中聖集團
SUNPOWER GROUP LTD.

Be the SOLUTION Not the POLLUTION

Annual Report 2022

CORPORATE PROFILE

Sunpower Group Ltd. (SGX stock code: 5GD.SI) was founded in 1997 and listed on the SGX-ST (Singapore Exchange Securities Trading) in 2005. It is a leading provider of clean industrial steam, civil heating, electricity, and industrial services with a sizeable portfolio of Green Investments ("GI") projects. The projects facilitate the development of the circular economy in industrial parks and help China attain its goals of carbon peak and carbon neutrality through initiatives such as the clean and efficient use of feedstock and diversifying its sources of feedstock to include industrial sludge and solid waste.

Following the disposal of the Manufacturing and Services ("M&S") business in 2021, the Group's sole business is the GI business which invests in and operates centralised facilities that supply clean industrial steam, civil heating, electricity and industrial services. Its sizeable project portfolio of 10 operational plants and 1 project expected to start trial operation has the proven ability to generate long-term, high-quality, recurring income and cash flows through long-term concessions of typically 30 years and extensive pipeline networks that enhance *de facto* exclusivity within their coverage areas.

The Group also focuses on the long-term value of its shareholders. It has built a valuable and sizeable portfolio of projects that generate attractive Internal Rates of Return ("IRR") and a high Net Present Value ("NPV") of future cash flows. The Group paid a substantial special dividend in 2021 from the proceeds of the M&S disposal that brought investment returns. In the long run, the Group has the potential to further unlock value for shareholders.

CONTENTS

KEY AWARDS AND ACCREDITATIONS

Sunpower's resilient performance and achievements have earned it various awards. In addition, its contribution to green development and environmental protection has been recognised through membership in various environment and energy related associations. With its accomplishments, Sunpower was included in the China Energy Group Top 500 List from 2019 to 2021[1].

China Energy Group Top 500 List

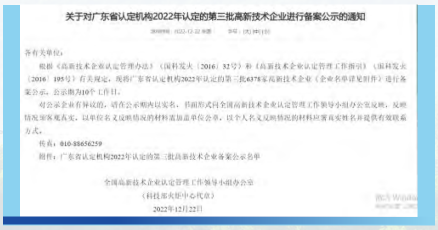
Deloitte Best Managed Company Award in China

China Well-Known Trademark

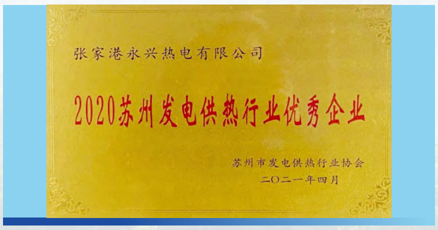
National Key Protected Brand

Model Enterprise For Promotion of Low-Carbon Environmental Protection

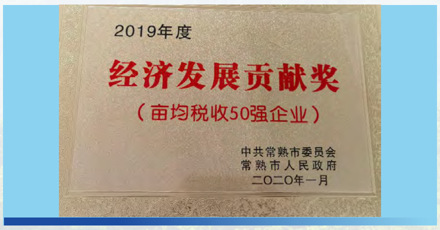
Jiangsu Provincial Water-Conserving Enterprise



High-tech Enterprise of Guangdong Province



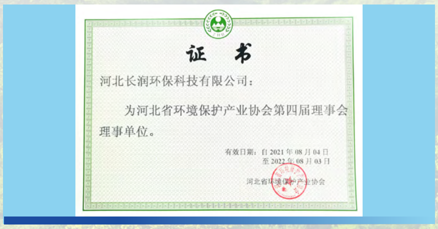
Excellent Enterprise in Steam Supply Industry in Suzhou



Economic Development Contribution Award

Outstanding Private Enterprise

Member of China Association of Environmental Protection Industry



Council Member of Hebei Association of Environmental Protection Industry

Member of Jiangsu Association of Environmental Protection Industry

Member of Energy Association of Jiangsu Province

1 2019 China Energy Group Top 500 List (354): https://baijiahao.baidu.com/s?id=1652924390698522739&wfr=spider&for=pc
2020 China Energy Group Top 500 List (334): https://baijiahao.baidu.com/s?id=1686392689152474506&wfr=spider&for=pc
2021 China Energy Group Top 500 List (327): https://www.maigoo.com/news/610032.html

GREEN INVESTMENTS

Leading provider of industrial steam and supplier of industrial services

OVERVIEW OF GI BUSINESS

Sunpower is a leading provider of industrial services. The GI business invests in and operates centralised facilities that supply clean industrial steam to a diverse range of industries supported by structural demand; pollution-free civil heating to households; and electricity to the State Grid. Its projects also provide complementary industrial products and services such as compressed air and treatment services for industrial sludge and general solid waste to industrial park enterprises.

Within 6 short years, Sunpower's GI business has quickly scaled up to 10 projects in operation and 1 project expected to start trial operation, with a proven track record, a leading market position and strong brand equity.

LONG TERM STRATEGY aligned with government policies

CIRCULAR ECONOMY MODEL helps industries achieve ultra-low emissions and realises economic benefits

EXCLUSIVE SUPPLIER typically with long term concessions and extensive pipeline networks that enhance *de facto* exclusivity

INCOME & CASH FLOWS that are high quality, recurring and long term

SIZEABLE GI PROJECT PORTFOLIO with value unlocking potential

ULTRA-LOW emissions capability

SO_2, NO_x and Dust

TYPICALLY ~30 YEARS

EXPERIENCED MANAGEMENT that is professional and proactive

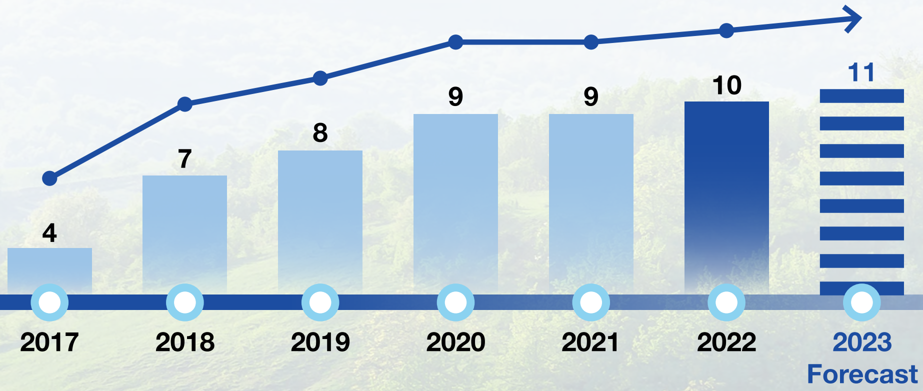
8.68 MILLION TONNES (+ 9.5% YoY) in total steam sales volume in FY2022

~405 KM in total pipeline length

525 in total existing individual customers

~20 Customer Industries

Rapid Expansion to a Sizeable Portfolio in 6 Years



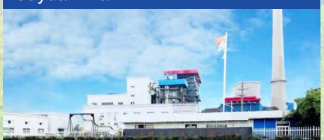
Note: number of GI projects in operation

Changrun Project

Yongxing Plant

Shantou Project

Suyuan Plant



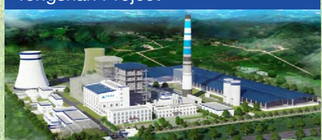
Lianshui Project

Quanjiao Project

Xinyuan Plant

Xintai Zhengda Project

Tongshan Project



Jining Project

Shanxi Xinjiang Project

Expected to start trial operation

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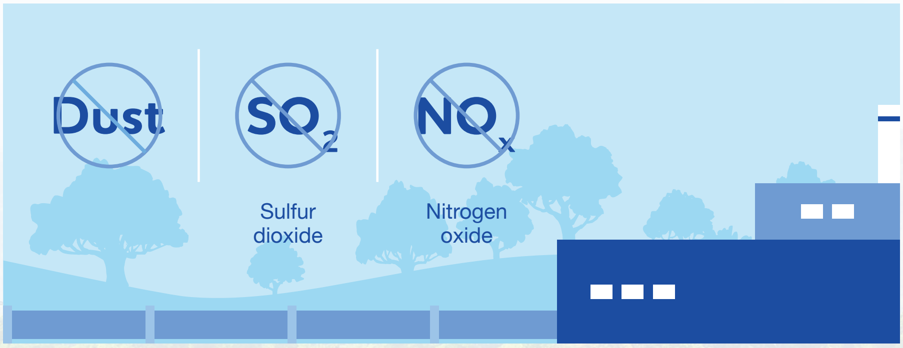
DEVELOPMENT STRATEGY ALIGNED WITH GOVERNMENT POLICIES AND CONTINUOUS ENHANCEMENT OF EXISTING PLANTS

The Group's long-term development strategy is aligned with national energy policies that facilitate carbon peak and carbon neutrality for China, and promote clean and efficient utilisation of feedstock, diversification of feedstock sources, and the development of green industries. Through its centralised GI projects, the Group facilitates the development of circular economy industrial parks and centralised steam generation facilities throughout China.

"Multiple" pollution sources can be eliminated with just "One" centralised GI plant that achieves emission levels equal or even lower than the national standard for natural gas emissions, which helps the industrial park and park enterprises attain ultra-low emission status. By helping to shut down hundreds of small dirty boilers, GI projects have reduced emissions of dust, sulfur dioxide (SO_2) and nitrogen oxide (NO_x) by more than 60,000 tons per year.



14TH Five-Year Plan for Circular Economy Development

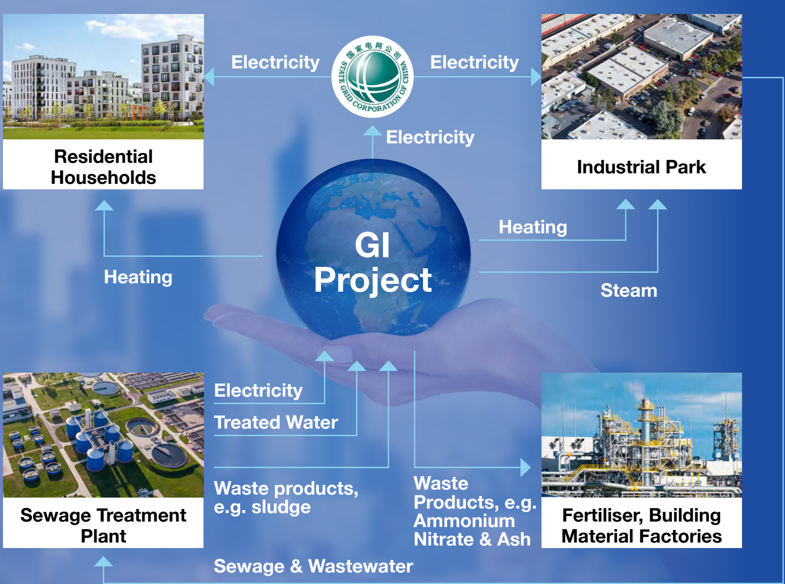
- Promotes centralised steam facilities
- Promotes development of circular economy industrial parks
- Promotes more efficient resource utilisation
- Promotes greater conservation and recycling of resources

20TH National Congress on Carbon Peak, Clean & Efficient Use of Feedstock

- To reach carbon peak in a well-planned and phased way
- To better adjust and control the amount and intensity of energy consumption
- To promote the clean and high-efficiency use of feedstock
- To improve the statistics and accounting system and the cap-and-trade system for carbon emissions

Pioneer Adopter of the Circular Economy Model ("CEM")

The 14th Five-Year Plan promotes development of circular economy industrial parks and centralised steam facilities.



Benefits for Society

- Achieves the comprehensive utilisation of resources.
- Helps solve people's livelihood problems and improves their well-being.
- Facilitates the development of the circular economy of the country.

Benefits for Industrial Parks

- Helps parks eliminate multiple sources of pollution risks, and ensure safe and controlled emissions.
- Helps enterprises to achieve quality and sustainable development.
- Help parks attract new investments and expand further, thus achieving win-win development.

Benefits for the Shareholders

- Realises additional revenue from sludge treatment and sale of waste products.
- Realises greater economies-of-scale from an integrated operational model
- Reduces costs from measures such as blending sludge as a feedstock substitute and use of treated recycled water.

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REPLICABLE AND ADAPTABLE BUSINESS MODEL

GI business model facilitates high-quality, long term, recurring income and cashflows, enhances high entry barriers, and provides competitive edge.

Leading Industrial Services Provider

- Strong market position as best-in-class industrial steam supplier and industry pioneer with strong brand equity
- An early mover in the development of the circular economy and attaining Carbon Peak and Carbon Neutrality which practises ESG and sustainability values in every aspect
- Strategy aligned with current national policies and the direction of future policy development
- Long term support from strategic institutional investors DCP and CDH
- Two-pronged strategy with emphasis on the quality of development that amplifies its strengths and drives its sustainable development

Sizeable Valuable GI Project Portfolio

- Rapid scale-up within 6 years to 10 operating projects and 1 project expected to start trial operation
- Strategically located across 5 provinces in 11 industrial parks that either have strong economic viability in economically developed areas or have industry clusters of excellence
- Large and diversified customer base from over 20 industries that are vital parts of China's economic infrastructure
- Robust network of pipelines now extending 405km and continuously growing, spanning the approximate width of the Yangtze River Delta from east to west
- Supply of steam as a non-discretionary production input
- GI projects generate high-quality, recurring cashflow over the long term
- A high Net Present Value of future cashflows backed by an attractive double-digit project IRR

Superior Capabilities

- Exclusive supplier status based on typically ~30 year concessions and extensive pipeline networks that enhance *de facto* exclusivity
- Typically B2B Model with the ability to require prepayment or payment within a certain period after use
- Price adjustment mechanism that links costs to prices of industrial steam
- Application of innovative technology packages
- Technological transformation and upgrades that improve profitability and efficiency
- Flexibility to use diversified sources of feedstock including sludge, solid waste, biomass, etc., for steam production
- Capacity to secure robust pipelines and identify, evaluate and invest in quality GI projects
- Seasoned and disciplined management with proven track record

Long Term Growth Potential

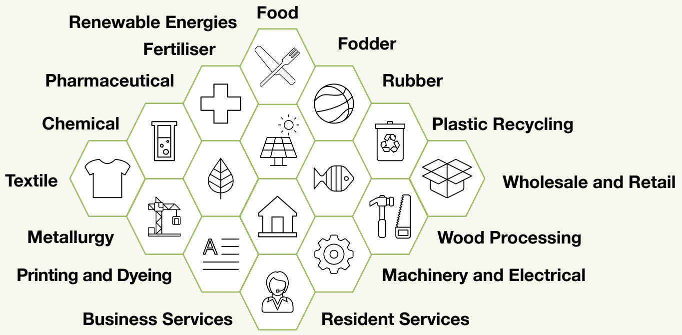
- A large addressable market with space for further development
- Growing steam demand from customers' expansion, relocation of enterprises, growth of industrial parks and closure of small dirty boilers
- Continuous evaluation of pipeline for quality projects with potential
- Mitigation Measures and Differentiation Strategies to further enhance profitability
- Refined Operational Management System to maximise efficiency and effectiveness and reduce exposure to risks

Attractive IRRs of existing operational GI projects

Further potential to unlock shareholder value

Large and diversified customer base from over 20 industries

GI projects' reliable and stable supply of steam meets customers' continuously strong demand. Over the years, GI projects have established a large and diversified customer base from a wide and diverse range of over 20 industries. Its downstream customers are located in the industrial parks that either have strong economic viability in economically developed areas or have industry clusters of excellence.



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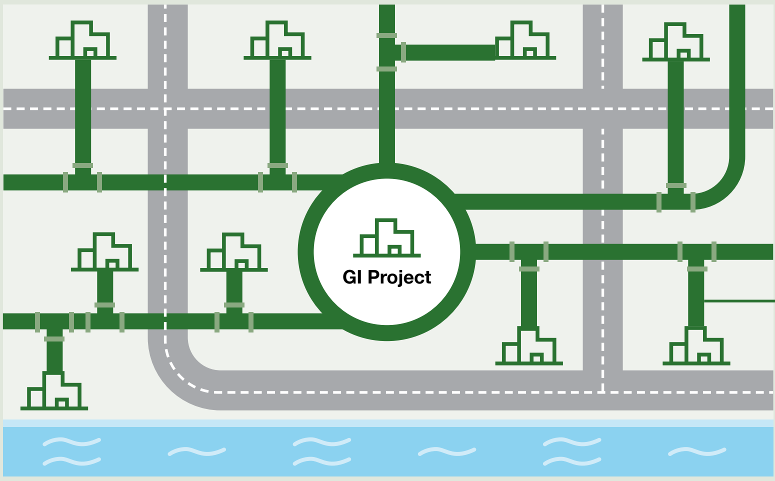
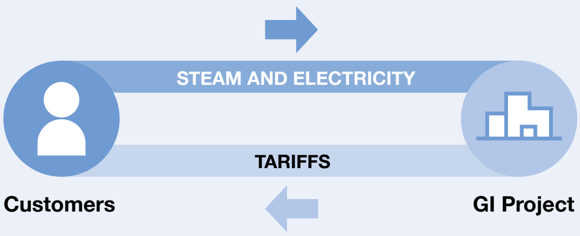


High entry barriers

1. **Typically ~ 30-year exclusive concession rights** with first right of renewal
2. **Extensive networks of steam pipelines strengthen *de facto* exclusivity** for the supply of industrial steam



Typically B2B Model

GI plants typically have B2B arrangements that require either pre-payment or post-payment after use. In addition, contracts are signed directly with industrial customers instead of the government with a contractual price adjustment mechanism that links feedstock cost to steam price and allows reliable profitability across cycles in the long-term.

Application of innovative technology packages

The GI projects apply innovative technology packages that enhance their already strong entry barriers against competition, lower emissions of pollutants, reduce consumption of feedstock, and improve operational efficiency.

Long Distance Steam Distribution Pipelines Technology

- Increase geographical reach to captive customers; achieve economies of scale
- Reduce feedstock, as minimal temperature and pressure is lost in transmission

Environmental Protection Technologies

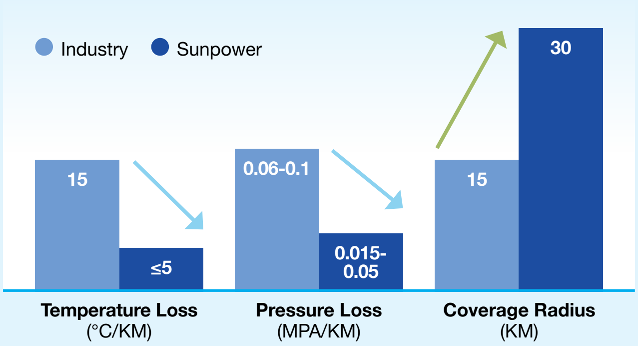
- Low nitrogen combustion technology
- Desulfurisation and denitrification technology
- Technology to eliminate haze and ammonia escape
- Bag filter + wet electrostatic precipitator

Energy Saving Technologies

- High efficiency heat exchange technology
- Gas-gas heater technology
- Low temperature economizer technology
- Flue gas sludge drying & comprehensive utilisation technology

Ability to meet or be even lower than emission standard of natural gas

Emission Limit (mg/m³)	Newly-built Coal-fired Boilers(1)	Newly-built Coal-fired Power Generation Boilers(2)	Coal-fired Power Generation Boilers in Key Areas*(2)	Natural Gas Boilers & Gas Turbines(2)	Sunpower's Capabilities
Dust	50	30	20	5	< 5
SO_2	300	100	50	35	< 35
NO_x	300	100	100	50	< 50



(1) 'Boiler Air Pollutant Emission Standard' by the Ministry of Ecology and Environment of the PRC (GB13271-2014) http://www.mee.gov.cn/ywgz/fgbz/bz/bzwb/dqhjbh/dqgdwrywrwpfbz/201405/t20140530_276318.shtml

(2) 'Emission Standard of Air Pollutants for Thermal Power Plants' by the Ministry of Ecology and Environment of the PRC (GB 13223-2011) http://www.mee.gov.cn/ywgz/fgbz/bz/bzwb/dqhjbh/dqgdwrywrwpfbz/201109/t20110921_217534.shtml

* Key regions mainly refer to the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Pearl River Delta region

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CONTINUED RAMP-UP AND EXPANSION OF EXISTING GI PLANTS

The Group's existing GI plants continued to ramp up and expand with long term growth potential due to the following key structural growth drivers.

Exclusive supplier of non-discretionary production inputs in the industrial parks that either have strong economic viability in economically developed areas or have industry clusters of excellence.

Continuous closures of small dirty boilers drive demand to centralised facilities.

Organic growth of customers and expansion of industrial parks bring strong steam demand.

Continuous relocation of enterprises to industrial parks due to the government's zoning policies and/or cost benefits.

Ultra-low emissions help to earn more emission credits which enable new plants to relocate into the parks.

Technological transformation and upgrades that further improve project profitability and efficiency.

