increase in cash flows from operating activities during this period, which was offset by the usage of funds for Build-Operate-Transfer ("BOT") and GI projects and payment for the CB interest;
- (b) Increase in trade receivables of RMB 77.7 million mainly due to the increase in receivables of biomass power subsidies in respect of the Group's biomass GI projects and the increase in trade receivable due to the increased demand for clean industrial steam in this period.

The settlement of the biomass power subsidies is mainly based on the prevailing national policies set by 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. As a result, almost all trade receivables aged over six months relate to such biomass power subsidies.

Approximately 67.3% and 33.6% of the trade receivables at 31 December 2023 and 31 March 2024 respectively were collected as at 30 April 2024. 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;

- (c) Increase in other receivables, deposits and prepayments of RMB 17.5 million mainly due to increase in prepayment for inventories; and
- (d) Increase in financial assets at fair value through other comprehensive income of RMB 13.6 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 77.2 million due primarily to consumption of raw materials.

The Group's total non-current assets decreased by RMB 49.3 million or 0.9% from RMB 5,644.4 million as at 31 December 2023 to RMB 5,595.2 million as at 31 March 2024. The decrease was mainly due to:

- (a) Decrease in property, plant and equipment of RMB 7.5 million mainly due to the depreciation expenses incurred;
- (b) Decrease in other receivables, deposits and prepayments of RMB 7.9 million due primarily to the decrease in prepayments for BOT projects; and
- (c) Decrease in intangible assets of RMB 31.5 million mainly due to the amortization expenses incurred.

The Group's total current liabilities decreased by RMB 53.8 million or 2.8% from RMB 1,931.5 million as at 31 December 2023 to RMB 1,877.8 million as at 31 March 2024, mainly due to the following:

- (a) Decrease in trade payables, other payables and contract liabilities of RMB 148.4 million primarily as a result of payment of outstanding raw materials purchase and payment of construction payables for BOT projects.

The above-mentioned factor was offset by: Increase in short-term borrowings of RMB 87.9 million due to replenishment of working capital for GI business.

- (b) Increase in income tax payable of RMB 6.7 million.

The Group's total non-current liabilities decreased by approximately RMB 37.9 million or 1.1% from RMB 3,384.9 million as at 31 December 2023 to RMB 3,347.0 million as at 31 March 2024. The decrease was due to:

- (a) Decrease in long-term borrowings of RMB 56.3 million due primarily to repayment of loans.

The above-mentioned factor was offset by:

- (a) Increase in Convertible Bonds of RMB 19.3 million in 1Q2024. *Please refer to Section 8 Financial Effects of Convertible Bonds.*

## **Review of the Group's cash flow statement**

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

Net cash generated from operating activities amounted to approximately RMB 77.4 million in 1Q2024, primarily due to the following factors:

- (a) Increased working capital requirements due to the increase in trade receivables of RMB 70.8 million, increase in financial assets at fair value through other comprehensive income of RMB 13.6 million, increase in other receivables and prepayments of RMB 8.8 million, decrease in inventories of RMB 77.2 million, decrease in trade payables, other payables and contract liabilities of RMB 96.0 million; and
- (b) Interest and tax paid of RMB 65.5 million in aggregate.

Net cash used in investing activities amounted to RMB 37.0 million mainly due to the acquisition of intangible assets of RMB 18.5 million, purchase of property, plant and equipment of RMB 7.1 million, prepayment for BOT projects of RMB 11.4 million.

Net cash used in financing activities amounted to RMB 21.1 million due to repayment of bank loans of RMB 380.9 million, interest paid of RMB 26.7 million, increase in pledged bank deposit of RMB 1.9 million offset by proceeds from bank loans of RMB 388.4 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 2023<sup>2</sup>.

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 3 April 2025<sup>3</sup>.

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 2024, the Company has utilised an aggregate of US\$ 123.8 million of the net proceeds from Convertible Bonds as per the schedule below.

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

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

<b>Project</b>	<b>Use of Convertible Bonds Proceeds</b>	<b>Amount</b>
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 <sup>(1)</sup>	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) <sup>(2)</sup>
<b>Total Convertible Bonds Proceeds utilised</b>		<b>US\$ 123.8 million (approximately RMB 805.7 million)</b>

\*Note:

(1) Yingtian Sunpower Clean Energy Co., Ltd. was cancelled after the comprehensive evaluation of the Company.

