

Condensed Interim Financial Statements for the Third Quarter and Nine Months Ended 30 September 2023

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY AND NINE MONTHS 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.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
		Third quarter ended			Nine months ended			Third quarter ended			Nine months ended		
		30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change
Revenue		771,773	868,560	(11.1%)	2,408,696	2,387,923	0.9%	771,773	868,560	(11.1%)	2,408,696	2,387,923	0.9%
Cost of sales		(531,816)	(710,840)	(25.2%)	(1,803,781)	(1,972,733)	(8.6%)	(531,816)	(710,840)	(25.2%)	(1,803,781)	(1,972,733)	(8.6%)
Gross profit		239,957	157,720	52.1%	604,915	415,190	45.7%	239,957	157,720	52.1%	604,915	415,190	45.7%
Other operating income		7,956	2,810	183.1%	17,280	9,043	91.1%	7,956	2,810	183.1%	17,280	9,043	91.1%
Selling and distribution expenses		(18,841)	(16,149)	16.7%	(51,764)	(41,355)	25.2%	(18,841)	(16,149)	16.7%	(51,764)	(41,355)	25.2%
Administrative expenses		(30,014)	(19,346)	55.1%	(72,268)	(60,509)	19.4%	(30,014)	(19,346)	55.1%	(72,268)	(60,509)	19.4%
Foreign exchange gain/(loss)		5,415	(48,102)	(111.3%)	(28,609)	(89,433)	(68.0%)	(753)	719	(204.7%)	(380)	631	(160.2%)
Other operating expenses		(5,228)	(406)	n.m.	(5,487)	(828)	562.7%	(5,228)	(406)	n.m.	(5,487)	(828)	562.7%
Finance costs		(69,348)	(70,974)	(2.3%)	(208,248)	(190,536)	9.3%	(46,112)	(52,211)	(11.7%)	(142,434)	(134,555)	5.9%
Share of profit/(loss) of associate		1,600	(16)	n.m.	3,308	1,512	118.8%	1,600	(16)	n.m.	3,308	1,512	118.8%
Fair value changes on convertible bonds		3,782	29,061	(87.0%)	-	150,455	(100.0%)	-	-	-	-	-	-
Profit before income tax		135,279	34,598	291.0%	259,127	193,539	33.9%	148,565	73,121	103.2%	353,170	189,129	86.7%
Income tax expense		(24,125)	(11,158)	116.2%	(66,337)	(35,562)	86.5%	(24,125)	(11,158)	116.2%	(66,337)	(35,562)	86.5%
Profit for the period		111,154	23,440	374.2%	192,790	157,977	22.0%	124,440	61,963	100.8%	286,833	153,567	86.8%
Other comprehensive income													
<i>Items that may be reclassified subsequently to profit or loss</i>													
Exchange difference on translation of foreign operation		-	(280)	(100.0%)	-	78	(100.0%)	-	(280)	(100.0%)	-	78	(100.0%)
Net fair value loss on investments in debt instruments classified as at FVTOCI		-	(202)	(100.0%)	-	(471)	(100.0%)	-	(202)	(100.0%)	-	(471)	(100.0%)
Total comprehensive income for the period		111,154	22,958	384.2%	192,790	157,584	22.3%	124,440	61,481	102.4%	286,833	153,174	87.3%

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)					Actual (WITHOUT financial effects of Convertible Bonds)						
		Third quarter ended			Nine months ended		Third quarter ended			Nine months ended			
		30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change
<u>Profit for the period attributable to:</u>													
Equity holders of the Company		84,855	10,417	714.6%	130,784	125,852	3.9%	98,141	48,940	100.5%	224,827	121,442	85.1%
Non-controlling interests		26,299	13,023	101.9%	62,006	32,125	93.0%	26,299	13,023	101.9%	62,006	32,125	93.0%
Profit for the period		111,154	23,440	374.2%	192,790	157,977	22.0%	124,440	61,963	100.8%	286,833	153,567	86.8%
<u>Total comprehensive income for the period attributable to:</u>													
Equity holders of the Company		84,855	9,951	752.7%	130,784	125,491	4.2%	98,141	48,474	102.5%	224,827	121,081	85.7%
Non-controlling interests		26,299	13,007	102.2%	62,006	32,093	93.2%	26,299	13,007	102.2%	62,006	32,093	93.2%
Total comprehensive income for the period		111,154	22,958	384.2%	192,790	157,584	22.3%	124,440	61,481	102.4%	286,833	153,174	87.3%

n.m. denotes not meaningful

Explanatory Notes for WITHOUT financial effects of Convertible Bonds:

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)					
	Third quarter ended			Nine months ended			Third quarter ended			Nine months ended		
	30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change
Government grants	1,296	361	259.0%	7,838	4,219	85.8%	1,296	361	259.0%	7,838	4,219	85.8%
Reversal of impairment loss for trade receivable subject to ECL	-	-	-	-	167	(100.0%)	-	-	-	-	167	(100.0%)
Interest income	2,649	1,237	114.1%	5,172	2,336	121.4%	2,649	1,237	114.1%	5,172	2,336	121.4%
Government rebates	62	-	-	86	449	(80.8%)	62	-	-	86	449	(80.8%)
Gain on disposal of plant and equipment	-	-	-	-	29	(100.0%)	-	-	-	-	29	(100.0%)
Others	3,949	1,212	225.8%	4,184	1,843	127.0%	3,949	1,212	225.8%	4,184	1,843	127.0%
Total	7,956	2,810	183.1%	17,280	9,043	91.1%	7,956	2,810	183.1%	17,280	9,043	91.1%