Mitigation Measures

Further, the Group proactively looks for measures to mitigate the impact of headwinds ("**Mitigation Measures**")[1].

The Group also applies strategies that can allow it to differentiate its services as it seeks out new growth areas ("**Differentiation Strategies**")[2].

Differentiation Strategies

2 PRONGED GI STRATEGY THAT BUILDS GROWTH DRIVERS

CONTINUOUS EVALUATION OF PIPELINES FOR QUALITY PROJECTS WITH POTENTIAL

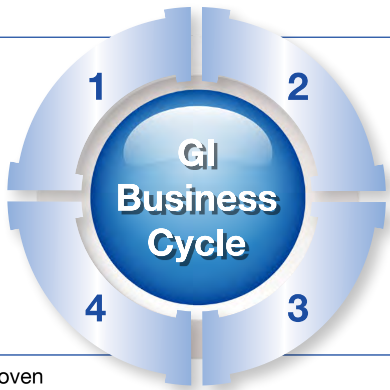
Sunpower applies a disciplined investment strategy. It has established a mature and replicable model across the GI Business Cycle which allows the Company to have a competitive edge in sourcing, evaluating, investing, constructing, upgrading and operating GI projects. This enables the Company to realise its long term growth.

01 New Project Identification & Securement

- Established and proven track record.
- Experienced business teams.
- Disciplined project sourcing and evaluation process.
- Robust pipeline of projects being evaluated.

02 Project Investment

- Ability to establish high entry barriers.
- Resilient and adaptable GI business model.
- Strong strategic support by renowned PE firms DCP and CDH.
- Multiple potential sources of capital to fund GI growth strategy.



03 Project construction

- Experienced in project planning, management and construction.
- Complete supervision system that reduces potential construction and cost overrun risks.
- Ability to apply innovative integrated technologies for environmental protection & energy-saving.

04 Project operation, reform & upgrade

- Seasoned management with proven track record in achieving excellent results.
- Adoption of Circular Economy production model.
- Refined management of each project.
- Know-how to reform and upgrade acquired plants to improve operational efficiency.

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

2 Differentiation Strategies to realise the medium to long term growth potential of each GI project, depending on the unique characteristics of each industrial park.

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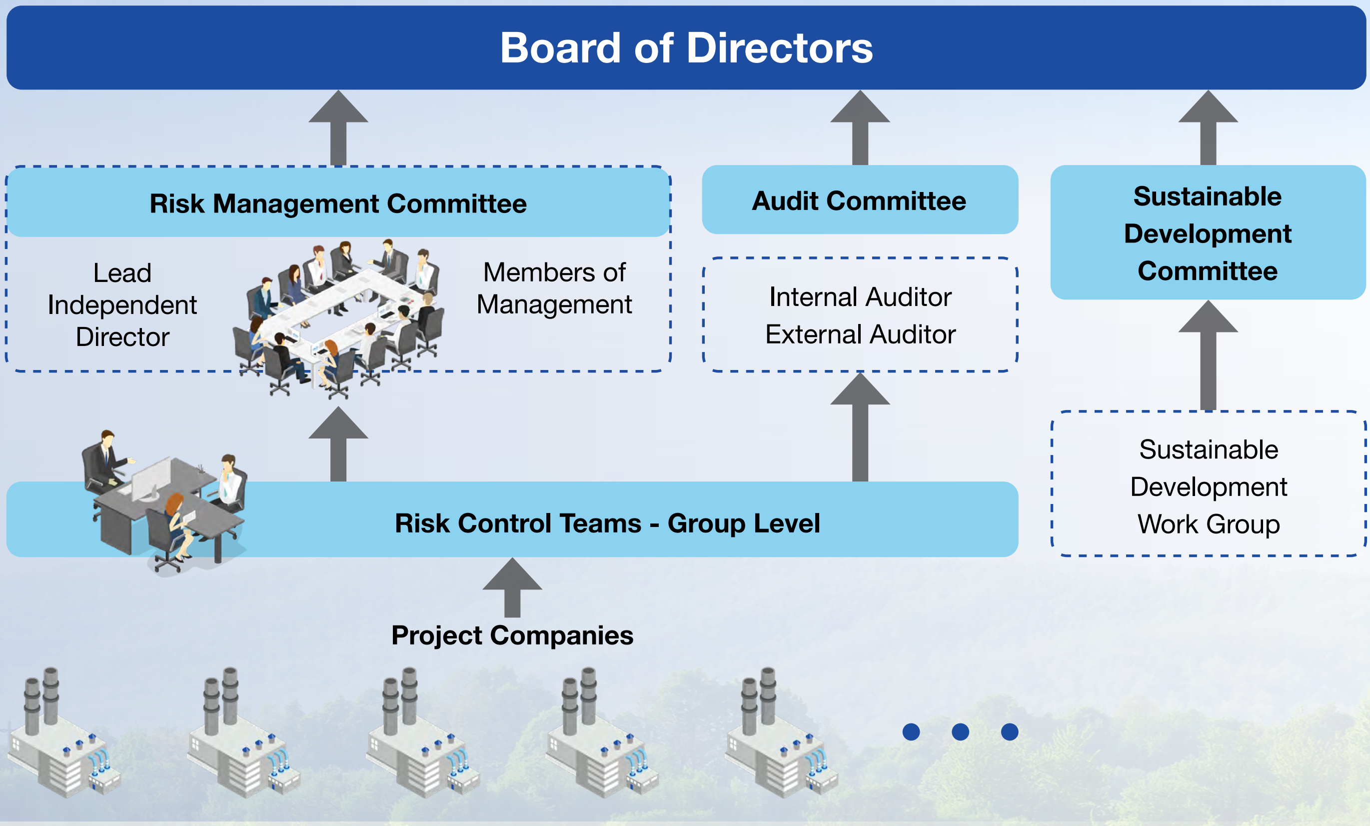
ESTABLISHED OPERATIONAL MANAGEMENT SYSTEM WITH PROVEN RISK MANAGEMENT CAPABILITIES

With extensive experience, the seasoned and well-disciplined management team has developed specialised skills, strong execution capabilities and entrepreneurship.



Over the years, Sunpower's management has created and refined an **Operational Management System** that targets to maximise efficiency and effectiveness and reduce the Group's exposure to risks.

The Group has strived to enhance **Risk Management Systems** and Practices in order to provide sound internal evaluation, and control and oversight of financial, operational, compliance and other risks.

The Group has implemented the **Comprehensive Budget Management System ("CBMS")** for decades. The CBMS is composed of modules of overall budget indexes that include production, sales, cost, expenses, contingent provisions, comparison analysis, and performance appraisals etc., which helps the Group to operate from financial perspective, to manage its target and to achieve its target. In addition, it also enables the Group to build a scientific approval limits system which allows the project companies to operate independently within the authorised scope.

Sustainable Development Committee has been set up to facilitate the sustainability of the Group. It guides the Sustainable Development Team, comprising senior management and heads of various functional departments. In addition, it provides insights for the Board to apply the sustainability approach to improve the governance of the Company.

Climate Change Risk Management System was established to urge the whole company to participate actively in the formulation and implementation of comprehensive strategies to deal with climate risks; actively respond to climate change risks; lay out and grasp the opportunities generated by climate change; and contribute toward the control of global climate change risks

Sunpower is committed to better sustainability in its business by incorporating material Environmental, Social and Governance ("**ESG**") topics into every aspect of its operations, and ensuring implementation of ESG related strategies through all levels.
For further information, please refer to the Sustainability Report Summary and the 2022 Sustainability Report.

GREEN INVESTMENTS

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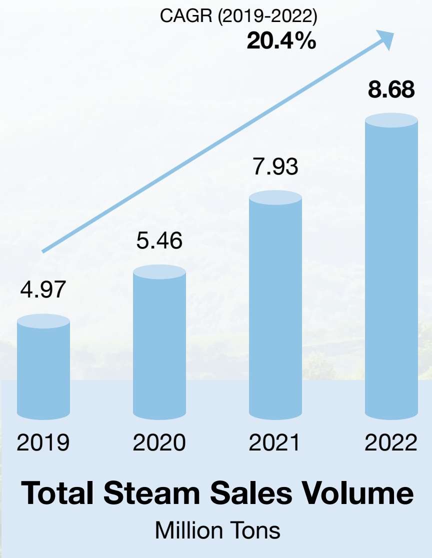
GI FINANCIAL HIGHLIGHTS

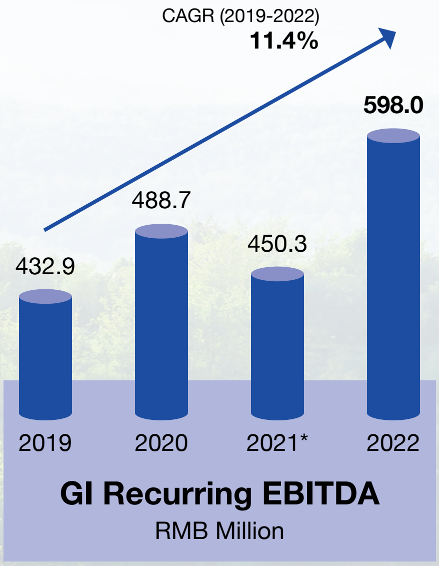
Robust Financial Performance with Growth

2022 was the most challenging year ever for Sunpower since the inception of the GI business. Several *force majeure* events affected business operations during the year. The pandemic broke out and spread through the country from the beginning of the year, culminating in the lifting of pandemic control and prevention measures at the end of the year. The geopolitical conflict which broke out in February set off a global energy crisis and caused energy prices to soar globally. Further, other related events including power curtailment due to extremely high temperatures also took place in 2022. As a result, the operations of the GI projects and their customers were affected throughout the year.

Despite these challenges, demand for steam remained strong and growing. Total steam sales volume rose 9.5% YoY to 8.68 million tons in FY2022. Meanwhile, GI recurring revenue[1] rose 38.9% YoY to RMB2.88 billion, faster than the growth in steam sales volume, mainly due to the significant rise in steam price based on the price adjustment mechanism. Further, GI project profitability improved on the back of the strong demand for industrial steam, the execution of the price adjustment mechanism and the Mitigation Measures[2]. GI recurring EBITDA[3] rose 32.8% YoY to RMB598.0 million, while GI recurring PATMI[4] grew 31.2% YoY to RMB158.2 million. Operating cash flow of the GI projects[5] rose 43.0% YoY to RMB364.1 million.

Sunpower will continue to focus on improving shareholders' value in the long run. The Group remains well placed to benefit from the long-term growth potential of the centralised steam supply industry and circular economy industrial parks in China. It is expected that a high NPV of future cashflows will be generated.





Notes:

* After adoption of Amendments to SFRS(I) 1-16: Property, Plant and Equipment: Proceeds Before Intended Use that came into effect on 1 January 2022 and is retrospective for FY2021 financial results.

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

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

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

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

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

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GROUP FINANCIAL HIGHLIGHTS

GROUP FINANCIALS FROM CONTINUING OPERATIONS (RMB'M)	2021[1]	2022
Group revenue	2,929.5	**3,448.6**
Group gross profit	328.0	**513.1**
Group PATMI[2]	139.6	**136.5**
Group underlying operating cash flow[3]	228.3	**316.5**

Notes: The 2021 and 2022 financial figures in the table above reflect the financial performance of the Group from continuing operations and excludes that of the M&S business following its disposal.

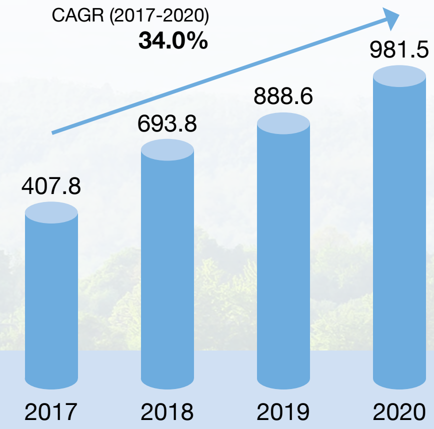
(1) After adoption of Amendments to SFRS(I) 1-16: Property, Plant and Equipment: Proceeds Before Intended Use that came into effect on 1 January 2022 and is retrospective for FY2021 financial results.

(2) FY2021 group PATMI excludes gain on disposal of RMB934.3 million and expenses incurred by the Company in connection with the M&S disposal, namely the excess cash dividend paid to Convertible Bond holders which is recognised as finance cost; project adviser fees; and withholding taxes.

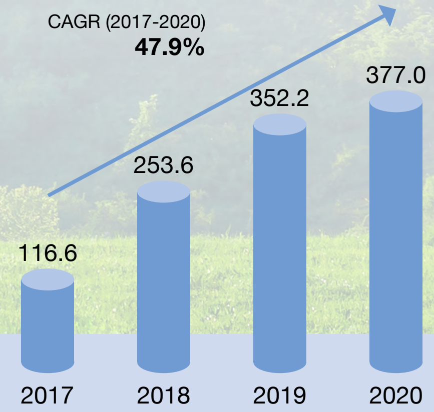
(3) Underlying operating cash flow excludes annual CB interest. CB interest was RMB21.0 million in FY2021 and RMB11.3 million in FY2022.

2022 was the company's first full year of operation with GI business after the disposal of M&S in 2021. Group revenue in FY2022 was RMB3.45 billion, mainly due to ramp-up of GI business and contributions from services for BOT projects, including EPC services, which are provided by the Group. PATMI without the financial effects of CBs in FY2022 was RMB136.5 million, which reflects the operating results of the Group. Group underlying operating cash flow was RMB316.5 million in FY2022.

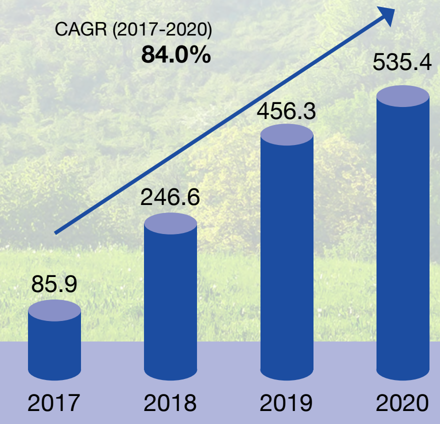
Group Revenue
(RMB'M)



Group Gross Profit
(RMB'M)



Group PATMI
(RMB'M)



Group Underlying Operating Cash Flow
(RMB'M)

Note: The 2017-2020 financial figures in the charts above reflect the financial performance of the Group before the disposal of the M&S business.
Group revenue was recognised under IFRIC 12 Service Concession Arrangements.

STRATEGIC INSTITUTIONAL INVESTORS

1st CB Tranche

DCP and CDH initially invested US$110 million via the first CB tranche (CB1) in March 2017.

2nd CB Tranche

DCP and CDH committed to a further investment of up to US$70 million in May 2018, of which US$20 million of second tranche CBs (CB2) was issued in October 2018.

DCP Capital Partners L.P. ("**DCP**") and CDH China Management Company Limited ("**CDH**") (collectively, the "**Bondholders**") are experienced and respected private equity investors in China that have invested and nurtured many leading Chinese companies, building outstanding track records across multiple economic cycles. The Bondholders share the same vision as the company management for the GI strategy. They have invested a total of US$130 million in Sunpower through subscriptions to two tranches of Convertible Bonds (CBs).

The Bondholders recognise that Sunpower has the technical expertise, capability and know-how to achieve sustainable growth in earnings and cashflow as the GI business continues to grow. Their long-term capital support is also a strong recognition and endorsement of Sunpower's growth potential. Leveraging on their resources and portfolio management capabilities, DCP and CDH are able to add value to Sunpower by working in partnership with the Group's management to accelerate the Group's business expansion.

Selected Investments by DCP and CDH Teams

Belle International
China's Leading Women Shoes Retailer

Qingdao Haier
Global Leader in Home Appliances

Hengan International
China's Largest Napkin and Diaper Producer

Midea Group
Global Leader in Home Appliances

WH Group
Global Leader in Meat Processing

COFCO Meat
China's Leading Meating Processing Company

Focus Media
China's Largest Out-of-home Advertising Network

Uxin
China's Leading Online Used-car Platform

Greenland Group
China's Leading Real Estate Conglomerate

CICC
China's Leading Investment Bank

Mengniu Dairy
China's Leading Dairy Company

Ping An Insurance
China's Leading Insurance Provider

Modern Dairy
China's Leading Dairy Company

Nanfu Battery
China's Leading Alkaline Battery Producer

Source: DCP and CDH. Please note that all risk disclosure, disclaimers and other similar content in the Private Placement Memorandum, dated February 22, 2018, and the Preliminary Information Document, dated August 10, 2017, of DCP Capital Partners, L.P. apply to the information above.

DCP and CDH have a unique investment vision and strong investment capabilities. They actively provide post-investment management services for investee companies to enhance their core competitiveness and create long-term value for them. This has been well proven through the awards that DCP and CDH received from well-known ranking institutions in China in 2022.

In 2022, DCP and CDH were included in the China Venture Capital & Private Equity Annual Ranking 2022 China Private Equity Investment Institution TOP 100, and were ranked No.17 and No.47 respectively by Zero 2 IPO, a HK-listed professional ranking institution in China.

2022 China Private Equity Investment Institution TOP 100

17TH — CDH INVESTMENTS 鼎晖投资

47TH — DCP

China Venture, an independent third-party institution that has been publishing professional ranking lists for 16 years, included CDH among the TOP 30 2022 Private Equity Institution with the Most Attention from LP in China, and included DCP among the TOP 30 2022 Best Private Equity Institution in the Guangdong-Hong Kong-Macao Greater Bay Area of China.

3RD — CDH INVESTMENTS 鼎晖投资

2022 Private Equity Institution with the Most Attention from LP in China

4TH — DCP

2022 Best Private Equity Institution in the Guangdong-HK-Macao Greater Bay Area of China

Further, CDH and DCP were both included into its list of TOP 30 China Venture Capital & Private Equity Institutions for 2021-2022 by 21st Century Business Herald, a senior economic media organisation in China.

China Venture Capital & Private Equity Institutions for 2021-2022

TOP30 — CDH INVESTMENTS 鼎晖投资 | DCP

CORPORATE INFORMATION

BOARD OF DIRECTORS	**Guo Hong Xin** (Non-Executive Chairman)
	Ma Ming (Executive Director)
	Yang Zheng (Lead Independent Director)
	Lau Ping Sum Pearce (Independent Director)
	Chin Sek Peng (Independent Director)
	Wang Dao Fu (Independent Director)
	Li Lei (Non-Executive and Non-Independent Director)
	Wang Guannan (Non-Executive and Non-Independent Director)
AUDIT COMMITTEE	Chin Sek Peng (Chairman)
	Lau Ping Sum Pearce
	Yang Zheng

NOMINATING COMMITTEE	Wang Dao Fu (Chairman)
	Guo Hong Xin
	Lau Ping Sum Pearce
	Chin Sek Peng
	Li Lei
	Yang Zheng
	Wang Guannan
REMUNERATION COMMITTEE	Lau Ping Sum Pearce (Chairman)
	Chin Sek Peng
	Li Lei
	Wang Guannan
	Wang Dao Fu
INDEPENDENT COMMITTEE	Chin Sek Peng
	Yang Zheng
	Lau Ping Sum Pearce
	Wang Dao Fu

COMPANY SECRETARY	Ho Wui Mee Marian
DEPUTY SECRETARY	Chew Bee Leng
BERMUDA RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY	**Ocorian Services (Bermuda) Limited Victoria Place, 5th Floor** 31 Victoria Street, Hamilton HM 10 Bermuda
PRINCIPAL PLACE OF HEADQUARTERS	No. 2111 Chengxin Avenue High-tech Industrial Park Jiangning District, Nanjing, Jiangsu, 211112 People's Republic of China
REGISTERED OFFICE	Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
SINGAPORE SHARE TRANSFER AGENT	**In.Corp Corporate Services Pte. Ltd.** 30 Cecil Street #19-08 Prudential Tower Singapore 049712
BERMUDA SHARE REGISTRAR AND TRANSFER AGENT	**Ocorian Management (Bermuda) Limited** Victoria Place, 5th Floor 31 Victoria Street Hamilton HM 10 Bermuda
AUDITORS	**Deloitte & Touche LLP** Public Accountants and Chartered Accountants 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809 Audit Partner: Toh Yew Kuan since financial year ended 31 December 2022
PRINCIPAL BANKERS	Bank of China China Construction Bank Corporation China Minsheng Banking Corp., Ltd. Guangdong Huaxing Bank Co., Ltd.

CHAIRMAN'S STATEMENT

"The Group expects to continue to execute the two-pronged strategy that emphasises the quality of development, the holistic strategy to further enhance profitability, deploy the Mitigation Measures and Differentiation Strategies, and explore new opportunities."

GUO HONG XIN
Non-Executive Chairman

DEAR FELLOW SHAREHOLDERS,

On behalf of the Board of Directors (the "**Board**"), I am pleased to present to you our annual report for the financial year ended 31 December 2022 ("**FY2022**").