(2) 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.

(3) 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.

<b>As of 30 April 2024</b>	<b>Use of Proceeds (RMB'000)</b>
Proposed Special Dividend	(925,144) <sup>(1)</sup>
Bondholder's Special Dividend	(403,316) <sup>(1)(2)</sup>
Capital expenditure on existing projects	(501,465)
Feedstock procurement for operation	(79,943)
Construction costs due	(114,585)
<b>Subtotal of net disposal proceeds used</b>	<b>(2,024,453)</b>
<b>Use of Proceeds balance</b>	<b>Nil</b>

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 2024, 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 of 30 April 2024, 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 follow: (i) fair value change arising from 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. On 24 March 2023, the Group and the Investors entered into an amendment agreement (the “2023 Amendment Agreement”) which extended the maturity date of the CBs by two years to 3 April 2025. The conversion price of convertible bonds will remain at S\$0.50 for CB1 and S\$0.60 for CB2 and will no longer be subject to the Group’s performance target on adjusted profit after taxation and minority interests. Additionally, bondholders are entitled to a higher Total Internal Rate of Return at 10%.

Due to the 2023 Amendment Agreement, the bond has been assessed to be substantially modified and hence, it will be accounted for as an extinguishment of the original liability. Recognition of the new liability and the convertible feature will be classified as equity.

The above mentioned related financial effects to the statement of profit or loss and other statements have no operational effect 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 cumulative 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 37.2 million or 84.8% from net profit of RMB 43.8 million in 1Q2023 to net profit of RMB 81.0 million in 1Q2024.

### **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 2024, underpinned by the resilience of the industrial parks which are either located in economically developed areas or have industry clusters of excellence.

Total steam sales volume rose 13.2% YoY<sup>1</sup> to 2.86 million tons due to the strong demand for clean steam and continued ramp-up of the GI projects including Shantou Project and Shanxi Xinjiang Project (which started commercial operation at the end of 2023).

Meanwhile, GI recurring revenue<sup>2</sup> rose 3.4% YoY to RMB825.8 million, with the growth attributed to the higher steam sales volume and the execution of the price adjustment mechanism that links feedstock cost to industrial steam price.

The profitability of the GI business continued to expand faster than the growth in steam sales volume and revenue in 1Q 2024, up from 1Q 2023 (YoY) and 4Q 2023 (QoQ<sup>3</sup>). When compared with 1Q 2023, GI recurring EBITDA<sup>4</sup> rose 40.9% YoY to RMB270.5 million while GI recurring PATMI<sup>5</sup> rose 64.6% YoY to RMB88.9 million. When compared with 4Q 2023, GI recurring EBITDA rose 15.6% QoQ while GI recurring PATMI rose 4.4% QoQ.

The significant improvement in profitability is attributed to a comprehensive set of factors, including the benefits of economies of scale as a result of the continuous growth in steam sales volume; execution of the price adjustment mechanism; continuous optimisation of feedstock procurement strategy; the benefits generated by waste heat recovery; technological transformation that increased production capability and efficiency; and refined management practices, etc. For instance, the Company strategically procured and stored sufficient feedstock in summer before the heating season started from November 2023 to March 2024 to lock in the earnings of the heating business of Xinyuan and Xintai Zhengda Projects which are located in the north of China.

Furthermore, GI recurring operating cash inflow<sup>6</sup> was a robust RMB83.4 million in 1Q 2024 compared with an outflow of RMB29.3 million in 1Q 2023. This affirmed the strong cash generation capability of the GI business.

With the continued positive growth in sales and profitability, 1Q 2024's performance sustained the strong momentum that was achieved in FY2023. This growth, achieved despite the mixed macro environment, reaffirmed the Company's business model and strategic advantages that enable the Company to have resistibility to industry cyclicalities and differentiate itself from the others amidst the macro complexity.

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<sup>1</sup> YoY: Year over Year

<sup>2</sup> 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* (if any).

<sup>3</sup> QoQ: Quarter over Quarter

<sup>4</sup> GI recurring EBITDA refers to the recurring Earnings before Interest, Tax, Depreciation and Amortisation of the GI Business. It excludes 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.

<sup>5</sup> 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 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 remuneration of employees at the group level, etc.

<sup>6</sup> GI recurring operating cashflow refers to cashflow generated by operating activities of the GI Business.