Note: There is no difference for other operating income with and without financial effects of Convertible Bonds for the third quarter and nine months ended 30 September 2023

Note 2: Profit/(Loss) Before Income Tax

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
	Third quarter ended			Nine months ended			Third quarter ended			Nine months ended		
	30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change	30 September 2023	30 September 2022	% change
Depreciation of property, plant and equipment	18,057	19,057	(5.2%)	48,546	44,874	8.2%	18,057	19,057	(5.2%)	48,546	44,874	8.2%
Depreciation of right-of-use assets	1,505	2,904	(48.2%)	4,782	5,299	(9.8%)	1,505	2,904	(48.2%)	4,782	5,299	(9.8%)
Amortisation of intangible assets	40,412	31,437	28.5%	126,217	98,220	28.5%	40,412	31,437	28.5%	126,217	98,220	28.5%
Impairment loss on trade and other receivables subject to ECL	4,388	1	n.m.	4,512	37	n.m.	4,388	1	n.m.	4,512	37	n.m.
Reversal of impairment loss on trade and other receivables subject to ECL	-	167	(100.0%)	-	-	-	-	167	(100.0%)	-	-	-
Loss on disposal of property, plant and equipment and intangible assets	717	272	163.6%	717	301	138.2%	717	330	117.3%	717	301	138.2%
Foreign exchange (gain)/loss – net	(5,415)	48,655	(111.1%)	28,609	89,986	(68.2%)	753	(166)	(553.6%)	380	(78)	(587.2%)
Finance costs	69,348	70,974	(2.3%)	208,248	190,536	9.3%	46,112	52,211	(11.7%)	142,434	134,555	5.9%
Fair value changes on convertible bonds	(3,782)	(29,061)	(87.0%)	-	(150,455)	(100.0%)	-	-	-	-	-	-

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.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Actual (WITH financial effects of Convertible Bonds)			
		Group		Company	
(RMB'000)	Note	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS					
Current assets:					
Cash and cash equivalents		555,622	585,268	795	10,141
Pledged bank deposits		86,505	128,742	-	-
Trade receivables and contract assets		740,355	638,123	-	-
Other receivables, deposits and prepayments		395,689	349,409	297,423	294,471
Inventories		129,921	175,315	-	-
Financial assets at fair value through other comprehensive income		55,645	50,458	-	-
Total current assets		1,963,737	1,927,315	298,218	304,612
Non-current assets:					
Property, plant and equipment		557,152	632,439	-	-
Right-of-use assets		232,702	237,483	-	-
Other receivables, deposits and prepayments		70,729	44,722	129,661	129,660
Financial assets at fair value through other comprehensive income		2,445	2,445	-	-
Subsidiaries and Associates		57,195	53,887	914,379	914,379
Intangible assets		4,327,993	4,322,808	-	-
Deferred tax assets		29,786	31,932	-	-
Goodwill		415,582	415,582	-	-
Total non-current assets		5,693,584	5,741,298	1,044,040	1,044,039
Total assets		7,657,321	7,668,613	1,342,258	1,348,651
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables, other payables and contract liabilities		756,176	1,144,823	462,716	431,104
Lease liabilities		1,710	1,646	-	-
Borrowings		1,198,131	918,485	-	-
Convertible bonds		-	892,707	-	892,707
Income tax payable		32,550	6,763	-	-
Total current liabilities		1,988,567	2,964,424	462,716	1,323,811
Non-current liabilities:					
Deferred tax liabilities		223,522	225,666	-	-
Borrowings		2,235,287	2,424,490	-	-
Convertible bonds		969,462	-	969,462	-
Lease liabilities		3,372	4,184	-	-
Total non-current liabilities		3,431,643	2,654,340	969,462	-
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		249,271	239,681	-	-
Share option reserve		319	319	319	319
Foreign currency translation reserve		-	-	-	-
Revaluation reserve		(1,706)	(1,706)	-	-
Retained earnings (Accumulated losses)		1,236,381	1,120,715	(461,554)	(346,794)
Equity attributable to equity holders of the Company		1,855,580	1,730,324	(89,920)	24,840
Non-controlling interests		381,531	319,525	-	-
Total equity		2,237,111	2,049,849	(89,920)	24,840
Total liabilities and equity		7,657,321	7,668,613	1,342,258	1,348,651