The Most Challenging Year Ever for Sunpower since the Inception of GI Business

FY2022 was the GI business's first full year of operation following the disposal of the M&S business in May 2021. It was also the most challenging year ever since the inception of the GI business due to the influence of several *force majeure* events. The pandemic broke out and spread through the country from the beginning of the year, culminating in the lifting of pandemic control and prevention measures only at the end of the year. The geopolitical conflict which broke out in February set off a global energy crisis and caused energy prices to soar globally, impacting our production costs. Further, other related events including power curtailment due to extreme high temperature and the temporary adverse impact on the textile industry due to US sanctions on Xinjiang cotton also affected the business of certain customers in FY2022. As a result, the operations of the GI projects and their customers were almost continuously affected throughout the year.

Despite the Challenges, GI Business Recorded a Resilient Performance with YoY Growth in Cash Flow

However, demand for industrial steam remained strong and growing in FY2022 despite headwinds due to the continued ramp-up of GI projects and the resilience of customers. Total steam sales volume rose 9.5% YoY to 8.68 million tons.

Based on Sunpower's reliable business model and the efforts that the disciplined management made to mitigate the impacts of the series of *force majeure* events, Sunpower achieved a resilient performance in FY2022 despite the challenges. GI recurring revenue[1] rose 38.9% YoY to RMB2.88 billion, faster than the growth in steam sales volume, mainly due to a significant rise in industrial steam price following the rise of feedstock prices. Further, GI project profitability improved on the back of the strong demand for industrial steam, the execution of the price adjustment mechanism and the Mitigation Measures[2]. GI recurring EBITDA[3] rose 32.8% YoY to RMB598.0 million, while GI recurring PATMI[4] grew 31.2% YoY to RMB158.2 million. Operating cash flow of the GI projects[5] rose 43.0% YoY to RMB364.1 million.

At the Group level, revenue from continuing operations rose 17.7% YoY to RMB3.45 billion in FY2022 due to the continued

1 Please refer to Footnote 1 on Page 8 of the 2022 Annual Report for the definition of GI recurring revenue.
2 Please refer to Footnote 1 on Page 6 of the 2022 Annual Report for the definition of Mitigation Measures.
3 Please refer to Footnote 3 on Page 8 of the 2022 Annual Report for the definition of GI recurring EBITDA.
4 Please refer to Footnote 4 on Page 8 of the 2022 Annual Report for the definition of GI recurring PATMI.
5 Please refer to Footnote 5 on Page 8 of the 2022 Annual Report for the definition of GI operating cashflow.

CHAIRMAN'S STATEMENT

ramp-up of the GI business and contributions from services for BOT projects, including EPC services, which are provided by the Group[6]. PATMI without the financial effects of Convertible Bonds in FY2022 was RMB136.5 million, which reflects the operating results of the Group.

GI is of High Growth Potential, Driven by Continued Ramp-up and Expansion of Existing GI Plants

The Group's current GI project portfolio of 10 projects in operation and 1 expected to start trial operation are strategically located across 11 industrial parks that either have strong economic viability in economically developed areas or have industry clusters of excellence.

Our GI projects have exclusive concessions of typically 30 years and extensive networks of pipelines that enhance *de facto* exclusivity. These projects are part of the key utility generation infrastructure in industrial parks where steam is a non-discretionary input for the large and diversified customer base that provide basic essential products for the vast domestic market of China.

As at early 2023, the overall pandemic situation has entered a low level[7] and the Covid-19 virus has been classified as a normal seasonal flu by certain countries[8]. As a result, following the resumption of work and production after the Spring Festival, the negative impact of the pandemic on the economy has gradually subsided and China's economy is showing signs of recovery[9]. Following the 20th National Congress, the government is strongly determined to drive an economic recovery with consumption as the main driver[10].

Barring unforeseen circumstances, the Company believes that its proven business model and disciplined management, after having undergone various *force majeure* events, are expected to set a strong foundation for future growth especially in view of the tapering off of the pandemic and the improved economic conditions in China, which the Company believes to be favourable to its business operations.

In addition, Sunpower has a price adjustment mechanism that applies to its industrial customers and the ability to require prepayment or payment within a certain period after use. It also continuously implements technological transformation and upgrades to improve efficiency and further enhance profitability, along with a diversified feedstock mix strategy that reduces raw material consumption cost.

Focused on Supporting and Improving Shareholders' Value in the Long Term

With the lifting of pandemic control and prevention measures and the expected improvement of the macro-environment in the long term, Sunpower intends to continue to stay on its development path that secures value for shareholders. The Group expects to continue to execute the two-pronged strategy that emphasises the quality of development, the holistic strategy to further enhance profitability; deploy the Mitigation Measures and Differentiation Strategies; and explore new opportunities.

Proposed Extension of Convertible Bonds ("CB") Maturity Date by Two Years

Under the prevailing terms of the CB Purchase Agreement, the maturity date of the CBs was elected by the Bondholders to be on or around 17 April 2023, which is the 15th business day after the date on which the audited financial statements for FY2022 are issued. Having evaluated the prevailing conditions and options, including the operational environment and the general economic conditions, the Board has proposed to extend the CB maturity date by approximately two years to April 2025. If it is approved by shareholders, the extension of the CB maturity date will allow the Group to focus on growing its business and to have time to strategise and explore options that are more beneficial for the Group's longer term financial health.

Appreciation

Despite the challenging conditions, the Board has proposed a first and final dividend of S$0.0013 per share for FY2022, following the M&S disposal dividend in 2021. This marks the 12th consecutive year that Sunpower has declared a dividend.

On behalf of the Board, I would like to thank our shareholders, customers, and business partners for your continued trust and support. Sunpower Group is well positioned to realise growth potential, unlock potential value for our shareholders in the future, and prepare for the next chapter of development.

GUO HONG XIN
Non-Executive Chairman

6 Recognised under IFRIC12 Service Concession Arrangements.
7 https://www.channelnewsasia.com/asia/china-says-covid-19-situation-low-level-after-chinese-new-year-holiday-3241321
8 https://www.moh.gov.sg/news-highlights/details/singapore-to-exit-acute-phase-of-pandemic
9 https://data.eastmoney.com/report/zw_macresearch.jshtml?encodeUrl=N4nbWaRYxZfSry3LhciaSNkbOiDYLI7s7YYAMkb0+JE=
10 https://www.globaltimes.cn/page/202301/1284379.shtml

BOARD OF DIRECTORS

Mr. GUO HONG XIN

Founder,
Non-executive Chairman

Mr. Guo founded Sunpower in 1997 and is currently Non-Executive Chairman of the Board. Before he founded Sunpower, Mr. Guo was a Lab Director at the Heat Pipe Research Centre of Nanjing Chemical Institute and served as Director and Deputy General Manager at Shengnuo Group from 1993 to 1997. Mr. Guo was Vice Dean of Heat Pipe Technology Development Institute of Nanjing Tech University and Deputy Director of the National Science and Technology Ministry Heat Pipe Technology Promotion Centre from 1995 to 1997. Mr. Guo was appointed as independent non-executive director of Genscript Biotech Corporation, a company listed on the Hong Kong Stock Exchange, in 2015. In addition, Mr. Guo serves as a part-time instructor at the MBA Education Center of Nanjing University and as Industry Professor and Specially Appointed Professor at Nanjing University of Technology. He was also appointed as Tsinghua University EMBA Alumni Entrepreneur Mentor in 2017.

Mr. Guo has received many awards and honours. He was awarded prizes in technological progress by the Ministry of Education of the People's Republic of China ("PRC") in 1994, the National Federation of Industry & Commerce and Jiangsu Province in 2009, and the China Petroleum and Chemical Industry Federation in 2010. Mr. Guo was recognised as "Great Contributor to Nanjing Science and Technology" in 2006 and was awarded the special government allowance by the State Council of the PRC in 2012 for his outstanding contributions. He was appointed Team Leader of the National Standardisation Technical Committee for heat pipes in 2008. In 2011, Mr. Guo was awarded "Jiangsu Top 10 Outstanding Entrepreneurs" and "Innovative Entrepreneurial Talents"; elected as the expert of "333 High Level Talents Training Programme"; and engaged as the first batch of industry professor in Jiangsu Province. In 2015, he was recognised for his scientific & technological innovation and entrepreneurial talent (known as "Ten Thousand Talents Plan") by the Ministry of Science and Technology of the PRC. Futher, he was engaged as the third batch of industry professors in Jiangsu Province by the Science and Technology Department and other departments. In 2016, he was awarded as the "Leading Talent of the National Special Support Program for High-level Talents" by the Organization Department of the Central Committee of the Communist Party of China and other departments. In addition, Mr. Guo was honoured as Top Expert of Nanjing and appointed as Vice Mayor of science and technology by the government of Changyi City, Shandong province, in 2017. He won the Ernst & Young Entrepreneur of the Year 2018TM China and was honoured with the title of "Jiangsu Outstanding Entrepreneur" in 2019. In 2021, Mr. Guo won the second prize of National Science and Technology Progress Award.

As part of the 100th anniversary of the founding of the Communist Party of China, Mr. Guo was awarded the honorary title of "National Outstanding Communist Party Member" on 28 June 2021 in recognition of his remarkable achievements and the outstanding track record of Sunpower of more than two decades. Since the founding of Sunpower, Mr. Guo has been resolved to industrialise many scientific and technological achievements, and has led the Group to follow the path of localised innovation based on the "industry-university-research" cooperation model, along with sustainable development. Mr Guo led the company to promote performance excellence and made unremitting efforts to support China's output expansion and energy saving, and circular economy development. In June 2022, Mr. Guo won the Nanjing Mayor Quality Individual Award.

Mr. Guo obtained his Bachelor's degree in 1983 and a Ph.D in Geotechnical Engineering from the Cold and Arid Regions Environmental and Engineering Research Institute of the Chinese Academy of Sciences in 2010. In 2014, he obtained his EMBA from Tsinghua University.

BOARD OF DIRECTORS

Mr. MA MING

Co-Founder
Executive Director
CEO

Mr. Ma joined Sunpower in 1997 as the Company's co-founder and served as Deputy General Manager. Through the various stages of the Company's development, he was responsible for marketing, sales, production, procurement, finance and investment, among others. He was appointed as Executive Director of the Group in 2004, overseeing finance, investments, mergers & acquisitions, investor relations, and spearheading the work on Sunpower's IPO on the Singapore Exchange. Mr. Ma has been appointed as the Chief Executive Officer of the Company with effect from 11 August 2021.

In 2008, Mr. Ma was entrusted with the responsibility for overall management and operational development of the Group. Mr Ma drove the formulation and implementation of strategic planning and comprehensive budget management for the Group, pushed forward the institutionalisation and refinement of corporate management, and propelled the internationalisation of the business and diversification of coverage of industries to attain long-term sustainable development of the Group.

Since the strategic expansion of the Group into the GI Business in 2015, Mr. Ma has led the formulation of the strategic plan and business model and is responsible for the implementation of its long-term objectives. He takes charge of the entire business development cycle including market research and development, project investment and financing, project implementation, development and construction, as well as post-investment operational management. Mr. Ma has led the establishment of professional management systems and teams and has managed the GI Business segment to its current healthy stage of development where it is able to function autonomously within a complete system.

Before co-founding Sunpower, Mr. Ma worked in Nanjing Chemical Industrial Company. In 1992, he founded Hainan Lida Industrial and served as General Manager of that company. Mr. Ma graduated from Nanjing Chemical Engineering Senior College in 1983 and obtained his Master's degree in Engineering Management from the University of Shanghai for Science and Technology.

Mr. LAU PING SUM PEARCE

Independent Director

Mr. Lau has been an Independent Non-Executive Director since February 2005 and was last re-elected on 24 June 2020. Mr. Lau was a Member of Parliament for Yio Chu Kang Constituency from 1980 to 1991 and a Member of Parliament for Ang Mo Kio Group Representation Constituency from 1991 to 1996. He served as a Director of Ang Mo Kio Community Hospital from 1993 to 1999 and Chairman of the Medifund Committee of the hospital from 2001 to 2005. He was Head of Computer Services in a statutory board and two local banks from 1973 to 1996. He was the General Manager of NTUC Link Pte Ltd. between 1997 and 2000 and was the Executive Director of People's Action Party/PAP Community Foundation from 2001 to 2012. He is currently an Independent Director of two other listed companies in Singapore and a member of the Singapore Institute of Directors. In addition, he is Chairman of the Programme Advisory Committee for BA Translation and Interpretation and an examiner for Certification Examination for Professional Interpreters, School of Humanities & Behavioural Sciences, Singapore University of Social Sciences. He is also adjunct Professor of Translation and Interpretation. Mr. Lau graduated from the Australian National University with a Degree in Economics and also holds a Diploma in Business Administration from the University of Singapore.

BOARD OF DIRECTORS

Mr. CHIN SEK PENG
Independent Director

Mr. Chin was appointed as an Independent Non-Executive Director in February 2005 and was last re-elected on 28 April 2022. He was the Managing Partner responsible for running, managing and growing the professional services of PKF Singapore entities including PKF-CAP LLP, a firm of chartered accountants in Singapore from 2017 to 2020. With effect from 1 January 2021, he was appointed the Executive Chairman of PKF Singapore entities. Mr. Chin is also the co-founding Director of PKF-CAP Advisory Partners Pte Ltd and the Head of Risk Consulting division of PKF in Singapore.

Mr. Chin started his accountancy and audit training in Casson Beckman, a medium sized firm of chartered accountants in London in 1980. After he qualified as a chartered accountant in 1983, he joined legacy Price Waterhouse and worked in UK, Europe and Singapore from 1983 to 1994. In 1994, Mr. Chin joined the Institute of Singapore Chartered Accountants ("ISCA") as the first Practice Review Director. In 1999, Mr. Chin joined Arthur Andersen as a partner in its Assurance and Business Advisory Division and he left the firm in 2002 to set up his own audit and consultancy practices.

Mr. Chin holds a Bachelor of Arts (Honours) degree in Accounting and Finance from Lancaster University in the United Kingdom and is a public accountant, Fellow Chartered Accountant (practising) of Singapore and a Fellow Member and Business and Finance Professional of the Institute of Chartered Accountants in England and Wales. He is a member of the Institute of Internal Auditors of Singapore and an ordinary member of the Singapore Institute of Directors.

Mr. Chin also serves as Independent Director, mainly in the capacity of Audit Committee Chairman, of one other company listed on the Singapore Exchange. He was a member of the PKF International Asia Pacific Board and Chairman of the ASEAN sub-region from 2019 to 2021 and was formerly a council member of ISCA and the Chairman of the Public Accounting Practice Committee of ISCA.

Mr. YANG ZHENG
Lead Independent Director

Mr. Yang was appointed as an Independent Non-Executive Director in November 2017 and was last re-elected on 28 April 2021. He was appointed as Lead Independent Director of the Group on 25 June 2019. He is a PRC Certified Public Accountant (CPA), a senior member of the Chinese Institute of Certified Public Accountants (CICPA), a director of the Accounting Society of China (ASC), a member of the First National Audit Information and Standardisation Technical Committee and President of Shenzhen Rihao Financial Intelligence Research Institute. Mr. Yang has been an accounting teacher at Nanjing Audit University since 1987 and was the Dean of the School of Accounting at Nanjing Audit University. He was a part-time Professor at Curtin University of Australia and served as Vice-President of Xi'an Eurasia University from 2014 to 2018. Mr. Yang has also served as an independent director in a number of companies and is currently an independent director of the following listed companies: Luenmei Quantum Co., Ltd., Anhui Xinke New Materials Co., Ltd., Meig Smart Technology Co., Ltd., and Svg Group Co., Ltd.. Mr. Yang graduated with a Bachelor's degree in Economics from Anhui University in 1982. He studied as a visiting scholar in the field of auditing in Nanjing University from 1994 to 1995.

BOARD OF DIRECTORS

Mr. LI LEI

Non-Executive, Non-Independent Director

Mr. Li was appointed as a Non-Executive Director in March 2017 and was last re-elected on 24 June 2020. He worked in McKinsey & Company's Beijing Office as an Analyst from 2006 to 2007. Mr. Li was Vice President of Beijing Dinghui Venture Investment Advisory Co., Ltd., from 2007 to 2011 and Executive Director of Dinghui Equity Investment Management (Tianjin) Co., Ltd., from 2011 to 2015. Mr. Li has served as the Managing Director of CDH Investments Management (Hong Kong) Limited since January 2016. Mr. Li holds two Bachelor's Degrees in law and economics and a Master's Degree in law.

Mr. WANG DAO FU

Independent Director

Mr. Wang was appointed as an Independent Director on 25 June 2019 and was last re-elected on 28 April 2021. He graduated with a Bachelor of Law degree from Peking University in 1984. From August 1993 till May 2002, he worked with many established Singapore law firms as their Chinese Legal Counsel. Mr. Wang then set up Shanghai Yuantai Law Offices in 2004 and is the firm's founding partner. He has more than 30 years of PRC legal practice experience in a wide range of areas, including capital markets, corporate finance and mergers & acquisitions. Mr. Wang currently serves as a director of Matex International Limited, Proceq Trading (Shanghai) Co. Ltd (China) and MOBO Information Technology Pte Ltd..

Ms. WANG GUANNAN

Non-Executive, Non-Independent Director

Ms. Wang is a Director at DCP, where she was actively involved in several equity investment deals. Prior to DCP, Ms. Wang was an Analyst at Hony Capital from June 2021 to June 2014 and Senior Associate at MBK Partners from June 2014 to June 2018. Ms. Wang graduated from Massachusetts Institute of Technology with a Master in Finance and Peking University with a Bachelor of Engineering and Economics.

KEY MANAGEMENT

Mr. TANG HAO
Group Vice President and General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.

Mr. Tang joined the Group in April 2017 to serve the GI Business. Since 2017, Mr. Tang has served in several roles within Jiangsu Sunpower Clean Energy Co., Ltd., including Assistant to General Manager, Director of Project Support Department, Director of Investment Development Department, Deputy General Manager and General Manager. He is currently Group Vice President and General Manager of Jiangsu Sunpower Clean Energy Co., Ltd..

Prior to joining the Group, Mr. Tang worked for BR Energy Environment Engineering Co., Ltd. as Deputy Director of Regional Investment and Deputy Manager of Platform Support Department. From 2010 to 2014, he held various positions at Hangzhou Environment Group Co., Ltd., including Deputy Manager. From 2014 to 2016, he worked at Huadian Electric Power Research Institute as Regional Project Manager of Environmental Technology Department.

Mr. Tang graduated from Huazhong University of Science and Technology and obtained a bachelor's degree and a master's degree in environmental engineering respectively in 2005 and 2007, respectively. From 2010 to 2013, he published four professional papers, all of which were included in the Chinese core journal of science and technology titled "Environmental Sanitation Engineering".

Mr. SHA JIAN HUA
Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.

Mr. Sha joined Sunpower Group in March 2017 and currently serves as Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.. Since 2018, he has been also serving as General Manager of Zhangjiagang Yongxing Thermal Power Co., Ltd., Jiangsu Sunpower Electricity Sales Co., Ltd. and Changshu Suyuan Thermal Power Co., Ltd. to enhance the post-investment operation of the Group's project companies. Mr. Sha started his career from 1986 and has been working in the electric power and thermal power industry for decades. From 1986 to 2008, he served in several power plants and thermal power companies, and was responsible for operation, business planning, production, etc. From 2008 to 2016, he worked as General Manager of Jiangsu Huaxia Environmental Protection Energy Sources Co., Ltd., Jiangsu Skyrun International Group Co., Ltd. and Caoxian Huaheng Thermal Power Co., Ltd.. From 2016 to 2017, he served as Director of Strategic Investment Department of BR Energy Environment Engineering Co., Ltd..

Mr. SHI SHAO LIN
Group Financial Director and Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.

Mr. Shi joined the Group in July 2018 and currently serves as Group Financial Director and Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.. Mr. Shi started his career in 1995 and has decades of experience of financial work in diverse industries. From 1995 to 2014, Mr. Shi worked as Deputy General Manager and Financial Director of Jiangxi Electric Power Fuel Co., Ltd., Financial Director of Jiangxi Sanhe Electric Power Co., Ltd. and Chief of Financial Section of Jiangkou Waterpower Factory. From 2014 to 2016, Mr. Shi was Deputy Director of Finance Department of China Power Investment Corporation International Mining Co., Ltd.. From 2016 to 2017, he worked in State Power Investment Corporation Limited as Assistant to General Manager of Xi'an Branch of State Power Investment Corporation Logistics Co., Ltd. and as Deputy Director of Finance Department (in charge of the financial work) of State Power Investment Corporation Guangdong Power Co., Ltd.

中聖集團
SUNPOWER GROUP LTD.

Ms. WANG HUI
Chief Financial Officer

Ms. Wang joined Sunpower Group in June 2016 as a Senior Financial Analysis Manager. She is currently the Group's Chief Financial Officer and is responsible for the Group's overall financial management and reporting. Prior to joining Sunpower Group, she was a Senior Auditor with Ernst & Young from September 2011 to May 2016. Ms. Wang graduated from Soochow University with a bachelor's degree in management in June 2011.