In 1Q 2024, domestic demand for basic consumption goods maintained the improving trend that started in 2023. Positive growth rates were particularly prominent in industries where the GI business has industrial steam customers, such as textiles<sup>7</sup>, food and beverage, clothing, and other daily necessities<sup>8</sup>. Further, industrial production registered fast growth in value-add in 1Q 2024<sup>9</sup>. Further, feedstock prices were relatively stable in 1Q 2024<sup>10</sup>.

The Group's outlook remains encouraging as of May 2024 and barring unforeseen circumstances, demand for industrial steam is expected to remain resilient. The Group is dedicated to enhancing the profitability of its GI projects and optimising cash flows, leveraging on its robust business model and refined management practices.

Barring unforeseen circumstances, the Group expects the business trends summarised below to benefit its business in FY2024:

**Continued ramp-up of the existing GI plants to solidify market position, namely:**

- Continued ramp-up of 11 existing projects in commercial operation, driven by organic growth and ramp-up of customers, mandatory closure of small dirty boilers, continuous relocation of new factories into industrial parks, and long-term structural development of industrial parks.
- Yongxing Plant's general solid waste JV plant is in trial operation.

**Continued execution of holistic strategy to solidify the profitability of the GI business, namely:**

- Continue to execute the price adjustment mechanism and optimise the feedstock procurement strategy.
- Enhance operational efficiency via technological transformation and refined management of GI plants.
- Leverage the beneficial economies of scale in the GI business.
- Explore new business opportunities in the medium to long term.

Pertaining to the Convertible Bonds (the "CBs"), Sunpower is currently focusing on strategising and exploring options to raise the required funds for redemption before the maturity date of the CBs in April 2025. As disclosed, these options include but are 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.

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<sup>7</sup> [https://www.stats.gov.cn/english/PressRelease/202404/t20240424\\_1955021.html](https://www.stats.gov.cn/english/PressRelease/202404/t20240424_1955021.html)

<sup>8</sup> [https://www.stats.gov.cn/english/PressRelease/202404/t20240424\\_1955013.html](https://www.stats.gov.cn/english/PressRelease/202404/t20240424_1955013.html)

<sup>9</sup> [https://www.stats.gov.cn/english/PressRelease/202404/t20240416\\_1954583.html](https://www.stats.gov.cn/english/PressRelease/202404/t20240416_1954583.html)

<sup>10</sup> <https://www.bloomberg.com/news/articles/2024-04-03/china-s-coal-price-slump-likely-to-persist-until-start-of-summer>

**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 2024. 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 Company's IPT general mandate expired on 28 April 2023. After carefully considering all the relevant factors, the Company did not renew the general mandate from shareholders for IPTs after 28 April 2023.

The transaction listed pertain to transaction performed under agreements that were entered into during the period in which the Company's IPT general mandate was in force, which was first adopted on 16 April 2021 and renewed on 27 May 2022 before it expired on 28 April 2023. By the nature of certain of these contracts, certain transactions may only accrue upon the satisfaction of certain milestones. Accordingly, such IPTs as approved under the prior IPT general mandate are presented as and when they are accrued.

The IPTs for the first quarter ended 31 March 2024 are outlined as follows:

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	3M2024	
				Aggregate value of all interested person transactions for the first quarter ended 31 March 2024 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) <sup>(1)</sup> 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 2024 (excluding transactions less than \$100,000) RMB'000
Changshu Suyuan Thermal Power Co., Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd. <sup>(2)</sup>	Associate of controlling shareholders	Construction fee paid for Pipeline and Condensation Recovery Project	-	3,615

Note:

(1) The transactions listed in this column pertain to transactions that are non-mandated.

(2) On 26 July 2022, Jiangsu Sunpower Pipe-line Engineering Technology Co., Ltd. (the "pipeline company") has been disposed of by Sunpower Technology (Jiangsu) Co., Ltd. to unrelated third parties, which are not interested persons of the Group. As a result, transactions entered between the Group and the pipeline company on and from 26 July 2022 are no longer interested person transactions within the meaning of Chapter 9 of the Listing Manual. By the nature of certain of these contracts, certain transactions may only accrue upon the satisfaction of certain milestones. Accordingly, such IPTs as approved under the prior IPT general mandate are presented as and when they are accrued.

**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 2024 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

14 May 2024