		Actual (WITHOUT financial effects of Convertible Bonds)			
		Group		Company	
(RMB'000)	Note	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)	As at 30 September 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS					
Current assets:					
Cash and cash equivalents		555,622	585,268	795	10,141
Pledged bank deposits		86,505	128,742	-	-
Trade receivables and contract assets		740,355	638,123	-	-
Other receivables, deposits and prepayments		395,689	349,409	297,423	294,471
Inventories		129,921	175,315	-	-
Financial assets at fair value through other comprehensive income		55,645	50,458	-	-
Total current assets		1,963,737	1,927,315	298,218	304,612
Non-current assets:					
Property, plant and equipment		557,152	632,439	-	-
Right-of-use assets		232,702	237,483	-	-
Other receivables, deposits and prepayments		70,729	44,722	129,661	129,660
Financial assets at fair value through other comprehensive income		2,445	2,445	-	-
Subsidiaries and Associates		57,195	53,887	914,379	914,379
Intangible assets		4,327,993	4,322,808	-	-
Deferred tax assets		29,786	31,932	-	-
Goodwill		415,582	415,582	-	-
Total non-current assets		5,693,584	5,741,298	1,044,040	1,044,039
Total assets		7,657,321	7,668,613	1,342,258	1,348,651
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables, other payables and contract liabilities		739,381	1,122,761	445,927	409,048
Lease liabilities		1,710	1,646	-	-
Borrowings		1,198,131	918,485	-	-
Convertible bonds		-	761,944	-	761,944
Income tax payable		32,550	6,763	-	-
Total current liabilities		1,971,772	2,811,599	445,927	1,170,992
Non-current liabilities:					
Deferred tax liabilities		223,522	225,666	-	-
Borrowings		2,235,287	2,424,490	-	-
Convertible bonds		739,389	-	739,389	-
Lease liabilities		3,372	4,184	-	-
Total non-current liabilities		3,201,570	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		249,271	239,681	-	-
Share option reserve		319	319	319	319
Foreign currency translation reserve		-	-	-	-
Revaluation reserve		(1,706)	(1,706)	-	-
Retained earnings (Accumulated losses)		1,483,249	1,273,540	(214,692)	(193,975)
Equity attributable to equity holders of the Company		2,102,448	1,883,149	156,942	177,659
Non-controlling interests		381,531	319,525	-	-
Total equity		2,483,979	2,202,674	156,942	177,659
Total liabilities and equity		7,657,321	7,668,613	1,342,258	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 30 September 2023</u>		<u>As at 31 December 2022</u>	
	Secured	Unsecured	Secured	Unsecured
Borrowings	1,198,131	-	918,485	-

Amount repayable after one year

(RMB'000)	<u>As at 30 September 2023</u>		<u>As at 31 December 2022</u>	
	Secured	Unsecured	Secured	Unsecured
Borrowings	2,235,287	-	2,424,490	-

Details of any collaterals:

<u>Collaterals</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
	<u>RMB'000</u>	<u>RMB'000</u>
Secured by building, land use rights, and service concession arrangement and equipment, pledged bank deposit of the subsidiary	2,618,445	2,780,128
Guaranteed by the subsidiary	549,739	288,000
Guaranteed by the company	265,234	274,847

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.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2023

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)			
		Third quarter ended		Nine months ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
Operating activities					
Profit before income tax		135,279	34,598	259,127	193,539
Adjustments for:					
Depreciation of property, plant and equipment		18,057	19,057	48,546	44,874
Depreciation of right-of-use assets		1,505	2,904	4,782	5,299
Amortisation of intangible assets		40,412	31,437	126,217	98,220
Interest expense		69,348	70,974	208,248	190,536
Exchange difference arising on foreign currency translation		753	-	380	-
Share of (profit)/loss of associate		(1,600)	16	(3,308)	(1,511)
Loss on disposal of property, plant and equipment		717	272	717	301
Interest income		(2,649)	(1,237)	(5,172)	(2,336)
Impairment loss on trade and other receivables subject to ECL, net		4,388	168	4,512	37
Exchange (gain)/loss on convertible bonds		(6,168)	48,821	28,229	90,064
Fair value gain on convertible bonds		(3,782)	(29,061)	-	(150,455)
Operating cash flows before movements in working capital		256,260	177,949	672,278	468,568
Trade receivables and contract assets		(45,335)	(38,499)	(107,524)	(142,325)
Financial assets at fair value through other comprehensive income		(3,568)	(29,708)	(5,187)	(62,414)
Other receivables, deposits and prepayments		(27,269)	(68,327)	(25,762)	44,197
Inventories		62,218	(40,976)	45,394	626
Trade payables, other payables and contract liabilities		(196,868)	(4,873)	(245,783)	(21,052)
Cash generated from/(used in) operations		45,438	(4,434)	333,416	287,600
Income tax paid		(24,184)	(21,074)	(58,728)	(59,130)
Interest paid		(55,481)	(52,518)	(139,107)	(116,522)
Interest received		2,649	1,237	5,172	2,336
Net cash (used in)/generated from operating activities		(31,578)	(76,789)	140,753	114,284
Investing activities					
Purchase of property, plant and equipment		(1,895)	(7,854)	(14,007)	(32,119)
Prepayment for build-operate-transfer ("BOT") projects		(3,377)	-	(29,683)	(42,996)
Acquisition of intangible assets		(43,572)	(180,463)	(224,569)	(364,341)
Proceeds from disposal of property, plant and equipment		-	-	-	940
Payment of deferred consideration relating to acquisition of subsidiary		-	-	-	(7,183)
Investment in associate		-	-	-	(31,478)
Proceeds from disposal of subsidiary		-	-	1,400	-
Net cash used in investing activities		(48,844)	(188,317)	(266,859)	(477,177)
Financing activities					
Proceeds from new borrowings		21,239	312,431	652,122	1,427,050
Repayment of borrowings		(70,730)	(130,256)	(556,776)	(836,088)
Pledged bank deposits		61,856	147,850	42,237	(11,466)
Payment of dividends		-	-	(5,528)	-
Repayment of lease liabilities		-	(957)	-	(957)
Interest paid		(3,911)	(5,168)	(35,215)	(28,690)
Net cash generated from financing activities		8,454	323,900	96,840	549,849
Net (decrease)/increase in cash and cash equivalents		(71,968)	58,794	(29,266)	186,956
Cash and cash equivalents at beginning of period		628,343	526,473	585,268	398,399
Effects of foreign exchange rate changes		(753)	166	(380)	78
Cash and cash equivalents at end of period		555,622	585,433	555,622	585,433