Mr. ZHENG XIAO DONG
Deputy General Manager and Director of Engineering Construction Management Department of Jiangsu Sunpower Clean Energy Co., Ltd.

Mr. Zheng joined Sunpower Group in July 2019 to serve the GI Business. He is currently Deputy General Manager and Director of Engineering Construction Management Department of Jiangsu Sunpower Clean Energy Co., Ltd.. Mr. Zheng started his career in 1992 and once worked in CSEEC and Zhejiang Bochen Huineng Technology Co., Ltd. as Assistant to President and Deputy General Manager respectively. From 2004 to 2014, he served as Chief Engineer and General Manager of Hangzhou Bluesky Natural Gas Power Generation Co., Ltd., and as Chief Engineer and Deputy General Manager of Amber International Investment Co., Ltd. and Amber Energy. From 2001 to 2004, he worked in GCL Group as Manager and Director of the Power Generation Department of Dongtai Suzhong Environmental Protection and Thermoelectricity Co., Ltd. and Deputy Chief Engineer of Hangzhou Office of GCL Group. From 1992 to 2001, he served in Nanjing Port Administration Bureau and Dongtai Thermal Power Plant. Mr. Zheng graduated from Nantong Textile Engineering Institute in 1992 and graduated with a major in Electrical Power Engineering and Automation from Hohai University in 2003.

Mr. XU JUN
Deputy Chief Engineer and Deputy General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.

Mr. Xu is concurrently the Deputy Chief Engineer and the Assistant to the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd..

Mr. Xu has decades of professional work experience in the thermoelectric industry since joining in 1999. He worked as Chief Engineer in Reang Eco-Energy Co., Ltd. and Assistant General Manager in Hunan Yongxing Comprehensive Utilisation Power Plant. He also served in Hunan Zixing Coking Power Co., Ltd..

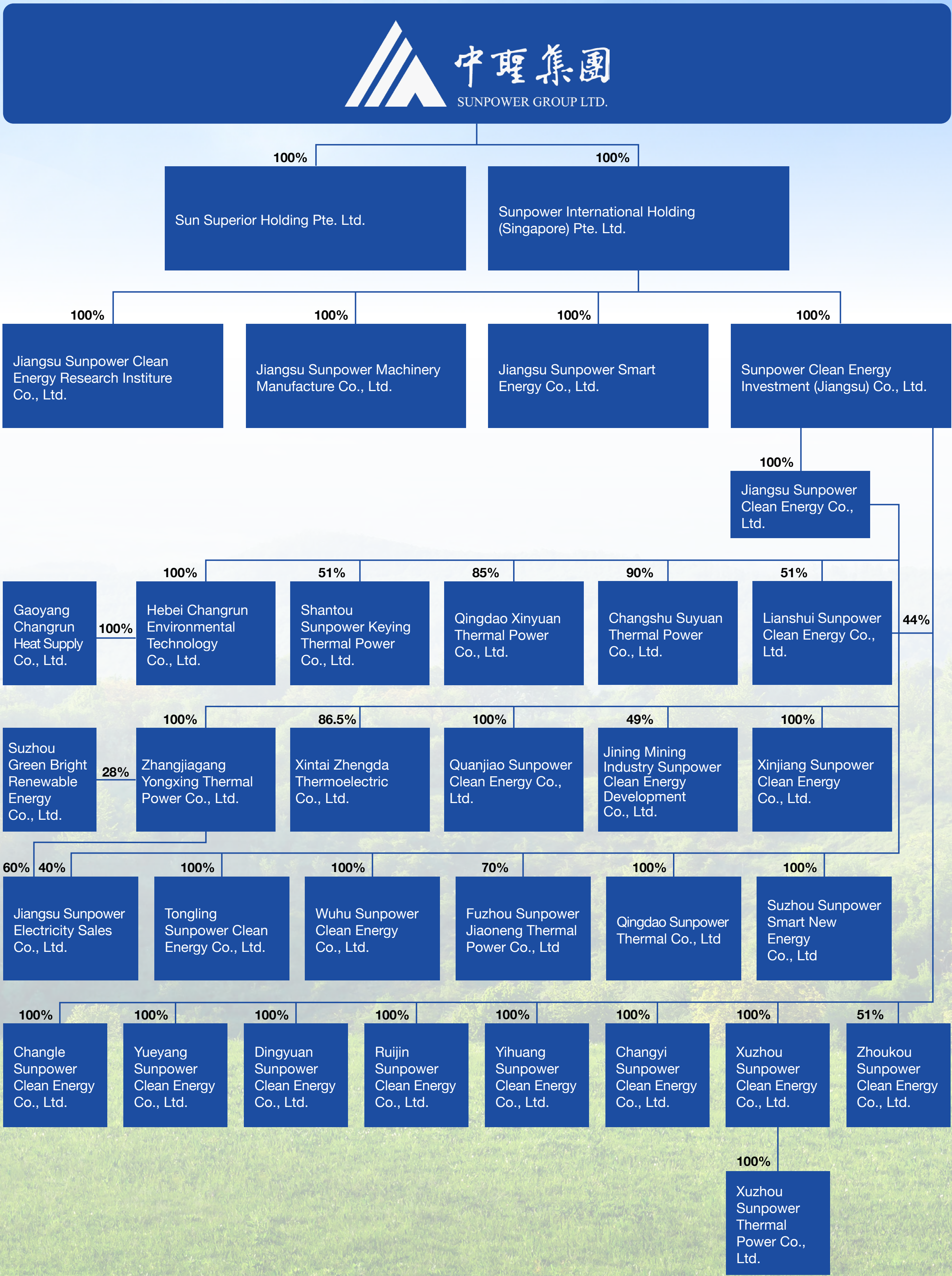
Mr. Xu graduated from Hunan Water Resources and Electric Power School (now Changsha University of Science and Technology) majoring in power plants and power systems. In May 2018, he was appointed by Hunan University of Humanities, Science and Technology as an off-campus tutor for postgraduate students.

Mr. WANG NING
Assistant to the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd.

Mr. Wang is currently the Assistant to the General Manager of Jiangsu Sunpower Clean Energy Co., Ltd..

Mr. Wang studied at Nanjing University of Aeronautics and Astronautics from 2002 to 2004, and graduated with his master degree from City, University of London in 2007. He pursued his MBA from 2014 to 2017 in University of La Verne. Mr. Wang had working experience in China Telecom and GCL as engineer and project manager. He joined Sunpower Group in 2017 as a senior investment analysis manager and now is responsible for investment and operation work.

CORPORATE STRUCTURE



SUSTAINABILITY REPORT SUMMARY

Applying the circular economy model, Sunpower provides clean industrial steam to enterprises, civil heating to households, electricity to the State Grid as well as industrial services to its users. The Company is committed to "benefit-oriented environmental protection" and promotes a green and harmonious ecology, while enhancing people's livelihoods and the well-being of society. The 2022 Sustainability Report highlights Environmental, Social and Governance ("**ESG**") risks and opportunities, performance and achievements based on the material topics. It is prepared in accordance with the Global Reporting Initiative ("**GRI**") Standards for the period of 1 January 2022 to 31 December 2022 ("**FY2022**"). This report is available for download on SGXNet (www.sgx.com) and the investor relations website of Sunpower Group (http://sunpower.listedcompany.com/) after disclosure.

ENVIRONMENT

The Company strictly abides by the environmental laws and regulations of the People's Republic of China, such as the Environmental Protection Law, the Prevention and Control of Air Pollution Law, and the Water Pollution Prevention and Control Law. Sunpower continuously improves its environmental management system, including the Environmental Policy, Environmental Protection Management System, and Measures for "Three Simultaneities" of Construction Projects. In FY2022, the Company invested approximately RMB 3.78 million in environmental management.

The Company has developed a comprehensive plan to conserve energy and reduce emissions, which involves promoting circular economy and achieving material recycling and multi-level energy utilisation. To improve energy utilisation efficiency, the Company utilises energy saving technology, environmental protection technology, and long-distance steam distribution pipelines technology to carry out energy-saving transformations on projects. For instance, the Xintai Zhengda Project conducted a heat pump transformation that utilised small temperature differences of circulating water to promote waste heat recovery. This resulted in improvement in capability to supply steam, contributing to energy conservation and emission reduction. Additionally, the Changrun Project harnessed waste heat from wastewater desulfurisation using the low heat of wastewater to conserve feedstock resources. The Yongxing and Suyuan Projects also conducted transformations in their circulating water pump techniques, resulting in a significant reduction in water consumption and improved energy utilisation rates. In FY2022, the Company's total energy consumption amounted to 1,161,900 metric tons of standard coal, and the energy consumption density was 3.54 metric tons of standard coal/RMB 10,000.

In terms of project construction, Sunpower takes measures to enhance management of construction sites, such as regularly inspecting and controlling dust, noise, water pollution, and environmental protection. This helps Sunpower to prevent and reduce pollution problems caused by project construction. The Company strengthens waste management and strictly follows the Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, the Measures for the Transfer of Hazardous Wastes, the Standard for Pollution Control on Hazardous Waste Storage, and other laws, regulations, and standards. Sunpower has established the Management System of Hazardous Waste to standardise waste disposal management. For non-hazardous wastes such as construction waste, furnace ash, and cinder, the Company recovers or reuses resources as much as possible, and consumes and absorbs all solid wastes according to regulations. For hazardous wastes, an independent hazardous waste storage warehouse has been established and professional institutions are entrusted to dispose of them. The Company comprehensively utilises hazardous wastes to the maximum extent, including catalyst regeneration and waste oil recovery, in line with the requirements of "reduction and recycling". In FY2022, the Company emitted 213.76 metric tons of sulfur oxides, 529.57 metric tons of nitrogen oxides, 53.34 metric tons of dust, and 14.68 metric tons of particulate matter. Non-hazardous waste emissions were 459,385.91 metric tons, and sewage discharge was 817,100 metric tons.

Further, GI projects' centralised steam supply provides comprehensive solutions to reduce water, land and air pollution, helping to establish a sustainable ecological system. One of the main sources of pollution in the industrial parks is wastewater which contains organic substances that do not decompose easily and soluble inorganic substances and toxic heavy metals that make treatment difficult.[1] In response, GI projects use wastewater and river water after treatment for production, reduce sewage discharge and thus make more efficient use of water resources. Changrun, Yongxing and Shantou Projects are typical examples. In addition, GI projects alleviate local water body pollution problems. As a part of the No.1 Lianjiang River Comprehensive Remediation Project, Shantou Project supplies centralised steam and helps to relocate 183 textile enterprises along the Lianjiang River to the industrial park. As a result, sewage discharge into the river was alleviated and the black Lianjiang River was turned to be clean. Besides, the textile enterprises which were once closed due to pollution now can resume and continue operations.

1 https://baijiahao.baidu.com/s?id=1759246858721941594&wfr=spider&for=pc

Besides, the treatment of wastewater generates sludge that are usually disposed of through landfills, which poses a major environmental and health hazard[2]. However, GI projects such as Changrun Project collect and dry the sludge for blended feedstock combustion, and subsequently turn production wastes such as fly ash into valuable raw materials that can be sold to downstream plants. This method treats land-based pollution at the source and restores the land eco-system.

In addition to sludge, GI projects such as Yongxing's JV plant (which is under construction) collect and treat solid waste in the industrial parks and use them as substitute feedstocks. Tongshan Project also uses biomass such as bark, straw and other agricultural product waste as a fuel source. By turning waste into useful "treasure", GI projects provide a solution to recycle and reduce the amount of solid waste that would otherwise pollute the land-based environment.

Finally, GI projects have contributed to the shutdown of hundreds of small dirty boilers and reduced emissions of air pollutants. The application of environmental protection technologies and an online 24-hour emission monitoring system that allow GI project emissions to be capable of meeting or be even lower than the emission standard of natural gas are Sunpower's practical actions that improve the atmospheric environment, true to the call of China's Blue Sky Project.

The Company is committed to actively responding to climate change and reducing greenhouse gas emissions through a transformation process that involves "promoting self-emission reduction, serving social low-carbon development, and promoting green technology practice and application". This process encompasses energy structure transformation, system energy efficiency improvement, and the adoption of green technology. In addition to promoting its own low-carbon transformation, the Company is also providing customers with lower-carbon and cleaner products and services. Furthermore, the Company is building a safe and efficient energy system, and conducting carbon emission rights check, inspection, monitoring, quota calculation, contract execution, and trading in operational projects to reduce carbon emission. As a result of these efforts, the Company's total greenhouse gas emissions in FY2022 amounted to 3,275,500 metric tons of carbon dioxide equivalent, with a greenhouse gas emission density of 9.98 metric tons of carbon dioxide equivalent/RMB 10,000.

As an early adopter of the circular economy production model, Sunpower is one of the core driving forces of circular economy industrial parks. It realises ultra-low emissions that earn more emission credits for the parks which, in turn, helps to attract more enterprises for relocation. This enables a mutually sustainable development and establishes a win-win relationship.

QUALITY MANAGEMENT AND CUSTOMER SERVICE

The Company continuously improves its quality management system by formulating the Heating Network Management System, among other operational regulations, processes and systems. It has established detailed professional equipment files to ensure the stable operation of production equipment. Additionally, Sunpower uses emergency power supply to ensure the safe shutdown of the power plant during accidents, and quickly resumes generator operation after the fault is resolved. Moreover, it creates emergency plans and makes technical improvements based on the operation modes and conditions of different power plants to ensure a stable energy supply. The Company also adjusts steam pressure and temperature according to customer requirements to provide on-demand heating and precise heating.

In order to improve customer service efficiency, the Company has provided all-round customer services and established an integrated platform that includes an all-weather hotline and helps to handle complaints. This platform ensures that customer complaints and other issues are handled professionally, fairly, timely, and with a sense of responsibility. Moreover, the Company has implemented user satisfaction return visits and conducts regular door-to-door surveys to monitor customer satisfaction. It is worth noting that in FY2022, the Company received zero complaints regarding its product quality not meeting user requirements.

HEALTH AND SAFETY

Sunpower is committed to creating a safe environment with the stable operation of facilities such as boilers. GI projects have remote monitoring systems that ensure boiler operations are kept under control at all times and conduct facility maintenance and upgrades from time to time to enhance the safe operation of boilers. This helps to reduce potential injury risks and ensure operational security.

2 https://www.chinawaterrisk.org/resources/analysis-reviews/the-money-in-sludg/

The Company is fully committed to complying with relevant employment safety laws and regulations of the People's Republic of China, such as the Work Safety Law, the Administrative Regulations on the Work Safety of Construction Projects, the Regulation on Work Safety Licences, and the Law on the Prevention and Control of Occupational Diseases. To further reinforce its safety management efforts, the Company has established several regulations, including the Administration System of Safety Standardisation Building Efforts, Measures on Potential Safety Threat Management and Investigation, Regulation on Occupational Health and Safety, and Regulation on Labor Protection Supplies Management. These measures reinforce safety efforts, enhance safety management measures, and foster a culture of safety. As a result, the Company successfully achieved its goal of zero personal, equipment, or fire accidents throughout FY2022, demonstrating its unwavering commitment to safe production.

The Company implements safe production standardisation and improves its standardised management and operational capabilities. Regular occupational health and safety inspections are conducted, and preventative measures such as the "four summer preventions" and protection against cold and freezing conditions in winter are implemented. Sunpower proactively identifies and eliminates potential safety hazards, while strengthening its safety risk management and control. Emergency plans for production safety accidents are established, safety emergency drills are organised, and emergency response capabilities are enhanced. Moreover, the Company conducts annual occupational hazard factor detection and investigates potential threats to employees' occupational health at production sites. Any identified issues are promptly addressed through corrective actions. As a result of these efforts, no occupational diseases were reported by the Company in FY2022.

The Company prioritises safety culture by implementing safety education and training plans to enhance employee safety awareness and operational skills. It also conducts various cultural activities, including "Safety Culture Grows in Teams and Groups", "Safety Production Month", and "Safety Warning Week", to establish a safe working environment. In FY2022, the Company held occupational health and safety training sessions with an attendance of 9,220 employees. Furthermore, a total of 5,682 test attempts were made for the occupational health and safety exam, and all employees who took the exam passed. Changrun Project received the "Best Enterprise in Occupational Health" award in Hebei Province in FY2022. Suyuan Project, Xintai Zhengda Project, Changrun Project and Xinyuan Project were rated as "Power Safety and Production Standardisation Enterprise (Level 2)".

TALENT DEVELOPMENT AND COMMUNITY CONTRIBUTION

The Company has developed a comprehensive training system that caters to employees at all levels, including high-level, middle-level, and junior-level staff. The training programme is designed to improve employees' vocational skills, professional techniques and management abilities. The courses and lecturers are continuously evaluated and updated to enhance the employees' skills. To cater to the different needs of new employees, operational positions, and technical positions, the Company has formulated specific training plans. Sunpower carries out both routine and special training to improve employees' technical abilities, and offers training for technicians to obtain external qualifications. The training method for external qualification is chosen based on industry policy changes, technological advancements, and management improvements. For example, employees can access on-demand knowledge via official WeChat accounts and take video lectures online. In FY2022, the Company organised 991 training sessions, with 1,000 people receiving training. The total training hours reached 29,446, with an average of 29.45 hours per person.

Further, GI projects facilitate the local employment as the indispensable motivator for the continuous development of local industries and enterprises. With Changrun Project's centralised supply of steam, local textile enterprises that used to be pollutive now can continue operations in a green and efficient way. This further enhanced sustainable industry growth and promoted local employment[3] of over 100 thousand people in Gaoyang County, Hebei Province.

Besides, the Company actively engages in industry-university-research cooperation, and has established long-term and stable partnerships with universities and colleges. In FY2022, Sunpower Group was recognised by one university as an "Off-campus Practical Education Base" and was awarded with a nameplate.

3 https://baijiahao.baidu.com/s?id=1712050050379665084&wfr=spider&for=pc

SUSTAINABILITY REPORT SUMMARY

In addition, GI projects satisfy the fundamental needs of local residents and ensure the local livelihood. Three GI projects (Xinyuan Plant, Xintai Zhengda Project, and Tongshan Project) supply clean affordable civil heating to the local residents within their coverage areas and help to keep local residents warm during the harsh winter when temperatures can fall substantially to -20°C to -30°C.

Finally, Sunpower also cultivates a win-win and friendly relationship with other stakeholders such as suppliers and banks and is dedicated to public welfare efforts, including support for socially disadvantaged groups, care for the elderly who live alone and left-behind children, and assistance for impoverished students. Additionally, Sunpower has contributed to the fight against the pandemic and engaged in charitable activities across various fields, such as donations to education and care for the elderly, to demonstrate its corporate social responsibility. In FY2022, Sunpower invested in public welfare initiatives and employees participated in 502 hours of volunteer activities.

GOVERNANCE

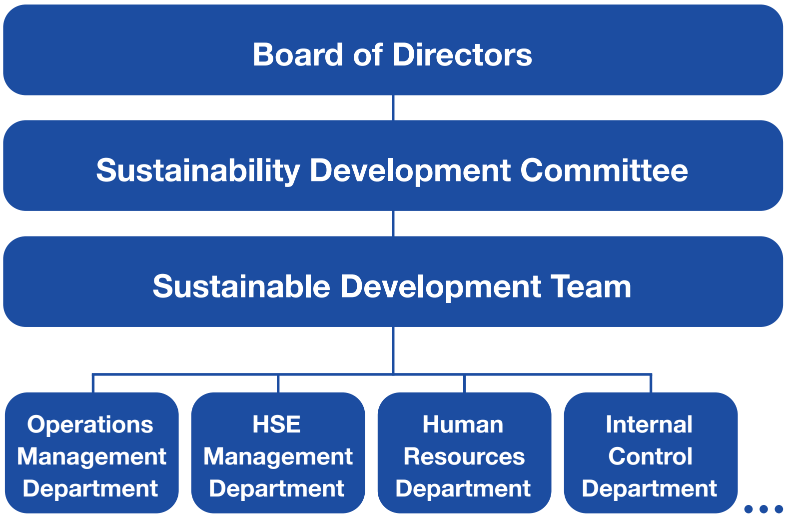
Sunpower has in place a set of self-regulating and monitoring mechanisms, in accordance with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore.

In addition to regular committees, Sunpower has a series of committees such as the Risk Management Committee and the Sustainability Development Committee to better conduct effective corporate governance. For further information, please refer to the "Corporate Governance" section of 2022 Annual Report.

To strengthen its risk management processes and framework, the **Risk Management Committee** is established to evaluate and provide advice on the business risks (strategic, financial, operational and compliance with laws and regulations); study and identify internal controls and risk management strategies to manage the identified risks; design and implement new controls and strategies to address identified business risks; study and analyse material investments, financing and other operational management activities, etc.

To implement ESG at all levels, the **Sustainability Development Committee** has been established under the Board of Directors and is composed of company directors and senior management. Subsequently, the Sustainable Development Team, comprising senior management and heads of various functional departments, breaks down the overall strategy into individual employee tasks and measures.