Actual (WITHOUT financial effects of Convertible Bonds)					
(RMB'000)	Note	Third quarter ended		Nine months ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
Operating activities					
Profit before income tax		148,565	73,121	353,170	189,129
Adjustments for:					
Depreciation of property, plant and equipment		18,057	19,057	48,546	44,874
Depreciation of right-of-use assets		1,505	2,904	4,782	5,299
Amortisation of intangible assets		40,412	31,437	126,217	98,220
Interest expense		46,112	52,211	142,434	134,555
Exchange difference arising on foreign currency translation		753	-	380	-
Share of profit of associate		(1,600)	16	(3,308)	(1,511)
Loss on disposal of property, plant and equipment		717	272	717	301
Interest income		(2,649)	(1,237)	(5,172)	(2,336)
Impairment loss on trade and other receivables subject to ECL, net		4,388	168	4,512	37
Operating cash flows before movements in working capital		256,260	177,949	672,278	468,568
Trade receivables and contract assets		(45,335)	(38,499)	(107,524)	(142,325)
Financial assets at fair value through other comprehensive income		(3,568)	(29,708)	(5,187)	(62,414)
Other receivables, deposits and prepayments		(27,269)	(68,327)	(25,762)	44,197
Inventories		62,218	(40,976)	45,394	626
Trade payables, other payables and contract liabilities		(196,868)	(4,873)	(245,783)	(21,052)
Cash generated from/(used in) operations		45,438	(4,434)	333,416	287,600
Income tax paid		(24,184)	(21,074)	(58,728)	(59,130)
Interest paid		(55,481)	(52,518)	(139,107)	(116,522)
Interest received		2,649	1,237	5,172	2,336
Net cash (used in)/generated from operating activities		(31,578)	(76,789)	140,753	114,284
Investing activities					
Purchase of property, plant and equipment		(1,895)	(7,854)	(14,007)	(32,119)
Prepayment for build-operate-transfer ("BOT") projects		(3,377)	-	(29,683)	(42,996)
Acquisition of intangible assets		(43,572)	(180,463)	(224,569)	(364,341)
Proceeds from disposal of property, plant and equipment		-	-	-	940
Payment of deferred consideration relating to acquisition of subsidiary		-	-	-	(7,183)
Investment in associate		-	-	-	(31,478)
Proceeds from disposal of subsidiary		-	-	1,400	-
Net cash used in investing activities		(48,844)	(188,317)	(266,859)	(477,177)
Financing activities					
Proceeds from new borrowings		21,239	312,431	652,122	1,427,050
Repayment of borrowings		(70,730)	(130,256)	(556,776)	(836,088)
Pledged bank deposits		61,856	147,850	42,237	(11,466)
Payment of dividends		-	-	(5,528)	-
Repayment of lease liabilities		-	(957)	-	(957)
Interest paid		(3,911)	(5,168)	(35,215)	(28,690)
Net cash generated from financing activities		8,454	323,900	96,840	549,849
Net (decrease)/increase in cash and cash equivalents		(71,968)	58,794	(29,266)	186,956
Cash and cash equivalents at beginning of period		628,343	526,473	585,268	398,399
Effects of foreign exchange rate changes		(753)	166	(380)	78
Cash and cash equivalents at end of period		555,622	585,433	555,622	585,433

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.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

Actual (WITH financial effects of Convertible Bonds)										
Group	Share capital	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
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/(loss) for the year</u>										
Profit for the year	-	-	-	-	-	-	138,799	138,799	47,997	186,796
Other comprehensive profit/(loss) for the year	-	-	-	-	190	(497)	-	(307)	(32)	(339)
Total	-	-	-	-	190	(497)	138,799	138,492	47,965	186,457
<u>Transaction with owners, recognized directly in equity</u>										
Transfer to general reserves	-	-	53,528	-	-	-	(53,528)	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	(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
<u>Total comprehensive income for April to June 2023</u>										
Profit for April to June 2023	-	-	-	-	-	-	17,272	17,272	25,167	42,439
Total	-	-	-	-	-	-	17,272	17,272	25,167	42,439
<u>Transactions with owners, recognised directly in equity</u>										
Dividend paid	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)
Transfer to general reserves	-	-	16,110	-	-	-	(16,110)	-	-	-
Total	-	-	16,110	-	-	-	(21,638)	(5,528)	-	(5,528)
Balance as at June 30, 2023	57,662	313,653	262,846	319	-	(1,706)	1,137,951	1,770,725	355,232	2,125,957

Actual (WITH financial effects of Convertible Bonds)

<u>Group</u>	Share capital	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
Balance as at July 1, 2023	57,662	313,653	262,846	319	-	(1,706)	1,137,951	1,770,725	355,232	2,125,957
<u>Total comprehensive income for July to September 2023</u>										
Profit for July to September 2023	-	-	-	-	-	-	84,855	84,855	26,299	111,154
Total	-	-	-	-	-	-	84,855	84,855	26,299	111,154
<u>Transaction with owners, recognized directly in equity</u>										
Transfer to general reserves	-	-	12,788	-	-	-	(12,788)	-	-	-
Strike off of a subsidiary	-	-	(26,363)	-	-	-	26,363	-	-	-
Total	-	-	(13,575)	-	-	-	13,575	-	-	-
Balance as at September 30, 2023	57,662	313,653	249,271	319	-	(1,706)	1,236,381	1,855,580	381,531	2,237,111

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Group</u>	Share capital	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
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/(loss) for the year</u>										
Profit for the year	-	-	-	-	-	-	136,540	136,540	47,997	184,537
Other comprehensive profit/(loss) for the year	-	-	-	-	190	(497)	-	(307)	(32)	(339)
Total	-	-	-	-	190	(497)	136,540	136,233	47,965	184,198
<u>Transaction with owners, recognized directly in equity</u>										
Transfer to general reserves	-	-	53,528	-	-	-	(53,528)	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	(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
<u>Total comprehensive income for April to June 2023</u>										
Profit for April to June 2023	-	-	-	-	-	-	82,846	82,846	25,167	108,013
Total	-	-	-	-	-	-	82,846	82,846	25,167	108,013
<u>Transactions with owners, recognised directly in equity</u>										
Dividend paid	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)
Transfer to general reserves	-	-	16,110	-	-	-	(16,110)	-	-	-
Total	-	-	16,110	-	-	-	(21,638)	(5,528)	-	(5,528)
Balance as at June 30, 2023	57,662	313,653	262,846	319	-	(1,706)	1,371,533	2,004,307	355,232	2,359,539

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Group</u>	Share capital	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
Balance as at July 1, 2023	57,662	313,653	262,846	319	-	(1,706)	1,371,533	2,004,307	355,232	2,359,539
<u>Total comprehensive income for July to September 2023</u>										
Profit for July to September 2023	-	-	-	-	-	-	98,141	98,141	26,299	124,440
Total	-	-	-	-	-	-	98,141	98,141	26,299	124,440
<u>Transaction with owners, recognized directly in equity</u>										
Transfer to general reserves	-	-	12,788	-	-	-	(12,788)	-	-	-
Strike off of a subsidiary	-	-	(26,363)	-	-	-	26,363	-	-	-
Total	-	-	(13,575)	-	-	-	13,575	-	-	-
Balance as at September 30, 2023	57,662	313,653	249,271	319	-	(1,706)	1,483,249	2,102,448	381,531	2,483,979

Actual (WITH financial effects of Convertible Bonds)

<u>Company</u>	Share capital	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
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 income for January to March 2023	-	-	-	(18,279)	(18,279)	(18,279)
Balance as at March 31, 2023	57,662	313,653	319	(365,073)	6,561	6,561
Loss for the period, representing total comprehensive income for April to June 2023	-	-	-	(68,383)	(68,383)	(68,383)
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(5,528)	(5,528)	(5,528)
Total	-	-	-	(5,528)	(5,528)	(5,528)
Balance as at June 30, 2023	57,662	313,653	319	(438,984)	(67,350)	(67,350)
Loss for the period, representing total comprehensive income for July to September 2023	-	-	-	(22,570)	(22,570)	(22,570)
Balance as at September 30, 2023	57,662	313,653	319	(461,554)	(89,920)	(89,920)

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Company</u>	Share capital	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
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 income for January to March 2023	-	-	-	(3,096)	(3,096)	(3,096)
Balance as at March 31, 2023	57,662	313,653	319	(197,071)	174,563	174,563
Loss for the period, representing total comprehensive income for April to June 2023	-	-	-	(2,809)	(2,809)	(2,809)
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(5,528)	(5,528)	(5,528)
Total	-	-	-	(5,528)	(5,528)	(5,528)
Balance as at June 30, 2023	57,662	313,653	319	(205,408)	166,226	166,226
Loss for the period, representing total comprehensive income for July to September 2023	-	-	-	(9,284)	(9,284)	(9,284)
Balance as at September 30, 2023	57,662	313,653	319	(214,692)	156,942	156,942

1d(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, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

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 30 September 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.

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 30 September 2023, the maximum number of shares that may be issued as at 30 September 2023 is 359,379,000 ordinary shares (30 September 2022: 359,379,000 ordinary shares). The fully diluted shares (including treasury shares) as at 30 September 2023 and 30 September 2022 were 1,155,065,142 ordinary shares respectively.

1d(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 30 September 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

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

Not applicable.

1d(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.