Through refined corporate governance mechanisms implemented through all the levels, Sunpower aims to safeguard against fraud, protect shareholders' interests, and secure its long-term, high-quality success.



In conclusion, Sunpower applies the principle of benefit-driven environmental protection, and strives for the noble synergistic effects of economic development and sustainable development. Sunpower aims to safeguard the common future and welfare of its stakeholders, and realise long-term and sustainable values for its shareholders.

CORPORATE GOVERNANCE REPORT

The board (the "**Board**") of directors ("**Directors**") and management ("**Management**") of Sunpower Group Ltd. (the "**Company**", and together with its subsidiaries, the "**Group**") are committed to upholding a high standard of corporate governance, including accountability, transparency and sustainability, in order to safeguard the interests of all stakeholders and to promote investors' confidence. To this end, the Board has in place a set of self-regulating and monitoring mechanisms, in accordance with the Code of Corporate Governance 2018 (the "**Code**") issued by the Monetary Authority of Singapore.

This report describes the Company's key corporate governance processes and practices with specific references to the Code.

1. BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company

(i) Apart from its statutory duties and responsibilities, the Board oversees the Management and affairs of the Group. It focuses on strategies and policies, with particular attention paid to growth and financial performance. In addition, the Board has adopted a set of internal guidelines setting forth matters that require the Board's prior approval. The Board is responsible for decisions over matters involving, among other things, conflicts of interest of a substantial shareholder or a Director, approving annual budgets, financial plans, financial statements, business strategies and material transactions such as major acquisitions, divestments, interested person transactions, funding and investment proposals as well as corporate or financial restructuring, share issuance, declaration of dividends and other permitted returns to shareholders. The Group has put in place financial authorisation and approval limits for operating expenditure and procurement of goods and services. It delegates the formulation of business policies and day-to-day management to the Executive Directors and its management team.

The principal functions of the Board are to:

(a) provide entrepreneurial leadership, review and approve the Group's key business strategies and financial objectives, including major investments and divestments and financing of projects;

(b) oversee the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance with regulatory authorities and the Group's internal control policies and procedures to safeguard the shareholders' interests and the Company's assets;

(c) review the performance of the Management;

(d) identify key stakeholder groups and recognise that their perceptions could affect the Company's reputation;

(e) set the Company's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and

(f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

(ii) All Directors act objectively to discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company.

(iii) The Board discharges its responsibilities either directly or indirectly through various Board committees. These committees ("**Board Committees**") include the Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Audit Committee ("**AC**"). Each of the Board Committees functions within its terms of reference. If authority to make decisions on certain board matters is delegated by the Board to any Board Committee, such delegation would be disclosed.

(iv) The Board has also established a risk management committee ("**RMC**") to assist the Board on the governance of risk. The membership and key functions of the RMC are set out in the later section of this report.

(v) The Board has also established an independent committee ("**IC**") to assist the Board to review and approve Interested Person Transactions (the "**IPTs**") with Mandated Interested Persons (as defined below) ("**Mandated Transactions**") in accordance with the procedures under the IPT Mandate (as defined in the Company's circular to its shareholders dated 31 March 2021).

(vi) The Board meets once a year to review and deliberate on the key activities and business strategies of the Group. The Board meets at least four (4) times a year to approve the release of the financial results for the first and third quarters, half-year and full-year. Additional meetings of the Board will be held where circumstances require. The Company's Bye-Laws allow a Board meeting to be conducted by way of teleconference and video-conference.

(vii) The Board, with the concurrence of the NC, is of the view that the Directors have attended and actively participated in Board and Board Committee meetings, and that each Director has ensured that sufficient time and attention have been given to the affairs of the Group in the financial year ended 31 December 2022 ("**FY2022**"). The following table discloses the number of meetings held by the Board and Board Committees and the attendance of all Directors in FY2022:

	Board		AC		NC		RC	
	Number*	**Attended***	**Number***	**Attended***	**Number***	**Attended***	**Number***	**Attended***
Guo Hong Xin	4	4	N/A	N/A	1	1	N/A	N/A
Ma Ming	4	4	N/A	N/A	N/A	N/A	N/A	N/A
Lau Ping Sum Pearce	4	4	4	4	1	1	1	1
Chin Sek Peng	4	4	4	4	1	1	1	1
Li Lei	4	4	N/A	N/A	1	1	1	1
Liu Haifeng David(1)	1	0	N/A	N/A	1	0	1	0
Yang Zheng	4	4	4	4	1	1	N/A	N/A
Wang Dao Fu	4	4	N/A	N/A	1	1	1	1
Wang Guannan(2)	3	3	N/A	N/A	0	0	0	0

* Refer to meeting held and attended while each Director was in office.
(1) Mr Liu Haifeng David resigned as a Director and ceased to be a member of the NC, and a member of the RC on 25 February 2022.
(2) Ms Wang Guannan was appointed a Director, a member of the NC and a member of the RC on 25 February 2022.

(viii) Each new and existing Director receives appropriate training to develop individual skills in order to discharge his or her duties as a director of a listed company. A formal letter of appointment would be furnished to every newly-appointed Director upon his or her appointment explaining, among other matters, the roles, obligations, duties and responsibilities of a member of the Board. The Group also provides information about its history, mission and values to the Directors. Where necessary, the Directors will be updated regarding new legislation, regulations and changing commercial risks which are relevant to the Group. Appropriate briefing and orientation will be arranged for newly appointed Directors to familiarise them with the Group's business operations, strategic direction, directors' duties and responsibilities and corporate governance practices. They will also be given opportunities to visit the Group's operational facilities and meet the Management so as to gain a better understanding of the Group's business. The Directors are encouraged to attend seminars and receive training to improve themselves in the discharge of their duties and responsibilities. These seminars and training are funded by the Company. In addition, the Company has adopted more robust internal processes designed to ensure compliance with disclosure requirements under the Mainboard listing rules ("**Listing Rules**").

(ix) On the administration of options, the Board has made it a key focal point of their work. The Board includes new grant applications as an agenda item during Board meetings when there are new option grants. The RC exercises oversight of the Company's internal control framework relating to the administration of any share option schemes and makes recommendations to the Board in respect of possible improvements to such schemes. The Company has initiatives and measures in place to strengthen its internal processes relating to the grant and exercise of options in accordance with the Listing Rules, including the appointment of external advisors to review the internal processes if necessary. These initiatives and measures will be reviewed from time to time and updated as necessary.

(x) The Management monitors changes to regulations, policies and financial reporting standards issued by, amongst others, the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Accounting and Corporate Regulatory Authority of Singapore. Any change that might impact the Group and its disclosure obligations are promptly brought to the attention of the Board, either during Board meetings or *via* circulation of Board papers. The external auditors will update the AC and the Board on the new and revised financial reporting standards that are applicable to the Company or the Group.

(xi) In addition, the Management regularly updates and familiarises the Directors on the business activities of the Company prior to Board meetings.

Access to Information

(i) The Board is provided with management reports, and papers containing relevant background or explanatory information required to support the decision-making process on an on-going basis and in a timely manner.

(ii) Board papers are circulated to the Directors before the scheduled meetings so as to allow for a better understanding of the issues and to achieve a more effective discussion time for questions that the Directors may have.

(iii) The Directors have separate and independent access to the senior Management and the Company Secretaries. The Company Secretaries administer, attend and prepare minutes of meetings of the Board and of the Board Committees, which are thereafter circulated. The Company Secretaries assist the Company to comply with the corporate secretarial aspects of the Bye-Laws and the applicable sections of the Listing Rules and the applicable sections of the Companies Act 1967 and the Securities and Futures Act 2001.

(iv) The appointment and removal of the Company Secretaries are subject to the approval of the Board.

(v) In carrying out their duties, the Directors, whether individually or as a group, have direct access to independent professional advisors to obtain advice, at the Company's expense.

Board Diversity

The Board has put in place a Board Diversity Policy for the Company which endorses the principle that its Board should have the optimum balance of skills, knowledge, experience and other aspects of diversity to avoid groupthink and foster constructive debate that support the Group in the pursuit of its strategic and business objectives, and its sustainable development. The policy provides a range of perspectives, insights and challenges that leads to well-balanced decision-making for the benefit of the Group.

The Company is committed to establishing and maintaining a diverse Board, comprising Directors of different ages, genders, qualifications, skills, backgrounds, experience and knowledge in various fields and relevant industries, and other relevant attributes that will benefit the effective governance of the Group. These differences will be considered in determining the optimal composition of the Board and, to the extent possible, will be balanced appropriately. All appointments to the Board are based on merit and after due consideration of the collective skills needed to strengthen the overall board governance role.

When assessing potential candidates for appointment or re-election to the Board, the NC shall appraise each candidate based on merit, against the objective criteria set by the Board after considering the benefits of diversity and the needs of the Board. Details of the Board composition are as follows.

Gender Diversity

Male	7	87.5%
Female	1	12.5%

Age Group

35-50	2	25.0%
51-65	3	37.5%
66-80	2	25.0%
81-85	1	12.5%

Directors' Skills Matrix

Executive leadership	5
Financial market expertise	4
Risk and compliance	3
Industry knowledge	2
Legal expertise	2

Diversity Targets and Progress in FY2022

Ensuring diversity to achieve the strategic and business objectives of the Group	NC reviews annually the balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, and the size of the Board to facilitate decision making.
Ensuring gender diversity on the Board	The Company has appointed one (1) female Director in FY2022.

Although the Company has not set any specific new targets at this point of time, the NC will consider and recruit talents who have comprehensive abilities in accordance with the Company's Board Diversity Policy, in the appropriate circumstances. The NC will report to the Board on an annual basis on the progress made in achieving the objectives set (if any) for promoting diversity as described in the policy.

The Board will continue to build on the element of diversity, recognising the importance of having an effective and diverse Board and will review the Board Diversity Policy periodically to ensure its effectiveness and alignment with the best practice and the requirements of the Code, as amended from time to time, and any other relevant legislation. Any further progress made in the ongoing implementation of such policy or objectives will be disclosed in future Corporate Governance Reports, as appropriate.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company

(i) The Board comprises the following members:

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last re-election as Director	Due for re-election at the next annual general meeting	Nature of appointment
Guo Hong Xin	Chairman	12 May 2004	28 April 2022	N/A	Non-Executive/ Non-Independent
Ma Ming	Director/Chief Executive Officer	12 May 2004	24 June 2020	Retirement by rotation pursuant to Bye-Laws	Executive/ Non-Independent
Lau Ping Sum Pearce	Director	2 February 2005	24 June 2020	Retirement by rotation pursuant to Bye-Laws	Non-Executive/ Independent
Chin Sek Peng	Director	2 February 2005	28 April 2022	N/A	Non-Executive/ Independent
Li Lei	Director	3 March 2017	24 June 2020	Retirement by rotation pursuant to Bye-Laws	Non-Executive/ Non-Independent
Yang Zheng	Director	10 November 2017	28 April 2021	N/A	Non-Executive/ Independent
Wang Dao Fu	Director	25 June 2019	28 April 2021	N/A	Non-Executive/ Independent
Wang Guannan	Director	25 February 2022	28 April 2022	N/A	Non-Executive/ Non-Independent

(ii) The Board currently comprises eight (8) Directors, four (4) of whom are Independent Directors. In accordance with Provision 2.3 of the Code, the Board comprises seven (7) Non-Executive Directors which make up a majority of the Board.

The NC adopts the provisions of the Listing Rules and of the Code in its review of who can be considered as an Independent Director. The NC is of the view that all the Non-Executive Directors are Independent except for Mr Guo Hong Xin ("**Mr Guo**"), Mr Li Lei and Ms Wang Guannan.

In accordance with Provision 2.2 of the Code, independent directors are to make up a majority of the Board where the Chairman is not independent. Although Mr Guo is the Non-Executive Chairman of the Board, the Independent Directors do not currently make up the majority of the Board. Notwithstanding the foregoing, the Board believes that at this stage, Mr Guo's leadership in his role as Non-Executive Chairman is still merited as Mr Guo is one of the founders of the Company, and has been continuing to support the development of the Group.

CORPORATE GOVERNANCE REPORT

In addition, the Board is capable of maintaining the appropriate level of checks and balances. This is demonstrated by the fact that Mr Guo would recuse himself from matters where he has a material personal interest. In such cases, deliberations would be led by the Lead Independent Director. Upon Mr Guo's recusal, the Independent Directors would then make up the majority of the Board deciding on such matters. Accordingly, they are in a strong position to safeguard the interests of the Company, especially when there is a conflict of views and a majority vote is required to reach a decision. In addition, as each Director actively participates in the Board's decision-making process, decisions are made collectively without any individual or small group of individuals influencing or dominating the process.

(iii) Mr Lau Ping Sum Pearce and Mr Chin Sek Peng were first appointed as Directors of the Company on 2 February 2005 and have held their office as Directors for more than nine (9) years. In accordance with Rule 210(5)(d)(iii) of the Listing Rules, the Company sought and obtained approvals through a two-tier voting process at the Company's annual general meeting ("**AGM**") in calendar year 2021 for the continued appointments of Mr Lau Ping Sum Pearce and Mr Chin Sek Peng as Independent Directors of the Company. The approvals will remain valid until the earlier of Mr Lau Ping Sum Pearce's and Mr Chin Sek Peng's retirement or resignation, or the conclusion of the third (3rd) AGM following the approvals obtained at the AGM in calendar year 2021.

Each Independent Director exercises his or her own judgement independently and in the best interests of the Company and shareholders. None of the Independent Directors has any relationship with the Company, its subsidiaries, its related corporations, its substantial shareholders or its officers that could interfere, or reasonably be perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

The Board has, in concurrence with the NC's views, determined that Mr Lau Ping Sum Pearce and Mr Chin Sek Peng should be considered independent notwithstanding that they have served on the Board for more than nine (9) years, because they both continue to express their viewpoints, debate issues objectively and constructively challenge the Management's proposals and decisions on business activities and transactions. Their tenure has therefore not affected their independence and ability to bring independent and considered judgement to bear in their discharge of each of their duties as member of the Board and relevant Board Committees.

Notwithstanding the above however, the Board notes that on 11 January 2023, the Listing Rules have been amended to prescribe a nine-year tenure limit for independent directors. In accordance with Rule 210(5)(d)(iv) of the Listing Rules, a director will not be independent if he/she has been a director of the company for an aggregate period of more than nine (9) years (whether before or after listing). Rule 210(5)(d)(iv) will take effect commencing on the date of the AGM of the Company for the financial year ending on or after 31 December 2023.

(iv) The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making process.

(v) The Board comprises Directors who are all professionals with diverse backgrounds in financial, accounting, legal, and other industry sectors, thereby enabling them to contribute each of their respective areas of expertise in collectively leading the Company. The NC is of the view that the current Board consists of the appropriate mix of expertise and experience to meet the Company's targets. Qualifications and experiences of the Board members are set out on pages 14 to 17 of the Annual Report. Particulars of interests of Directors who held office at the end of the financial year in shares in the Company and in related corporations (other than wholly owned subsidiary companies) are set out in the Directors' Statement.

(vi) The Non-Executive Directors contribute to the Board processes by monitoring and reviewing the performance of the Management against its goals and objectives. Their views and opinions provide alternative perspectives to the Group's business, and they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities.

(vii) The Non-Executive Directors meet and/or hold discussions as and when required without the Management's presence to facilitate a more effective check on the Management. Mr Guo may attend the meeting as Non-Executive Director when necessary and he would recuse himself from matters where he has a material personal interest, as deliberated upon in the above principal 2 (ii).

(viii) Based on the Group's current size and operations, the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company, consistent with the spirit and intent of Principle 2 of the Code. As at the date of this report, the Board comprises seven (7) Non-Executive Directors who make up the majority of the Board as well as one (1) Executive Director.

Chairman and Chief Executive Officer

Principle 3: *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making*

(i) Mr Guo is currently the Non-Executive Chairman of the Board while Mr Ma Ming is the Chief Executive Officer ("**CEO**"). There is a clear division of roles and responsibilities between the Non-Executive Chairman and the CEO. The Non-Executive Chairman leads and manages the business of the Board whilst the CEO and his team of management staff translate the Board's decisions into executive action. The segregation of the roles and responsibilities of the Chairman and the CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

(ii) The responsibilities of the Chairman include:

- mobilising the Board to formulate the development strategy, set out the development aims and approve the aims;
- leading the Board to ensure the effectiveness of its role in all respects;
- scheduling of meetings to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- preparing meeting agenda in consultation with other Directors;
- promoting culture of openness and debate at the Board;
- ensuring that the Directors receive complete, adequate and timely information;
- encouraging constructive relations within the Board;
- assisting in ensuring the Group's compliance with the Code and promoting high standards of corporate governance;
- overseeing effective communication with shareholders; and
- ensuring that Board meetings are held when necessary.

The CEO is primarily responsible for overseeing the Management and strategic operation of the Group as well as assisting in the working of the Board. The responsibilities of the CEO include:

- propelling the implementation of the strategy approved by the Board in order to direct the management team to effectuate the aims approved by the Board;
- developing the Group's businesses and operational strategies;
- implementing the Board's decisions;
- assisting in ensuring the Group's compliance with the Code and promoting high standards of corporate governance;
- assisting in the holding of the Board meetings when necessary; and
- reviewing key proposals by the Management before they are presented to the Board.

(iii) The Company Secretaries may be called upon to assist the Chairman in any of the above matters.

(iv) In view of the fact that the Non-Executive Chairman is not an Independent Director, the Company has appointed Mr Yang Zheng as the Lead Independent Director. Shareholders of the Company with concerns that could have a material impact on the Group, for which contact through the normal channels with the Non-Executive Chairman, CEO, or Chief Financial Officer ("**CFO**") has failed to resolve or is inappropriate, are able to contact the Lead Independent Director.

(v) The Board believes that there is sufficient oversight and standards of accountability to ensure that there is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board

(i) The NC comprises Mr Lau Ping Sum Pearce, Mr Guo, Mr Chin Sek Peng, Mr Li Lei, Ms Wang Guannan, Mr Yang Zheng and Mr Wang Dao Fu, a majority of whom are Independent Directors. The chairman of the NC, Mr Wang Dao Fu, is an Independent Director. The NC meets at least once a year and at other times as required.

(ii) The key terms of reference of the NC are as follows:

(a) the NC shall consist of not less than three (3) Directors, a majority of whom shall be Independent Directors;

(b) the chairman of the NC shall be appointed by the Board and shall be an Independent Director; and

(c) the Board shall appoint a new member of the NC within three (3) months of the date of cessation of a member so that the number of members does not fall below three (3) if a member, for any reason, ceases to be a member.

CORPORATE GOVERNANCE REPORT

(iii) The NC performs the following functions in accordance with its terms of reference:

(a) carrying out annual reviews of the effectiveness of the Board and each individual Director;

(b) reviewing and making recommendations to the Board on all candidates nominated for appointment to the Board, having regard to their background, potential contribution to the Group based on their experience and expertise, and ability to exercise independent business judgement;

(c) reviewing all candidates nominated for appointment as senior staff of the Management;

(d) reviewing and recommending to the Board, the Board structure, size and composition, taking into account the balance between Executive and Non-Executive, Independent and Non-Independent Directors and having regard at all times to the Listing Rules, principles of corporate governance and the Code;

(e) identifying and making recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each AGM of the Company, having regard to the Directors' contribution and performance;

(f) assessing the independence of the Directors (taking into account the circumstances set out in the Listing Rules, the Code and other salient factors); and

(g) proposing a set of objective performance criteria to the Board for approval and implementation, and to evaluate the effectiveness of the Board, its Board Committees and Directors as a whole and the contribution of each Director to the effectiveness of the Board, its Board Committees and Directors.

(iv) Pursuant to the Company's Bye-Laws and the Listing Rules, all Directors are required to submit themselves for re-nomination and re-election at least once every three (3) years.

(v) The NC is of the view that the effectiveness of each of the Directors is best assessed by a qualitative assessment of the Director's contributions, after taking into account his or her other listed company board directorships and other principal commitments. Therefore, the Board has passed a resolution to remove the maximum number of listed company board representations that any of its Directors may hold.

(vi) In the event that the Board decides to appoint new Directors, the NC will conduct an assessment to review the candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The NC will also consider the proposed candidate's independence, expertise, background and skill sets before the NC makes its recommendations to the Board.

(vii) Save for their directorships in the Company, none of the Independent Directors have any relationships with the Company and/or its related corporations, the Company's substantial shareholders, or the Company's officers.

(viii) Succession planning is an important part of the governance process. The NC makes recommendations to the Board on matters relating to the review of succession plans for Directors and will seek to refresh the Board membership progressively and in an orderly manner.

With regard to the succession planning for the Board, the NC aims to maintain an optimal Board composition by considering the Company's strategic priorities and the factors and trends affecting the long-term success of the Company, reviewing the skills needed on the Board, and identifying the gaps (which includes considering whether there is an appropriate level of diversity of thought) on the then existing Board.