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 in the Group’s financial statements for the current reporting period and year 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)			
	Third Quarter ended		Nine months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Net profit attributable to equity holders of the Group (RMB'000)	84,855	10,417	130,784	125,852
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per share – <i>basic</i> (RMB cents)	10.66	1.31	16.44	15.82
	Actual (WITHOUT financial effects of Convertible Bonds)			
	Third Quarter ended		Nine months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Net profit attributable to equity holders of the Group (RMB'000)	98,141	48,940	224,827	121,442
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per share – <i>basic</i> (RMB cents)	12.33	6.15	28.26	15.26

Basic earnings per share for third quarter and nine months ended 30 September 2023 and 30 September 2022 have been calculated based on the weighted average number of ordinary shares issued at 795,686,142 ordinary shares respectively.

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

	Actual (WITH financial effects of Convertible Bonds)			
	Third Quarter ended		Nine months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Net profit attributable to equity holders of the Group (RMB'000)	98,141	10,417	130,784	121,442
Weighted average number of ordinary shares outstanding ('000)	1,154,020	796,087	795,832	1,154,275
Earnings per share – <i>diluted</i> (RMB cents)	8.50	1.31	16.43	10.52
	Actual (WITHOUT financial effects of Convertible Bonds)			
	Third Quarter ended		Nine months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Net profit attributable to equity holders of the Group (RMB'000)	98,141	48,940	224,827	121,442
Weighted average number of ordinary shares outstanding ('000)	795,832	796,087	795,832	796,087
Earnings per share – <i>diluted</i> (RMB cents)	12.33	6.15	28.25	15.25

Diluted earnings per share for the above periods have been calculated by 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 all share options granted have been exercised as at 30 September 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			
	30 September 2023	31 December 2022	30 September 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)	281.15	257.62	312.18	276.83

	Company			
	30 September 2023	31 December 2022	30 September 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)	(11.30)	3.12	19.72	22.33

The net asset value per share for 30 September 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 30 September 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**

The Group's performance for the third quarter ended 30 September 2023 ("3Q2023") as compared to that of the third quarter ended 30 September 2022 ("3Q2022")

Based on actual financial performance WITH financial effects of Convertible Bonds

Revenue

The Group's revenue is mainly from the provision of utilities segment. Revenue decreased by approximately RMB 96.8 million or 11.1% from RMB 868.6 million in 3Q2022 to RMB 771.8 million in 3Q2023. The decrease in the construction service revenue from Service Concession Arrangements accounted for in accordance with IFRIC 12 Service Concession Arrangements of RMB 158.0 million is due to less construction of BOT projects in 3Q2023.

The above-mentioned factor was offset by an increase in the Group's recurring revenue which was contributed by the continued ramp-up of GI projects in response to strong demand for industrial steam.

The Group's recurring revenue increased by approximately RMB 61.2 million or 8.6% from RMB 710.6 million in 3Q2022 to RMB 771.8 million in 3Q2023.

Gross Profit

Gross profit increased from RMB 157.7 million in 3Q2022 to RMB 240.0 million in 3Q2023 by approximately RMB 82.3 million or 52.1%, 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, 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 approximately RMB 100.7 million or 291.0% from RMB 34.6 million in 3Q2022 to RMB 135.3 million in 3Q2023. The increase was mainly attributable to the following factors:

- (a) Increase in gross profit of RMB 82.3 million or 52.1% from RMB 157.7 million in 3Q2022 to RMB 240.0 million in 3Q2023 as explained above;
- (b) Increase in foreign exchange gain of RMB 53.5 million from a loss of RMB 48.1 million in 3Q2022 to a gain of RMB 5.4 million in 3Q2023, due mainly to higher appreciation of RMB against the US dollar for the USD Convertible Bonds compared to the same period last year; and
- (c) Increase in other operating income of RMB 5.1 million or 183.1% from RMB 2.8 million in 3Q2022 to RMB 7.9 million in 3Q2023, mainly contributed by interest income earned.

The above-mentioned factors were offset by:

- (a) Decrease in fair value gain on Convertible Bonds of RMB 25.3 million or 87.0% from RMB 29.1 million in 3Q2022 to RMB 3.8 million in 3Q2023. This was due to (i) a larger decrease in share price during the financial period from 1 July 2022 to 30 September 2022 compared to during the financial period from 1 July 2023 to 30 September 2023 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 circular dated on 11 July 2023;
- (b) Increase in selling and distribution expenses of RMB 2.7 million or 16.7% from RMB 16.1 million in 3Q2022 to RMB 18.8 million due mainly to the increased sales of steam volume from Shantou project; and
- (c) Increase in administrative expenses of RMB 10.7 million or 55.1% from RMB 19.3 million in 3Q2022 to RMB 30.0 million in 3Q2023, due mainly to the agency fees related to the Convertible Bonds amendment agreement signed in 2023.

Income Tax Expense

The income tax expense increased by RMB 13.0 million or 116.2% from RMB 11.1 million in 3Q2022 to RMB 24.1 million in 3Q2023, which was in line with the growth in profit.

Profit for the Financial Period

As a result of the above, the Group's net profit attributable to the equity holders increased by RMB 74.4 million or 714.6% from RMB 10.4 million in 3Q2022 to RMB 84.8 million in 3Q2023.

- (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 36.4 million or 1.9% from RMB 1,927.3 million as at 31 December 2022 to RMB 1,963.7 million as at 30 September 2023. The increase was mainly due to:

- (a) Increase in trade receivables and contract assets of RMB 102.2 million due mainly to the increase in receivables of biomass power subsidies of Group's biomass GI projects.

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 78.1% and 38.9% of the trade receivables at 31 December 2022 and 30 September 2023 respectively were collected as at 31 October 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;

- (b) Increase in other receivables, deposits and prepayments of RMB 46.3 million due mainly to increase in prepayment of inventories;
- (c) Decrease in inventories of RMB 45.4 million due primarily to consumption of raw materials and more inventories kept as of December 2022; and
- (d) Decrease in pledged bank deposits of RMB 42.2 million as less collaterals were required for the credit facilities granted at the end of the period.

The Group's total non-current assets decreased by RMB 47.7 million or 0.8% from RMB 5,741.3 million as at 31 December 2022 to RMB 5,693.6 million as at 30 September 2023. The decrease was mainly due to:

- (a) Decrease in property, plant and equipment of RMB 75.3 million whereby the construction in progress relating to service concession arrangement was transferred to intangible assets and there were depreciation expenses incurred;

The above-mentioned factor was offset by:

- (a) Increase in other receivables, deposits and prepayments of RMB 26.0 million due primarily to the increase in prepayments for construction of Xinyuan project; and
- (b) Increase in intangible assets of RMB 5.2 million due mainly to the construction in progress relating to service concession arrangement transferred from property, plant and equipment, increase in construction in progress relating to Xinjiang project and offset by the amortisation of the intangible assets to profit or loss.

The Group's total current liabilities decreased by RMB 975.9 million or 32.9% from RMB 2,964.4 million as at 31 December 2022 to RMB 1,988.5 million as at 30 September 2023, due mainly to the following:

- (a) Reclassification of Convertible bonds from current liabilities to non-current liabilities;
- (b) Decrease in trade payables, other payables and contract liabilities of RMB 388.6 million primarily as a result of payment of outstanding raw materials purchase of RMB 197.2 million, construction payables for BOT projects and salaries payable of RMB 198.3 million in 2023.

The above-mentioned factors were offset by:

- (a) Increase in short-term borrowings of RMB 279.6 million due to replenishment of working capital for GI business.

The Group's total non-current liabilities increased by approximately RMB 777.3 million or 29.3% from RMB 2,654.3 million as at 31 December 2022 to RMB 3,431.6 million as at 30 September 2023. The increase was due to:

- (a) Reclassification of Convertible bonds of RMB 969.4 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 189.2 million due primarily to the repayment of long-term 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 31.6 million in 3Q2023, due primarily to the following factors:

- (a) Increased working capital requirements due to the increase in trade receivables of RMB 45.3 million, increase in financial assets at fair value through other comprehensive income of RMB 3.6 million, increase in other receivables and prepayments of RMB 27.3 million, decrease in inventories of RMB 62.2 million and increase in trade payables and contract liabilities of RMB 196.9 million; and
- (b) Interest and tax paid of RMB 79.7 million in aggregate.

Net cash used in investing activities amounted to RMB 48.8 million due mainly to the purchase of property, plant and equipment of RMB 1.9 million, prepayment on BOT projects of RMB 3.4 million and expenditure on intangible assets of RMB 43.5 million.

Net cash generated from financing activities amounted to RMB 8.4 million due to repayment of bank loans of RMB 70.7 million and interest paid of RMB 3.9 million, which were offset by new borrowings from banks of RMB 21.2 million and pledged bank deposits of RMB 61.8 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.

Use of Proceeds from Convertible Bonds (Cont'd)

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 2023¹.

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 2025².

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 31 October 2023, the Company has utilised an aggregate of US\$ 123.8 million of the net proceeds from Convertible Bonds as per the schedule below.

¹ For the full details, please refer to the circular to shareholders that was released on 31 March 2021.

² For the full details, please refer to the general announcement to shareholders that was released on 27 March 2023.

Use of Proceeds from Convertible Bonds (Cont'd)

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)
Yingtang ⁽¹⁾	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) ⁽²⁾
Total Convertible Bonds Proceeds utilised		US\$ 123.8 million (approximately RMB 805.7 million)

***Note:**

(1) Yingtang 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; and (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 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 31 January 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 of 31 October 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.

Use of Proceeds from Placement of Treasury Shares (Cont'd)

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

As at 31 October 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 49.2 million or 100.5% from net profit of RMB 48.9 million in 3Q2022 to net profit of RMB 98.1 million in 3Q2023.

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.

Following China's post-pandemic reopening, domestic consumption of basic consumer goods saw significantly better performance. As one of the GI business's growth drivers, the increase in demand for clean industrial steam by customers in such industries, the majority of which focus on the vast domestic China market, has facilitated the continued ramp-up of the GI projects.

In 9M 2023, total steam sales volume maintained its growth momentum, rising by 9.7% YoY to 7.45 million tons. Meanwhile, GI recurring revenue³ rose 14.7% YoY to RMB2,374.2 million, with the growth mainly attributed to higher industrial steam sales volume and continued execution of the price adjustment mechanism that links feedstock cost to industrial steam price.