CORPORATE GOVERNANCE REPORT

The listed company directorships and principal commitments* of the Directors are set out in the table below:

Name of Directors	Listed Company Directorships	Principal Commitments*
Executive Directors		
Mr Ma Ming	Sunpower Group Ltd.	Executive Director, CEO
	Sunpower Technology (Jiangsu) Co., Ltd	Deputy Chairman
Independent Directors		
Mr Lau Ping Sum Pearce	Sunpower Group Ltd.	Independent Director, RC Chairman, member of AC and NC
	Cortina Holdings Limited	Independent Director, RC Chairman, member of AC and NC
	H2G Green Ltd.	Independent Director, Non-Executive Chairman of the Board, NC Chairman, member of AC and RC
	–	Member of the Singapore Institute of Directors. Chairman of the Programme Advisory Committee for BA Translation and Interpretation
	–	Examiner for Certification Examination for Professional Interpreters, School of Arts and Social Sciences, Singapore University of Social Sciences
	–	Adjunct Professor of Translation and Interpretation
Mr Chin Sek Peng	Sunpower Group Ltd.	Independent Director, AC Chairman, NC member, RC member
	Cortina Holdings Limited	Lead Independent Director, AC Chairman, NC member
	–	Director of C&L Business Advisers Pte Ltd
		Executive Chairman responsible for managing and growing the professional services of PKF Singapore entities including PKF-CAP LLP, a firm of chartered accountants in Singapore. He is also the Head of risk consulting and the co-founder of PKF-CAP Risk Consulting Pte Ltd.
Mr Yang Zheng	Sunpower Group Ltd.	Lead Independent Director, member of AC and NC
	Luenmei Quantum Co., Ltd.	Independent Director
	Anhui Xinke New Materials Co., Ltd.	Independent Director
	Meig Smart Technology Co., Ltd.	Independent Director
	Svg Group Co., Ltd.	Independent Director
	–	Professor of Nanjing Audit University

Name of Directors	Listed Company Directorships	Principal Commitments*
Mr Wang Dao Fu	Sunpower Group Ltd.	Independent Director, NC Chairman and RC member
	Matex International Limited	Independent Director
	–	Founding Partner of Yuan Tai Law Offices
	–	Director of Proceq Trading (Shanghai) Co. Ltd (China)
	–	Director of MOBO Information Technology Pte Ltd
Non-Executive, Non-Independent Directors		
Mr Guo Hong Xin	Sunpower Group Ltd.	Non-Executive Chairman and NC member
	Genscript Biotech Corporation	Independent Director, RC Chairman and AC member
	–	Chairman of Sunpower Technology (Jiangsu) Co., Ltd
	–	Executive Director of Nanjing Fuyou Investment Co., Ltd.
	–	Legal Representative of Zhuhai Hengqin Fuyou Investment Partnership (Limited Partnership)
Ms Wang Guannan	Sunpower Group Ltd.	Non-Executive and Non-Independent Director, member of NC and RC
	–	Director of DCP Capital
Mr Li Lei	Sunpower Group Ltd.	Non-Executive and Non-Independent Director, member of NC and RC
	–	Managing Director of CDH Investments Management (Hong Kong) Limited (“**CDH Investments**”)
	–	Mr Li is the managing director of CDH Investments and according to the internal arrangement of CDH Investments, Mr Li is the rotating director and he has served as director of another 23 companies in which CDH Investments has invested. However, Mr Li is not involved in, nor does he make any decisions relating to, any operational matters in these companies.

* The term “**principal commitments**” includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors

(i) The Board has established a formal assessment process which will be carried out annually for evaluation of the performance of the Board as a whole and the contribution by individual Directors to the effectiveness of the Board. The following are certain of such performance criteria:

- attendance at Board meetings;
- level of participation at Board meetings and overall commitment;
- ability to strategise and propose sound business direction; and
- contribution of specialised knowledge.

(ii) The appraisal process requires the Directors to complete appraisal forms which will be collated by the external facilitator, Dentons Rodyk & Davidson LLP, which will compile the results of the appraisal for review by the NC. The NC will thereafter report to the Board. Such an appraisal process was carried out in respect of FY2022.

Dentons Rodyk & Davidson LLP is also the Company's Singapore corporate secretarial service provider and Senior Partner, Ms Marian Ho of Dentons Rodyk & Davidson LLP serves as Company Secretary of the Company.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

(i) The RC comprises Mr Lau Ping Sum Pearce, Mr Chin Sek Peng, Mr Li Lei, Ms Wang Guannan and Mr Wang Dao Fu. A majority of the aforementioned Directors are Independent Directors. The chairman of the RC is Mr Lau Ping Sum Pearce, an Independent Director. The RC meets at least once a year and at other times as required.

(ii) The key terms of reference of the RC are as follows:

(a) The RC shall consist of not less than three (3) Directors, a majority of whom shall be Independent Directors. At least one (1) member should be knowledgeable in executive compensation, and if there is a need, expert advice may be obtained internally or externally.

(b) The chairman of the RC shall be appointed by the Board and shall be an independent Director.

(c) The Board shall appoint a new member of the RC within three (3) months of the date of cessation of a member so that the number of members does not fall below three (3) if a member, for any reason, ceases to be a member.

(iii) The duties and responsibilities of the RC include ensuring that there is a formal, transparent and objective procedure for fixing the remuneration packages of the Directors and key executives. Such level of remuneration should serve to attract, retain and motivate the Directors and key executives needed to manage the Company successfully. A proportion of such remuneration should be linked to performance of the Company as well as the individual concerned.

(iv) The RC performs the following functions in accordance with its terms of reference:

(a) reviewing and recommending to the Board a framework of remuneration for the Board and the key executives of the Group covering all aspects of remuneration such as Director's fees, salaries, allowances, bonuses, options and benefits-in-kind;

(b) proposing to the Board, appropriate and meaningful measures for assessing the Directors' and key executives' performance;

(c) reviewing and recommending the specific remuneration package to the Board for each Executive Director and the key executives;

(d) considering the eligibility of directors, executives and employees for benefits under long-term incentive schemes;

(e) considering and recommending to the Board the disclosure of details of the Company's remuneration policy; and

(f) exercising oversight of the Company's internal control framework relating to the administration of any share option schemes and making recommendations to the Board in respect of any possible improvements to such schemes.

(v) Each member of the RC shall abstain from voting on any resolution concerning his or her own remuneration.

(vi) The RC shall review the Company's obligations arising in the event of the termination of the contract of service of any Executive Director or key management personnel, to ensure that such contracts of service contain fair and reasonable termination clauses.

(vii) The RC may from time to time, and where necessary or required, seek professional advice internally and/or externally pertaining to remuneration of all Directors.

Principle 7: *The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.*

(i) None of the Independent Directors have service agreements with the Company. Each Independent Director is paid a Director's fee which is determined by the Board based on the effort and time spent as well as responsibilities as member of the AC, NC and RC. The fees are subject to approval by the shareholders at each AGM. Except as disclosed, the Independent Directors do not receive any remuneration from the Company.

(ii) According to the service agreement of the Executive Director:

- the service agreement is valid for an initial period of three (3) years which commenced from 1 January 2008 and shall be renewed automatically annually thereafter. The terms of the service agreement may be amended from time to time as agreed between the Executive Director and the Company, taking into account the prevailing developments and circumstances in relation to the employment of the Executive Director with the Company;

- the remuneration of the Executive Director includes a fixed salary and a variable performance related bonus which is designed to align his or her interests with those of the shareholders; and

- the service agreement may be terminated by either the Company or the relevant Executive Director giving not less than six (6) months' notice in writing.

Directors' Fees

The proposed fees for Non-Executive Directors to compensate their time and effort comprise a basic retainer fee and additional fees for appointment to Board Committees and involvement in ad hoc projects. The Board believes that the fees for Non-Executive Directors are commensurate with their respective levels of contribution, taking into account factors such as effort, time spent, and responsibilities.

No Director decides on his or her own fees. Directors' fees are recommended by the RC and are submitted for endorsement by the Board. Directors' fees are subject to the approval of shareholders at the AGM.

Currently, Directors' fees for each financial year are paid in arrears, in the following financial year, after obtaining shareholders' approval at the AGM.

The remuneration framework and structure are set out in the section on "Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation".

As reflected in the table set out in the section on "Disclosure on Directors' and Key Executives' Remuneration", 43.0% of the Executive Director's remuneration is made up of variable or performance related income/ bonuses. The Board is of the view that this makes up a significant and appropriate portion of the Executive Directors' remuneration, and that the Executive Directors' performance related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

Remuneration of Key Executives

The remuneration framework and structure are set out in the section on "Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation". The proportion of the key executives' remuneration linked to performance is set out in the table in the section on "Disclosure on Directors' and Key Executives' Remuneration". The Company continually improves and strengthens its internal management to ensure that the remuneration packages are always appropriate and accompanied by competitive compensation and progressive policies with suitable and attractive incentives. While the proportion varies between the key executives, the Board is of the view that in each case, performance related remuneration makes up a significant and appropriate proportion of the key executives' remuneration, and is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

Principle 8: *The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation*

(i) The Company has a staff remuneration policy which comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and variable bonus that is linked to the performance of the Company and individual.

(ii) Our remuneration framework is made up of three (3) key components:

- Base/fixed salary
- Variable or performance related income/bonuses
- Other benefits

Base/fixed salary

Fixed pay comprises a base salary.

Variable or performance related income/bonuses

Variable bonus payouts are based on actual achievement against corporate, business unit and individual performance objectives.

Other benefits

Social insurance fund comprising housing fund, old-age retirement pension, unemployment compensation, medical fund and car allowance.

(iii) A breakdown, showing the level and mix of each individual Director's and key executive's remuneration in FY2022 is reflected in the section below on "Disclosure on Directors' and Key Executives' Remuneration".

Disclosure on Directors' and Key Executives' Remuneration

The Board has not disclosed the remuneration of the Company's individual Directors and key executives of the Group in full, in view of the competitive nature of the industry in which the Group operates and to maintain confidentiality on remuneration matters of the Group. While the Board acknowledges that not all of the information specified in Provision 8.1 of the Code has been disclosed, the Board believes that for the aforementioned reasons, this decision is in the interests of the Company. Furthermore, the Board believes that it has been sufficiently transparent (while balancing the interests of the Company and the Group) in relation to its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation. As such, the Board believes that the practices that the Board has adopted are consistent with Principle 8 of the Code.

The variable or performance related income/bonus is to recognise the efforts and contributions and performance of the Executive Directors and key executives, whether as a whole and/or on an individual basis, in particular where such efforts and contributions and/or performance may not be directly or immediately reflected in or attributable to the financial performance of the Company and the Group.

The level and mix of each Director's and key executive's remuneration in FY2022 are as follows:

Remuneration Band & Name of Director	Base/fixed salary	Variable or performance related income/ bonuses	Director's fees	Other benefits*	Total
Executive Directors					
Between S$2,050,000 to S$2,550,000					
Mr Ma Ming	56.2%	43.0%	–	0.8%	100%
Non-Executive, Non-Independent Directors					
Between S$250,000 to S$500,000					
Mr Guo Hong Xin	–	–	100%	–	100%
Independent Directors					
Below S$250,000					
Mr Lau Ping Sum Pearce	–	–	100%	–	100%
Mr Chin Sek Peng	–	–	100%	–	100%
Mr Yang Zheng	–	–	100%	–	100%
Mr Wang Dao Fu	–	–	100%	–	100%
Non-Executive, Non-Independent Directors					
Mr Liu Haifeng David**	–	–	–	–	–
Mr Li Lei**	–	–	–	–	–
Ms Wang Guannan**	–	–	–	–	–
Key Executives					
Between S$100,000 to S$350,000					
Ms Wang Hui	37.6%	51.2%	–	11.2%	100%
Mr Tang Hao	53.6%	42.0%	–	4.4%	100%
Mr Shi Shaolin	43.9%	48.2%	–	7.9%	100%
Mr Sha Jianhua	55.5%	41.8%	–	2.7%	100%
Mr Zheng Xiaodong	53.7%	38.5%	–	7.8%	100%
Mr Xu Jun	56.0%	39.2%	–	4.8%	100%

* Other benefits include social insurance fund and car allowance.

** Mr Liu Haifeng David, Mr Li Lei and Ms Wang Guannan do not receive remuneration from the Group. Mr Liu Haifeng David had ceased as Director and Ms Wang Guannan has been appointed as Director of the Company on 25 February 2022 respectively.

Above are the Group's key executives in FY2022. The total remuneration paid to the above key executives (who are not Directors or the CEO) of the Company in FY2022 is RMB5.54 million.

Save as disclosed above, the Company does not have any employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$100,000 during FY2022.

(iv) The Sunpower Employee Share Option Scheme 2015 ("**ESOS 2015**") was approved and adopted by the shareholders of the Company at a special general meeting held on 29 April 2015[(1)]. The implementation of ESOS 2015 aligned the interests of its shareholders with the Company.

On 19 May 2015, the Company announced it has granted a total of 59,220,000 share options (the "**Initial Grant**"). Of the 59,220,000 share options granted pursuant to the Initial Grant, 5,922,000 share options were granted to Mr Guo, Executive Director (currently Non-Executive Director) and controlling shareholder of the Company at the time of the grant; 8,968,000 share options to Mr Ma Ming, Executive Director (currently Executive Director and CEO) and controlling shareholder of the Company at the time of the grant; and 44,330,000 share options to the employees of the Group.

An aggregate of 3,710,000 share options from the Initial Grant has lapsed from 2016 to 2020. Subsequently, the Company has granted a total of 3,710,000 share options, a number that is equivalent to the lapsed options, comprising 210,000, 1,420,000, 1,080,000 and 1,000,000 share options granted respectively on 20 July 2016, 11 May 2018, 31 January 2019 and 20 March 2020, to the employees of the Group. No options were granted or lapsed during the financial year ended 31 December 2022. As at 31 December 2022, an aggregate of 58,029,000 ordinary shares were issued and allotted pursuant to the exercise of options under ESOS 2015.

3. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders

(i) The Group has put in place a system of risk management and internal controls to respond to financial, operational, compliance and information technology risks that are significant to the achievement of the Group's business objectives.

(ii) The Board reviews the adequacy and effectiveness of the Group's risk management and internal controls, including operational controls and is responsible for the overall internal control framework annually. The Board acknowledges that no cost-effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

(iii) The Board has obtained a written confirmation from the CEO and the CFO that:

(a) the financial records of the Group have been properly maintained and the financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) to give a true and fair view of the Group's operations and financial position as at reporting date and its performance for the financial year then ended; and

(b) the risk management and internal control systems that are in place in the Group are adequate and effective to address the key risks in the Group.

(1) Further information relating to ESOS 2015 can be found in the circular issued to the Company's shareholders dated 6 April 2015.

(iv) Based on the confirmation from the CEO and CFO as described above, review of the findings from the auditors on the Group's internal controls and the Management's responses to the auditors' recommendation for improvements to the Group's internal controls, review of minutes of meetings of the RMC including any significant matters reported to the AC by the risk management team and discussions with the auditors and Management, the Board with the concurrence of the AC, is of the opinion that the internal controls are adequate and effective to address key financial, operational, and compliance risks as at 31 December 2022. Additionally, the Board is satisfied that the risk management system that it has put in place together with the abovementioned internal controls are adequate and effective to address the key risks of the Group including information technology risk.

To strengthen its risk management processes and framework, the RMC was formed in 2011. As at the date of this report, the members of the RMC comprise Mr Ma Ming, Executive Director and Chief Executive Officer; Mr Yang Zheng, Lead Independent Director; Mr Tang Hao, Group Vice President; Ms Wang Hui, the Chief Financial Officer; and Ms Li Qingshuang, Group Assistant Vice President and the head of the Internal Control Department. The RMC shall meet no less than two (2) times a year and at other times as required.

(v) The RMC performs the following key functions in accordance with its terms of reference:

(a) evaluate and provide advice on the business risks (strategic, financial, operational and compliance with laws and regulations);

(b) study and identify internal controls and risk management strategies to manage the identified risks;

(c) design and implement new controls and strategies to address identified business risks;

(d) study and analyse material investments, financing and other operational management activities, and advise the Board; and

(e) any other functions as authorised by the Board.

The RMC is currently supported by the head of the Internal Control Department. Ms Zhang Ying, who is a lawyer, is the risk management secretary of the RMC. Based on the internal controls and risk management framework established, the team is responsible for supporting the RMC which includes the regular monitoring of risks and updating of the risk register as appropriate. It also carries out checking of operational and business areas as directed by Management ensuring that the Company has a comprehensive and sound risk management system that is operating as prescribed. Findings noted by them will be reported to the Management with any significant matters reported to the AC.

Audit Committee

Principle 10: The Board has an AC which discharges its duties objectively

(i) The AC comprises three (3) Independent Non-Executive Directors, namely, Mr Chin Sek Peng, Mr Lau Ping Sum Pearce and Mr Yang Zheng.

The Chairman of the AC, Mr Chin Sek Peng is, by profession, a public accountant and a Fellow Chartered Accountant (practising) of Singapore and a Fellow Member and Business and Finance Professional of the Institute of Chartered Accountants in England and Wales, and has worked in the accounting profession for almost 43 years. He is currently the Executive Chairman of PKF Singapore entities including PKF-CAP LLP, a firm of chartered accountants in Singapore. The other members of the AC have many years of experience in business and financial management. The Board is of the view that the members of the AC have sufficient financial management expertise and experience to discharge the function of the AC.

(ii) The key terms of reference of the AC include the following:

(a) the AC shall consist of not less than three (3) Directors appointed by the Board, all of whom shall be Non-Executive Directors with the majority being Independent Directors. At least two (2) members of the AC shall have accounting or related financial management expertise or experience and its membership, details of its activities, number of meetings and attendance at such meetings, shall be disclosed annually; and

(b) the Board shall appoint a new member within three (3) months of cessation so that the number of members does not fall below three (3).

(iii) The AC performs, *inter alia*, the following key functions:

(a) reviewing with internal and external auditors their audit plans, their evaluation of the system of internal controls and the reports on their findings including recommendations for improvement;

(b) reviewing and reporting to the Board at least annually, the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls which are carried out internally and/or with the assistance of professional service firms;

(c) reviewing the Group's financial results and the announcements, and annual financial statements of the Company and its subsidiaries before submission to the Board for approval;

(d) reviewing the adequacy, effectiveness, scope and results of the external audit and the independence and objectivity of the external auditors;

(e) reviewing significant findings of internal investigations, if any;

(f) recommending to the Board the appointment or re-appointment of the external auditors and approving the remuneration and terms of engagement of the external auditors;

(g) reviewing interested person transactions; and

(h) any other functions as required by law or the Code.

(iv) The AC is authorised to investigate any matters in its terms of reference and has full access to the co-operation of the Management. The AC has full discretion to invite any Director or executive officer to attend its meetings, as well as access to reasonable resources to enable it to discharge its function properly.

(v) The AC meets with the external auditors and internal auditors without the presence of the Management annually. The AC also meets with the external auditors to discuss matters relating to internal accounting controls as well as the results of their audit of the Group.

(vi) The AC reviews, *inter alia*, the independence and objectivity of the external auditors annually, taking into consideration the nature and extent of any non-audit services provided to the Company by the external auditors. The AC seeks to maintain objectivity by reviewing all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

(vii) The Group has complied with Rule 712, Rule 715 and Rule 716 of the Listing Rules in relation to its auditors.

(viii) The AC reads technical newsletters as appropriate and receives updates from the auditors during AC meetings, so as to keep abreast of changes in accounting standards and issues.

(ix) No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

Whistle-blowing Policy

The Board undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels (such as email address and telephone contact) within the Group, including a direct channel to the AC, for reporting suspected fraud, corruption, dishonest practices or other similar matters.

The Company has a well-defined process which ensures independent investigation of issues/concerns raised including appropriate follow-up action, and provides assurance that whistle-blowers will be protected from reprisal and detrimental or unfair treatment for whistle-blowing in good faith. The Company will treat all information received confidentially and protect the identity of all whistle-blowers. Reports can be lodged by calling the hotline at 0086-025-52798691 or *via* email at sunpower12345@163.com. The AC reviews and considers whistle-blowing complaints at its quarterly meetings to ensure independent, thorough investigation and appropriate follow-up actions. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board can have access to the appropriate external advice where necessary. The AC is responsible for the overall oversight and monitoring of the whistle-blowing policy and its implementation.

The AC Commentary to Key Audit Matter

The AC noted the key audit matter ("**KAM**") set out in the independent auditor's report namely the recognition of revenue, cost and intangible assets during construction phase for GI projects based on percentage completion. As in the previous financial year, this KAM continued to be considered most significant by the auditor largely because the amount is material and there is a high level of judgement and estimate involved. It is therefore subject to greater emphasis and scrutiny in the audit and was selected by the auditor for communication with the AC.

The AC has discussed and reviewed the KAM with the auditor and the management and has provided its comments below.