The profitability of the GI business grew faster than the growth in steam sales volume and revenue. GI recurring EBITDA⁴ rose 46.2% YoY to RMB709.8 million in 9M 2023, exceeding the whole of FY2022, while GI recurring PATMI⁵ rose 83.6% YoY to RMB254.8 million. Profit margins significantly improved on the back of comprehensive reasons, including the continued ramp-up of GI projects, solid execution of the price adjustment mechanism, the emergence of beneficial economies of scale, and the enhancement of operating efficiency via technological transformation and refined management of the GI plants.

GI operating cash flow⁶ also improved 39.5% YoY to RMB190.7 million in 9M 2023.

The strong performance of the GI business is proof of the reliability of the business model and the correctness of the business strategy that have helped the Group deal with the various challenges. In addition, the extensive experience gained by management has helped the Company to bounce back quickly and achieve significant growth. Despite the mixed operating environment, Sunpower is still able to sustain positive momentum in sales and achieve significant growth in profitability.

Domestic consumption was reported to have improved in industries where the GI business has industrial steam customers, such as consumer goods and hospitality. Industrial sectors, which have maintained stable recovery since the economic reopening in early 2023, saw faster value-added growth in August and September.⁷ As for feedstock, prices stayed within a broad range in 9M 2023 and have generally declined from 2022.⁸

³ 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*.

⁴ 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.

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 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 GI operating cashflow refers to cashflow generated by operating activities of the GI Business.

⁷ <https://www.china-briefing.com/news/china-q3-2023-economic-roundup-gdp-growth-beats-forecasts/>

⁸ <https://baijiahao.baidu.com/s?id=1778188484554246989&wfr=spider&for=pc>

The outlook for the Group remains encouraging as of November 2023 and barring unforeseen circumstances, demand for industrial steam is expected to remain resilient. The Group is focused on improving the profitability of its GI projects and cash flows, leveraging on its reliable business model.

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

Continued ramp-up of existing GI plants, namely:

- Continued ramp-up of 10 projects in commercial operation, driven by the continuous relocation of new factories into industrial parks, expansion of coverage area, organic growth of customers and/or long-term structural development of industrial parks.
- Yongxing Plant's general solid waste JV plant is expected to commence operation in 2023.
- Shanxi Xinjiang Project is in trial operation and is expected to ramp up in future.

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

- Continue to execute the price adjustment mechanism.
- Enhance efficiency via technological transformation and refined management of GI plants.
- Leverage the beneficial economies of scale in the GI business.
- Continue to deploy the Mitigation Measures⁹ and differentiation strategies¹⁰.
- Explore new business opportunities in the medium to long term.

With reference to the extension of the maturity date of the Convertible Bonds (the "CBs") by two years to April 2025, amongst other amendments, this was approved by shareholders at a Special General Meeting on 28 July 2023. During the extension period, Sunpower will focus on strategising and exploring options to raise the required funds for redemption, including but not limited to seeking new investors, additional equity or debt fundraising, a strategic review of the Group's existing operations and financials, and monetisation of certain GI Projects.

⁹ The Mitigation Measures include but are not limited to adjusting steam prices with customers; diversifying the feedstock mix to include biomass, sludge and general solid waste; continued implementation of the cost-reduction strategy of controlling unit material use; stocking up on feedstock when prices are conducive; optimisation of steam transmission efficiency; strengthening the ramp-up of GI plant utilisation by connecting to more customers; and further reinforcing the refined management of the plants.

¹⁰ Sunpower has been proactively implementing various differentiation strategies across its GI project portfolio to realise the medium to long term growth potential of each GI project, depending on the unique characteristics of each industrial park.

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 third quarter ended 30 September 2023. It is not the Company's practice to declare dividends during the third 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 did not renew the general mandate from shareholders for IPTs subsequent to calendar year 2022. For completeness, the transactions listed below pertain to transactions 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 interested person transactions as approved under the prior IPT general mandate are presented as and when they are accrued. The IPTs for the third quarter ended 30 September 2023 are outlined as follows:

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	9M2023	
				Aggregate value of all interested person transactions for the nine months ended 30 September 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 nine months ended 30 September 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	-	1,468

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	9M2023	
				Aggregate value of all interested person transactions for the nine months ended 30 September 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 nine months ended 30 September 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.</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	4,205	-

Note:

On 26 July 2022, Jiangsu Sunpower Pipe-line Engineering Technology Co., Ltd. (the "pipeline company") has been disposed by Sunpower Technology (Jiangsu) Co., Ltd. to unrelated third parties, which are not interested person 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.

Voluntary Disclosure - Non-IPT for the nine months ended 30 September 2023 as these contracts entered with respective parties were signed prior to 30 April 2021 (Disposal of MS segment):

Name of Entity At Risk	Name of non-Interested Person	Nature of Relationship	Nature of Transaction	Aggregate value of all non-interested person transactions for the nine months ended 30 September 2023 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000
Hebei Changrun Environmental Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd. <u>AND</u> Shandong Yangguang Engineering Design Institute Co., Ltd.	Associate of controlling shareholders	Design fee paid for pipeline construction project	1,903
Xinjiang Sunpower Clean Energy Co., Ltd.	Shandong Yangguang Engineering Design Institute Co., Ltd.	Associate of controlling shareholders	Construction fee paid for EPC contract	13,083

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 condensed interim financial statements for the third quarter and nine months ended 30 September 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 7.7](#) under [Rules 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

9 November 2023