	KAM involving significant judgements and estimates by Management	**Matter considered by AC**	**Conclusion by AC**
1	**Revenue, cost and intangible assets arising from Build-Operate-Transfer ("BOT") projects** *(Refer to Notes 3.2(a), 17 and 32 to the financial statements)*	The Group has BOT projects which involve expenditure of costs during the construction phase to be recovered from operating the facilities and selling steam and electricity in the future. The Group recognises revenue in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*, namely revenue is recognised when (or as) the performance obligations are satisfied. Intangible assets arising from costs incurred during the construction phase which are projected to be recoverable during the operating period are recognised in accordance with SFRS(I) INT 12 *Service Concession Arrangements.* The AC discussed with Management and the Auditor on the significant judgement and estimates made in relation to: (i) Projection of total revenue which can be billed to end users during the operating period; (ii) Evaluation of estimated profit margins for each of the construction and operating phases; (iii) Allocation of revenue between the construction and service elements of the project; and (iv) Recoverable amount of intangible assets which represent cost recoverable from future operations.	AC is satisfied that the intangible assets and revenue recognised for BOT projects during the construction phase are in accordance with the guidance set out in SFRS(I) INT 12 - *Service Concession Arrangements* and SFRS(I) 15 *Revenue from Contracts with Customers.*

Internal Audit

(i) The Company engaged an external professional service firm, CLA Global TS Risk Advisory Pte Ltd (**"CLA Global TS"**) (previously known as Nexia TS Risk Advisory Pte Ltd), to perform internal audit review and test of controls of critical processes, based on the internal audit plan which is approved by the AC before the commencement of work each year.

(ii) CLA Global TS has unfettered access to all the Group's documents, records, properties and personnel, and has unrestricted access to the AC.

(iii) The AC reviewed the scope of internal audit work and the key audit procedures, including any findings from each review and the Management's responses thereto; and ensured the adequacy of the internal audit function annually. Team members of CLA Global TS comprised members of the Institute of Internal Auditors Singapore ("**IIA**"), a professional association for internal auditors which has its headquarters in the United States. The internal audit work carried out by CLA Global TS is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) which is laid down in the International Professional Practices Framework issued by the IIA.

The internal audit is planned independently in consultation with the AC. The AC oversees the activities and work performed by the internal auditors and ensures that the internal audit plans are aligned with the Group's risk management programme. This is intended to assure that effective and efficient controls are in place to manage the risks in the Group.

The AC is satisfied that the internal audit function is adequately resourced.

Independent Committee

(i) To strengthen its internal controls that safeguard the interests of the Company and its shareholders, the IC was formed in 2021 to review and approve the IPTs in accordance with the procedures under the IPT Mandate following the disposal of the M&S business. The IC shall review all Mandated Transactions at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined in its terms of reference.

(ii) The IC consists of the members of the AC and Mr Wang Dao Fu, an Independent Non-Executive Director.

(iii) The key terms of reference of the IC include the following:

(a) The IC shall consist of the members of the AC and such other member as may be appointed from the Board from time to time, all of whom shall be Non-Executive Directors with the majority being Independent Non-Executive Directors. At least two (2) members of the IC shall have accounting or related financial management expertise or experience.

(b) The Board shall appoint a new member within three (3) months of cessation so that the number of members does not fall below four (4).

(iv) The IC performs, *inter alia*, the following key functions in accordance with its terms of reference and in compliance with the procedures under the IPT Mandate* and the Listing Rules:

(a) review and approve Mandated Transactions in relation to the entry into engineering, procurement and construction ("**EPC**") contracts that relate to the provision of products and EPC services in order to construct the infrastructure of the Green Investment ("**GI**") facilities with the Mandated Interested Persons, following the review and approval of the Group Chief Financial Officer ("**Group CFO**") and the General Manager ("**GM**") of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司);

* Note: The full procedures under the IPT Mandate can be referred to in the section of Interested Person Transactions

(b) review and approve Mandated Transactions in relation to the entry into Utility Facility EPC Contracts with a value equal to or exceeding RMB10 million, following the review and approval of the Group CFO and the GM or the Deputy GM of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司). The Utility Facility EPC Contracts relate to the provision of products such as pipeline or other smaller-scale equipment and the provision of EPC services relating to the installation, reforming and/or upgrading of such pipelines or other equipment for the GI facilities and each Utility Facility EPC Contract is subject to the Framework Agreement;

(c) review and approve Mandated Transactions in relation to the lease of office buildings and/or facilities from the Mandated Interested Persons following the review and approval of the Group CFO and the Group Head of Internal Control;

(d) review and approve other Mandated Transactions according to the IPT Mandate approved by non-interested shareholders;

(e) observe or oversee the administration of procedures of Mandated Transactions according to the IPT Mandate approved by non-interested shareholders; and

(f) review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Group and the Mandated Interested Persons are conducted at arm's length and on normal commercial terms.

Interested Person Transactions

(Rule 907 of the Listing Rules)

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC or the IC (as the case may be, depending on whether the interested person transactions fall within the ambit of the IPT Mandate (as defined below)) and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its non-controlling shareholders.

As Mr Guo and Mr Ma Ming are both interested persons, any transaction by the Company or any of its subsidiaries with Mr Guo and Mr Ma Ming or any of their respective associates ("**Mandated Interested Persons**") will be regarded as an interested person transaction ("**IPT**") under Chapter 9 of the Listing Rules following the Disposal of the M&S business completed on 30 April 2021.

To ensure that Mandated Transactions with Mandated Interested Persons are undertaken at (a) arm's length and on normal commercial terms consistent with the Group's usual business practices and on terms which are not more favourable than those extended to unrelated third parties; or (b) in any event, on terms no less favourable to the Group than prevailing open market rates, and will not be prejudicial to the interests of the Group and its minority shareholders, the Group adopted the following procedures for the review and approval of Mandated Transactions under the Shareholders' Mandate for Interested Person Transactions (the "**IPT General Mandate**") as approved by shareholders on 27 May 2022.

(a) The following procedures have been adopted in relation to the entry into EPC Contracts with Mandated Interested Persons:

    (i) The entry into such EPC Contracts will be determined *via* a tender, with quotations from at least three (3) bidders, of which at least two (2) are unrelated third parties. The Group will only enter into contracts with the Mandated Interested Persons if the Group CFO and the GM of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司) (who must each have no interest, direct or indirect, in the transaction) are satisfied that their rates or prices are not higher than the most competitive third party quotes for similar products or comparable services, taking into account all relevant factors.

(ii) If competing quotes from unrelated third party bidders cannot be obtained, the Group will obtain two (2) recent contracts (if possible or available) between the Mandated Interested Persons and their unrelated third party customers for the same or substantially similar products and/or services, prior to the entry into contracts or transactions with the Mandated Interested Persons, to compare whether the prices and terms are fair and reasonable, and comparable to those offered to the unrelated third party customers. The Group CFO and the GM of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限 公司) (who must each have no interest, direct or indirect, in the transaction) will determine whether the prices and terms are fair and reasonable and in accordance with the usual business practices and pricing policies or industry norms, taking into account all relevant factors.

(iii) Upon satisfactory review by the Group CFO and the GM of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁 能源有限公司), the entry into EPC Contracts will be subject to prior approval by a simple majority of the IC, who must each not have any interest, direct or indirect, in the transaction.

(b) The following procedures have been adopted in relation to the provision of Utility Facilities EPC Contracts which are generally contracts of a relatively smaller transaction value by Mandated Interested Persons:

(i) Each Utility Facilities EPC Contracts will be subject to a Framework Agreement which, regardless of value, shall be jointly reviewed by the Group CFO and the GM of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限 公司) (who must each not have any interest, direct or indirect, in the transaction). Upon satisfactory review by the relevant persons in accordance with the procedures above, the entry into such Framework Agreement will be subject to prior approval by a simple majority of the IC, who must each not have any interest, direct or indirect, in the transaction. Each Framework Agreement shall specify (1) prescribed standards for construction works and their review and acceptance; (2) construction cost basis of computation, including pricing of raw materials and construction works; and (3) pricing mechanism, which shall be within the range indicated in the benchmark analysis report.

(ii) A benchmark analysis report will be issued by an independent professional firm (which will be a reputable firm with necessary experience, track record and professional certifications and qualifications to undertake the benchmark analysis report, as determined by the IC) and attached as part of the review and approval of the Utility Facilities EPC Contracts. This report will be updated annually and will state the gross margin guidance for such IPTs, taking into account all relevant factors.

The Group will only enter into such Utility Facilities EPC Contracts with Mandated Interested Persons if the relevant persons reviewing the transaction as set out in Paragraphs (b)(iii) and (b)(iv) below (who must each have no interest, direct or indirect in the transaction) have reviewed and are satisfied that their price and rate is not higher than the gross margin guidance stated in the benchmark analysis report.

(iii) Each Utility Facilities EPC Contract below RMB10 million in value shall be reviewed by the Deputy GM of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏 中圣清洁能源有限公司), who must not have any interest, direct or indirect, in the transaction. Upon satisfactory review by the Deputy GM, the entry into such contracts will be subject to prior approval by the Group CFO and the GM of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司), who must each not have any interest, direct or indirect, in the transaction.

(iv) Each Utility Facilities EPC Contract equal to or exceeding RMB10 million in value shall be jointly reviewed by (1) the Group CFO and (2) the GM or the Deputy GM of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限 公司), who must each not have any interest, direct or indirect, in the transaction. Upon satisfactory review, the entry into such Mandated Transactions will be approved by a simple majority of the IC, who must each not have any interest, direct or indirect, in the transaction.

(c) The following procedures will be adopted in relation to the lease of office buildings and/or facilities from Mandated Interested Persons:

(i) The rent payable to the Mandated Interested Persons shall be at an annual rent no higher than the prevailing market rent as supported by an independent report issued by an independent firm with the relevant track record or experience, no more than two (2) months prior to the lease and/or the renewal of the lease, with the report cost borne by the Group. The Company may engage independent firms such as GW Financial Advisory Services Ltd. (盛德财务咨询服务有限公司), a Hong Kong-based specialist transaction and valuation advisory firm, or other suitably qualified independent professional firm, for the purposes of the foregoing. The IC will review and approve such appointment to ensure that the independent firm engaged will be an accredited valuer under prevailing laws and regulations in the PRC, if any.

(ii) Each lease shall be jointly reviewed by (1) the Group CFO and (2) the Group Head of Internal Control, who must each not have any interest, direct or indirect, in the transaction. Upon satisfactory review, the entry into such Mandated Transactions will be subject to prior approval by a simple majority of the IC, who must each not have any interest, direct or indirect, in the transaction.

(iii) The Group will only enter into the leases if the relevant persons reviewing the transaction as set out in Paragraph (c)(ii) above (who must each have no interest, direct or indirect in the transaction) are satisfied that the rent payable is in line with or better than prevailing market rental rates for comparable properties, taking into account factors such as the geographical location, facilities and other relevant factors that may affect rental rates or terms of the lease.

(d) In the event that a member of the IC has an interest in a Mandated Transaction, or is a nominee of the Mandated Interested Person, or if he also serves as an independent non-executive director on the board or an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the IC in relation to a transaction with that Mandated Interested Person, or if any associate (as defined in the Listing Rules) of a member of the IC is involved in the decision-making process on the part of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the IC in relation to that transaction.

(e) If the Group CFO, the GM and/or the Deputy GM of Jiangsu Sunpower Clean Energy Co., Ltd. (江苏中圣清洁能源有限公司) and/or the Group Head of Internal Control has an interest in a Mandated Transaction, or is a nominee of the Mandated Interested Person, such person shall abstain from reviewing and approving that transaction and the Company shall, subject to the approval of the IC, recommend another Group officer of an equivalent rank (who must not have any interest, direct or indirect, in the transaction) to review and/or approve the Mandated Transaction.

Any transaction under the IPT General Mandate shall only be approved if the transactions are at arm's length and on normal commercial terms, in accordance with the guidelines and review procedures in this section, and the basis of the transactions are documented in the IPT Register (as defined below), with supporting documents.

In addition to the guidelines and review procedures above, the Group has implemented the following additional guidelines and review procedures to ensure that the Mandated Transactions under the IPT General Mandate are at arm's length basis and on normal commercial terms:

(a) A register is being maintained to record the list of interested persons and their associates (to be updated immediately on any changes). The list shall be reviewed every quarter by the Group CFO and subject to verifications or declarations as required by the IC. This list shall be disseminated to any Group staff that the Group's finance team considers relevant for the purposes of entering into transactions under the IPT General Mandate.

(b) A register is being maintained to record all IPTs (including the Mandated Transactions) with interested persons (including the Mandated Interested Persons) (including the bases on which the IPTs are entered into, amount and nature) (the "**IPT Register**") by the Group's finance team, which shall be reviewed by the Group CFO every month.

(c) The IC shall review all Mandated Transactions at least every quarter to ensure they are on normal commercial terms and in accordance with the procedures above. Such reviews include the examination of the transaction and supporting documents or such data deemed necessary by the IC. All relevant non-quantitative factors will also be taken into account. The IC shall, when it deems fit, request for additional information from independent sources, advisers or valuers, and/or require the appointment of an independent professional firm to provide additional review of the internal control procedures and review procedures and their implementation pertaining to IPTs (including the Mandated Transactions) under review and to report to the IC every quarter.

(d) The IC shall also review, from time to time, guidelines and procedures for adequacy and/or commercial practicability to ensure that IPTs are at arm's length and on normal commercial terms. If the IC views the procedures as no longer appropriate or insufficient or if there are changes to the nature of, or manner in which, the business activities of the Group or the Mandated Interested Persons are conducted, it will take actions deemed proper in respect of such procedures and guidelines and/or modify or implement them to ensure the Mandated Transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders, and the Company will seek a fresh general mandate based on new internal control procedures and review procedures so that Mandated Transactions will be carried out at arm's length, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. If there is no fresh mandate, any IPT will be entered into in accordance with the requirements under Chapter 9 of the Listing Rules (including Rule 905 and Rule 906). In addition, the IC will review every Mandated Transaction pending the fresh mandate to provide an additional safeguards. For the avoidance of doubt, the proposed revision to the review procedures as set out under Paragraph (b)(i) is being proposed to enhance and strengthen the review procedures and not as a result of any review from the IC that the current procedures have become inappropriate of insufficient.

(e) The Board will ensure that all disclosure, approval and other requirements on IPTs, including those required by prevailing legislation, the Listing Rules (in particular, Chapter 9 thereof) and relevant accounting standards, are complied with. The Company will endeavour to comply with the recommendations of the Code.

(f) The Group will incorporate a review of IPTs in its annual internal audit plan. The internal auditors will review the IPTs annually to ensure that, amongst other things, relevant approvals have been obtained and the guidelines and review procedures have been adhered to. They will report their findings to the IC.

All other IPTs not subject to the IPT Mandate will be reviewed and approved in accordance with the threshold limits in Chapter 9 of the Listing Rules, to ensure normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. If such IPTs require the Board and the AC's approval, the relevant information will be submitted to them for review. If such transactions require shareholder approval, additional information may be required to be presented and an independent financial adviser may be appointed for an opinion.

The AC will review all IPTs quarterly to ensure that the prevailing SGX-ST rules and regulations (in particular, Chapter 9 of the Listing Rules) are complied with.

The aggregate value of transactions entered into by the Group with interested persons under the IPT Mandate as defined in the SGX-ST Listing Rules for FY2022 are as follow:

Name of interested person	Nature of relationship	Aggregate value of all IPTs for the period from 1 January 2022 to 31 December 2022 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 for the period from 1 January 2022 to 31 December 2022 (excluding transactions less than $100,000) RMB'000
Jiangsu Sunpower Technology Co., Ltd.			
• Lease of office buildings	Associate of controlling shareholders	–	2,147
• Construction work for Industrial Steam Pipeline Project	Associate of controlling shareholders	–	889
Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.			
• Equipment cost for utility facilities for EPC	Associate of controlling shareholders	–	1,458
• Construction work for PC Contract Industrial Steam Pipeline Project	Associate of controlling shareholders	–	13,466
• Construction work for Pipeline and Condensation Recovery Project	Associate of controlling shareholders	–	2,777
Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. (Jiangning branch), Sunpower Technology (Jiangsu) Co., Ltd., Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd., Jiangsu Sunpower Technology Co., Ltd., and Nanjing Shengnuo Heat Pipe Co.,Ltd.			
• Fee received for providing catering services in staff canteen	Associate of controlling shareholders	5,066	–

The Company is seeking a renewal of the Shareholders' Mandate for Interested Person Transactions at a special general meeting (SGM) to be held on the same day as the forthcoming AGM.

The Board is of the view that the transactions above were not prejudicial to the interest of the Group or the Company's minority shareholders.

CORPORATE GOVERNANCE REPORT

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects

(i) The Board provides the shareholders with a detailed and balanced explanation and analysis of the Company's and Group's performance, position and prospects on a quarterly basis. Financial reports and other price sensitive information are disseminated to shareholders through announcements *via* SGXNet, press releases and the Company's website. The Management presents the quarterly financial results announcement to the AC for review and after the review, the AC recommends the financial results announcement to the Board for approval before being released. If required, the Group's external auditors' views will be sought. The Board ensures that all relevant regulatory compliance requirements and updates will be highlighted from time to time to ensure adequate compliance with the regulatory requirements. The Board will also review and approve any press releases concerning the Company's financial results. The Company's Annual Report is available on request and accessible on the Company's website.

(ii) The Board reviews operational and regulatory compliance reports from the Management to ensure compliance with all of the Group's operational practices and procedures and relevant regulatory requirements.

(iii) In line with the Listing Rules, the Board provides an assurance statement to the shareholders in respect of the interim financial statements. The Management maintains regular contact and communication with the Board through various means, including the preparation and circulation to all Board members of quarterly and full year financial statements of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board.

(iv) At AGMs, shareholders are given the opportunity to air their views and ask Directors or Management questions regarding the Company. Shareholders are encouraged to attend the AGMs to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM is the principal forum for dialogue with shareholders. The Board supports the Code's principle to encourage shareholder participation. The Bye-Laws allow a shareholder of the Company to appoint one (1) or two (2) proxies to attend the AGM and vote in place of the shareholder. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders *via* the internet is not compromised.

(v) The members of the AC, NC and RC will be present at the AGM to address queries relating to the work of these committees. The Company's auditors are also invited to attend the AGM.

(vi) All resolutions tabled at the general meetings are voted by poll for which the procedures are clearly explained. The voting results of each resolutions tabled are announced at the meeting and in an announcement released after the meeting to the SGX-ST *via* SGXNet.

(vii) The resolutions at general meetings are on each substantially separate issue. All the resolutions at the general meetings are in single item resolutions.

(viii) The Company Secretaries prepare minutes of general meetings that include comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and the Management, and are made available to shareholders upon their request.

(ix) The Company has not implemented electronic voting with a voting device at general meetings following a cost/benefit review but will consider implementing it in future if electronic voting benefits outweigh the costs.

(x) The attendance of each Director at general meetings held in FY2022 is set out as follows:

	AGM (28 April 2022)	Special General Meeting (28 April 2022)	Special General Meeting (27 May 2022)
	Attended	Attended	Attended
Guo Hong Xin	✓	✓	✓
Ma Ming	✓	✓	✓
Lau Ping Sum Pearce	✓	✓	✓
Chin Sek Peng	✓	✓	✓
Li Lei	✓	✓	✓
Wang Guannan	✓	✓	✓
Yang Zheng	✓	✓	✓
Wang Dao Fu	✓	✓	✓

(xi) The Company treats shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company releases resolutions passed at shareholders' meetings through SGXNet together with the breakdown of all valid votes cast at the meeting as soon as practicable. The Company shall disclose or publish the minutes of general meetings of shareholders on its corporate website.

(xii) The Group does not have a fixed dividend policy at present. However, the Company has distributed dividends every year since FY2010.

Principle 12: *The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company*

(i) The Board is mindful of the obligation to keep shareholders informed of all major developments that affect the Group in accordance with the Listing Rules.

(ii) Information is communicated to shareholders on a timely basis through:

- annual reports that are prepared and issued to all shareholders within the mandatory period;
- public announcements *via* SGXNet system, the press and research analysts;
- notices of annual general meetings; and
- the Company's corporate website http://www.sunpowergroup.com.cn and investor relations website http://sunpower.listedcompany.com which shareholders can use to access information on the Group.

(iii) The Board will support and encourage active shareholders' participation at AGMs as it believes that general meetings serve as an opportune forum for shareholders to meet the Board and key management, and to interact with them.

(iv) General meetings have been and are still the principal forum for dialogue with the shareholders. They offer opportunities for the Board to interact with shareholders, understand their views, gather feedback as well as address concerns. Enquiries by shareholders are dealt with as promptly as practicably possible.

(v) The Company is committed to upholding high standards of corporate transparency and disclosure, whilst safeguarding its commercial interests.

(vi) The Group does not practise selective disclosure. The Company makes every effort to ensure that shareholders have easy access to clear, meaningful and timely information on the Company in order to make informed investment decisions. All material information and presentation slides (if any) would be released via SGXNet on a timely basis.

5. MANAGING STAKEHOLDER RELATIONSHIPS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served

(i) The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups and discloses its strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period in its Sustainability Report that is released separately from its Annual Report.

(ii) The Company has its own corporate website and updates it on a timely basis to communicate and engage with stakeholders. In addition, the Company has established diverse communication channels to proactively communicate and engage with its stakeholders as introduced in the Company's Sustainability Report. For further details, please refer to the Company's Sustainability Report.

6. DEALINGS IN SECURITIES

(Rule 1207(19) of the Listing Rules)

Directors and officers of the Group are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are not allowed to deal in the Company's shares during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three (3) quarters of the financial year and one (1) month before the announcement of the Company's full year financial statements, and ending on the date of the announcement of the relevant results.

The Company has complied with the SGX-ST's rules on best practices on dealings in the Company's securities in FY2022.

7. MATERIAL CONTRACTS

(Rule 1207(8) of the Listing Rules)

Save for the service agreements between the Executive Director and the Company, there are no material contracts of the Company or its subsidiaries involving the interest of any Director or controlling shareholders subsisting at the end of FY2022.

8. USE OF PROCEEDS FROM CONVERTIBLE BONDS

On 3 March 2017, the Company completed the issuance of 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 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 in principal amount of CB1s to three (3) distinct entities of DCP Capital Partners L.P. ("**DCP**"). As a result of the transfer, Glory Sky now holds US$50 million of CB1, while Blue Starry Energy Limited ("**Blue Starry**"), Green Hawaii Air Limited and Alpha Keen Limited (each a wholly-owned subsidiary of DCP) each holds US$46,000,815, US$2,999,185 and US$11,000,000 of CB1 respectively, or US$60 million collectively.

On 6 September 2018, the Company obtained shareholders' approval for the issuance of a second tranche of convertible bonds of an aggregate principal amount of US$70 million ("**Tranche 2 Convertible Bonds**" or "**CB2**") and warrants exercisable at an aggregate amount of US$30 million (the "**Warrants**" or the "**Warrant Shares**") to DCP and CDH (each an "**Investor**" and collectively, the "**Investors**") to fund the GI related business of the Company. Subsequently, the Company completed the issuance of CB2 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 the Warrants expired unexercised, and all 57,625,714 Warrants have lapsed and ceased to be valid for any purpose.

On 31 December 2020, the Company and the Investors entered into an amendment agreement (the "**Amendment Agreement**"), in connection with the disposal of the M&S business, to amend certain terms of the purchase agreements of the CB1s and CB2s. The Amendment Agreement confirms that the aggregate principal amount of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds 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.

The net proceeds raised from CB1 is approximately US$106.2 million after deducting transaction expenses of US$3.8 million, while expected net proceeds from the issuance of CB2 will be approximately US$67.6 million following the full issuance of CB2 to the investors, after deducting transaction expenses of approximately US$2.4 million.

The net proceeds have been and will be utilised for the expansion and further investment into GI business, including by way of BOT/BOO/TOT models of centralised steam and electricity projects and other environmental protection related projects.

CORPORATE GOVERNANCE REPORT

As of 31 January 2023, the Company has utilised an aggregate of US$123.8 million of the net proceeds from CBs as per the schedule below.

Project	Use of Convertible Bonds Proceeds	Amount
Shantou	Project construction and equipment procurement	US$ 20.4 million (approximately RMB132.6 million)
Liutuan	Registered capital	US$ 0.8 million (approximately RMB5.2 million)
Jining JVC	Installation of steam distribution pipeline	US$ 1.6 million (approximately RMB10.3 million)
Xinjiang	Registered capital	US$ 1.4 million (approximately RMB9.0 million)
Yingtan[(1)]	Registered capital	US$ 0.1 million (approximately RMB0.5 million)
Shandong Yangguang Institute	Purchase consideration of the acquisition	US$ 4.3 million (approximately RMB28.0 million)
Xinyuan Thermal Power	Purchase consideration of the acquisition	US$ 13.1 million (approximately RMB85.0 million)
Xintai Zhengda Thermoelectric	Purchase consideration of the acquisition and construction of new facilities	US$ 22.0 million (approximately RMB145.0 million)
Yongxing Thermal Power	Purchase consideration of the acquisition	US$ 50.2 million (approximately RMB325.5 million)
General	Administrative and general expenses for business expansion of Green Investment related business	US$ 9.9 million (approximately RMB64.6 million) [(2)]
Total Convertible Bonds Proceeds utilised		**US$ 123.8 million (approximately RMB805.7 million)**

*** Note:**

(1) Yingtan 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 dated 13 February 2017 and 21 August 2018.

9. USE OF PROCEEDS FROM M&S DISPOSAL

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

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

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

As of 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	(492,521)
Feedstock procurement for operation	(79,943)
Construction costs due	(114,585)
Subtotal of net disposal proceeds used	(2,015,509)
Use of Proceeds balance	8,945

Note:

(1) On 18 June 2021 and 21 July 2021, a Special Dividends 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.

10. USE OF PROCEEDS FROM PLACEMENT OF TREASURY SHARES

*Unless otherwise defined, all capitalised terms and references used herein shall bear the same meaning ascribed to them in the Company's circular to its shareholders dated 3 May 2021 (the "**Circular**").*

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.

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.

As at 31 December 2022, the Net Proceeds have been fully used for procurement of raw materials required for operation of GI plants.

CONTENTS

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of Sunpower Group Ltd. (the "Company") and its subsidiaries (the "Group") and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2022.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 65 to 171 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2022, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Guo Hong Xin
Ma Ming
Lau Ping Sum Pearce
Chin Sek Peng
Li Lei
Yang Zheng
Wang Dao Fu
Wang Guannan

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose objet is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the options mentioned in paragraph 4 of the Directors' statement.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations except as follows:

Name of directors and company in which interests are held	**At January 1, 2022**	**At December 31, 2022**	**At January 21, 2023**
Interest in Sunpower Group Ltd.			
Ordinary shares			
Guo Hong Xin (deemed interest) [(1)]	153,638,554	153,638,554	153,638,554
Ma Ming (deemed interest) [(1)]	137,509,737	137,509,737	137,509,737

(1) The directors are deemed to be interested in the shares held by investment holding companies wholly owned by them respectively

DIRECTORS' STATEMENT

4 SHARE OPTIONS

(a) **Options to take up unissued shares**

The Sunpower Employee Share Option Scheme 2015 (the "2015 ESOS") is administered by the Remuneration Committee which comprises:

Lau Ping Sum Pearce (Chairman)
Chin Sek Peng
Li Lei
Wang Daofu
Wang Guannan

Subject to the absolute discretion of the Remuneration Committee, Controlling Shareholders and their Associates (as defined in the circular to the shareholders dated April 6, 2015) are eligible to participate in the 2015 ESOS, provided that the participation of each Controlling Shareholder or his Associate and each grant of an option to any of them may only be effected with the specific prior approval of independent shareholders in a general meeting by a separate resolution as provided for in the circular to shareholders.

(b) **Unissued shares under option and options exercised**

The aggregate number of shares for which options can be granted under the 2015 ESOS is subject to the maximum limit of 15% of the Company's total number of issued shares (excluding treasury shares) for the entire ten-year duration of the 2015 ESOS. Grants to Controlling Shareholders and their Associates shall not exceed 25% of the shares available under the 2015 ESOS. In addition, grants to each Controlling Shareholder or his Associate shall not exceed 10% of the shares available under the 2015 ESOS.

A total of 59,220,000 shares options were granted on May 19, 2015 under the 2015 ESOS which was approved by shareholders on April 29, 2015 (the "Initial Grant"). Group Employees, Executive Directors, Non-Executive Directors, Controlling Shareholders and their Associates (all as defined in 2015 ESOS) can participate in the 2015 ESOS.

A total of 44,330,000 options were granted to employees of the Group in FY2015.

An aggregate of 3,710,000 share options from the Initial Grant has lapsed from 2016 to 2020. In 2021, the Company has granted a total of 3,710,000 share options, a number that is equivalent to the lapsed options. No options were granted, lapsed or cancelled during the financial year ended December 31, 2022 (2021: No options were lapsed or cancelled).

As of December 31, 2022, an aggregate of 58,029,000 options have been exercised, of which 55,319,000 options were exercised at S$0.116, 210,000 options were exercised at S$0.272, 1,420,000 options were exercised at S$0.379, and 1,080,000 options were exercised at S$0.312. The aggregated options outstanding were 1,191,000, of which 1,000,000 with exercise price S$0.308 and 191,000 with exercise price S$0.116 and all exerciseable up to May 19, 2025.

Except as disclosed below:

a. no participant has received 5% or more of the total options available under this scheme; and

b. no options were granted to any of the Company's Controlling Shareholders or their Associates (as defined in the Singapore Exchange Securities Trading Limited ("SGX-ST")'s Listing Manual).

Name of participant	Options granted during the financial year ('000)	Aggregate options granted since commencement of the Scheme to the end of financial year ('000)	Aggregate options exercised since commencement of the Scheme to the end of financial year ('000)	Aggregate options lapsed since commencement of the Scheme to the end of financial year ('000)	Aggregate options outstanding as at the end of financial year ('000)
Guo Hong Xin (Director)	–	5,922	(5,922)	–	–
Ma Ming (Director)	–	8,968	(8,968)	–	–

5 AUDIT COMMITTEE

The Board has adopted the principles of corporate governance as described in the Code of Corporate Governance formulated by the Singapore Exchange Securities Trading Limited ("SGX-ST") with regards to the Audit Committee.

The Audit Committee of the Company is chaired by Chin Sek Peng, and include Lau Ping Sum Pearce and Yang Zheng. All the members of the Audit Committee are independent directors of the Company.

The Audit Committee has met four times during the financial year ended December 31, 2022. The Audit Committee has reviewed the following, where relevant, with the executive directors and the external and internal auditors of the Company:

a. The results of the external and internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

b. The Group's financial and operating results and accounting policies;

c. The audit plans of the external and internal auditors;

d. The statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group before their submission to the directors of the Company and external auditor's report on those financial statements;

e. The quarterly, half-yearly and annual results announcements as well as the related press release of the Group;

f. The co-operation and assistance given by management to the Group's external auditor and internal auditor; and

g. The re-appointment of the external auditor of the Group.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its functions properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditor of the Group at the forthcoming annual general meeting of the Company.

6 AUDITOR

DIRECTORS' STATEMENT

The auditor, Deloitte & Touche LLP, has expressed its willingness to accept re-appointment.

ON BEHALF OF THE BOARD

....
Guo Hong Xin

....
Ma Ming

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNPOWER GROUP LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sunpower Group Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 171.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at December 31, 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the statement of changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNPOWER GROUP LTD.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
(1) Revenue, cost and intangible assets arising from Build-Operate-Transfer ("BOT") projects (Refer to Notes 3.2(a), 16 and 29 to the financial statements) The Group has BOT projects which involve expenditure of costs during the construction phase to be recovered from operating the facilities and selling steam and electricity in future. The Group recognises revenue in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*, namely revenue is recognised when (or as) the performance obligations are satisfied. Intangible assets arising from costs incurred during the construction phase which are projected to be recoverable during the operating period are recognised in accordance with SFRS(I) INT 12 Service Concession Arrangements. Significant estimates and judgement include the following: • Projection of total revenue which can be billed to end users during the operating period. • Evaluation of estimated profit margins for each of the construction and operating phases. • Allocation of revenue between the construction and service elements of the project. • Recoverable amount of intangible assets which represent cost recoverable from future operations.	We: • assessed the design and implementation and tested operating effectiveness of internal controls over review of budgets submitted by contractors; • assessed the design and implementation of internal controls over confirmation of percentage of completion; • performed substantive testing, including review of the revenue recognised based on the acknowledged progress reports in order to determine that the revenue is recognised in accordance with the principles of revenue recognition and are supported by signed contracts; • analysed contracts with higher and lower margins to determine the underlying reasons and verified these reasons at the start of construction; • sent confirmation requests to confirm progress of construction contracts using the output method at year end; • used internal specialist to review reasonableness of gross profit margin of BOT projects at the start of construction; • performed test for cut-off of revenue and corresponding matching of cost at year end; and • reviewed credit notes issued throughout the year and subsequent to year end. We reviewed the adequacy of disclosures in the financial statements regarding accounting policies, significant management judgement and accounting estimates in Notes 2 and 3.2(a) to the financial statements respectively.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNPOWER GROUP LTD.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the annual report and the Directors' Statement, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SUNPOWER GROUP LTD.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Toh Yew Kuan Jeremy.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 25, 2023

STATEMENTS OF FINANCIAL POSITION

December 31, 2022

	Note	GROUP 2022 RMB'000	GROUP 2021 RMB'000 (Restated)	COMPANY 2022 RMB'000	COMPANY 2021 RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	6	585,268	398,399	10,141	39,795
Pledged bank deposits	7	128,742	60,790	–	–
Trade receivables	8	638,123	422,864	–	–
Other receivables, deposits and prepayments	9	349,409	359,803	294,471	303,106
Inventories	10	175,315	122,706	–	–
Financial assets at fair value through other comprehensive income	12	50,458	3,010	–	–
Total current assets		1,927,315	1,367,572	304,612	342,901
Non-current assets					
Property, plant and equipment	11	632,439	646,147	–	–
Other receivables, deposits and prepayments	9	44,722	58,956	129,660	83,660
Financial assets at fair value through other comprehensive income	12	2,445	2,683	–	–
Right-of-use assets	13	237,483	246,713	–	–
Subsidiaries	14	–	–	914,379	914,379
Associates	15	53,887	20,762	–	–
Intangible assets	16	4,322,808	3,835,046	–	–
Deferred tax assets	17	31,932	24,301	–	–
Goodwill	18	415,582	415,582	–	–
Total non-current assets		5,741,298	5,250,190	1,044,039	998,039
Total assets		7,668,613	6,617,762	1,348,651	1,340,940
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables, other payables and contract liabilities	19	1,144,823	849,371	431,104	389,803
Borrowings	20	918,485	594,006	–	–
Lease liabilities	22	1,646	1,652	–	–
Convertible bonds	21	892,707	–	892,707	–
Income tax payable		6,763	31,445	–	–
Total current liabilities		2,964,424	1,476,474	1,323,811	389,803
Non-current liabilities					
Deferred tax liabilities	17	225,666	219,498	–	–
Borrowings	20	2,424,490	2,142,726	–	–
Convertible bonds	21	–	909,727	–	909,727
Lease liabilities	22	4,184	5,506	–	–
Total non-current liabilities		2,654,340	3,277,457	–	909,727

STATEMENTS OF FINANCIAL POSITION (CONT'D)

December 31, 2022

	Note	GROUP		COMPANY	
		2022	2021	2022	2021
		RMB'000	RMB'000	RMB'000	RMB'000
			(Restated)		
Capital and reserves					
Share capital	23	57,662	57,662	57,662	57,662
Treasury shares	24	–	–	–	–
Share premium	25	313,653	313,653	313,653	313,653
General reserves	26	239,681	186,153	–	–
Share option reserve	27	319	319	319	319
Foreign currency translation reserve		–	(190)	–	–
Revaluation reserve	28	(1,706)	(1,209)	–	–
Retained earnings (Accumulated losses)		1,120,715	1,035,444	(346,794)	(330,224)
Equity attributable to equity holders of the Company		1,730,324	1,591,832	24,840	41,410
Non-controlling interests		319,525	271,999	–	–
Total equity		2,049,849	1,863,831	24,840	41,410
Total liabilities and equity		7,668,613	6,617,762	1,348,651	1,340,940

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ANDOTHER COMPREHENSIVE INCOME

Financial year ended December 31, 2022

	Note	GROUP	
		2022 RMB'000	2021 RMB'000 (Restated)
Continuing operations			
Revenue	29	3,448,606	2,929,534
Cost of sales		(2,935,553)	(2,601,555)
Gross profit		513,053	327,979
Other operating income	30	22,415	143,155
Selling and distribution expenses		(60,352)	(40,022)
Administrative expenses		(92,871)	(131,254)
Other operating expenses	31	(81,788)	(42,812)
Finance costs	32	(232,488)	(638,612)
Share of profit of associate	15	1,649	1,939
Fair value changes on convertible bonds	21	150,656	486,212
Gain on disposal of subsidiaries	38	12,820	934,334
Profit before income tax	33	233,094	1,040,919
Income tax expense	34	(46,298)	(241,914)
Profit for the year from continuing operations		186,796	799,005
Discontinued operations			
Profit for the year from discontinued operations	37	–	27,559
Profit for the year		186,796	826,564
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operation		190	(41)
Net fair value loss on investments in equity instruments designated as at FVTOCI		(179)	(189)
Net fair value loss on investments in debt instruments classified as at FVTOCI		(350)	(514)
Other comprehensive loss for the year, net of tax		(339)	(744)
Total comprehensive income for the year		186,457	825,820
Profit for the year attributable to:			
Equity holders of the Company		138,799	816,199
Non-controlling interests		47,997	10,365
Profit for the year		186,796	826,564
Total comprehensive income for the year attributable to:			
Equity holders of the Company		138,492	815,420
Non-controlling interests		47,965	10,400
Total comprehensive income for the year		186,457	825,820

CONSOLIDATED STATEMENT OF PROFIT OR LOSS ANDOTHER COMPREHENSIVE INCOME (CONT'D)

Financial year ended December 31, 2022

	Note	GROUP	
		2022	2021
		RMB'000	RMB'000
			(Restated)
Earnings per share (RMB cents)			
From continuing and discontinued operations			
- Basic	35	17.44	102.81
- Diluted	35	9.26	36.50
From continuing operations			
- Basic	35	17.44	99.48
- Diluted	35	9.26	34.21

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2022

	Share capital (Note 23)	Treasury shares (Note 24)	Share premium (Note 25)	General reserves (Note 26)	Share option reserve (Note 27)	Foreign currency translation reserve	Revaluation reserve (Note 28)	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
GROUP											
Balance as at January 1, 2021	57,251	(4,690)	309,061	295,978	1,346	(149)	363	1,011,993	1,671,153	313,318	1,984,471
Adoption of SFRS(I) 1-16 (Note 44)	–	–	–	–	–	–	–	20,351	20,351	9,476	29,827
Balance as at January 1, 2021(Restated)	57,251	(4,690)	309,061	295,978	1,346	(149)	363	1,032,344	1,691,504	322,794	2,014,298
Total comprehensive income for the year:											
Profit for the year(Restated)	–	–	–	–	–	–	–	816,199	816,199	10,365	826,564
Other comprehensive (loss) income for the year	–	–	–	–	–	(41)	(738)	–	(779)	35	(744)
Total	–	–	–	–	–	(41)	(738)	816,199	815,420	10,400	825,820
Transactions with owners, recognised directly in equity:											
Dividend paid (Note 36)	–	–	–	–	–	–	–	(936,609)	(936,609)	–	(936,609)
Dividend paid to non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	–	(3,026)	(3,026)
Transfer to general reserves (Note 26) (restated)	–	–	–	41,070	–	–	–	(41,070)	–	–	–
Acquisition of non-controlling interest of a subsidiary (Note 26)	–	–	–	12,851	–	–	–	–	12,851	(13,483)	(632)
Disposal of subsidiaries (Notes 26, 28 and 38)	–	–	–	(163,746)	–	–	(834)	164,580	–	(44,686)	(44,686)
Employee share option expenses	250	–	4,922	–	(1,027)	–	–	–	4,145	–	4,145
Treasury shares re-issued	161	4,690	(330)	–	–	–	–	–	4,521	–	4,521
Total	411	4,690	4,592	(109,825)	(1,027)	–	(834)	(813,099)	(915,092)	(61,195)	(976,287)
Balance as at December 31, 2021(Restated)	57,662	–	313,653	186,153	319	(190)	(1,209)	1,035,444	1,591,832	271,999	1,863,831

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Financial year ended December 31, 2022

	Share capital (Note 23)	Treasury shares (Note 24)	Share premium (Note 25)	General reserves (Note 26)	Share option reserve (Note 27)	Foreign currency translation reserve	Revaluation reserve (Note 28)	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
GROUP											
Balance as at January 1, 2022 (Restated)	57,662	–	313,653	186,153	319	(190)	(1,209)	1,035,444	1,591,832	271,999	1,863,831
Total comprehensive income for the year:											
Profit for the year	–	–	–	–	–	–	–	138,799	138,799	47,997	186,796
Other comprehensive (loss) income for the year	–	–	–	–	–	190	(497)	–	(307)	(32)	(339)
Total	–	–	–	–	–	190	(497)	138,799	138,492	47,965	186,457
Transactions with owners, recognised directly in equity:											
Transfer to general reserves (Note 26)	–	–	–	53,528	–	–	–	(53,528)	–	–	–
Disposal of subsidiaries (Note 38)	–	–	–	–	–	–	–	–	–	(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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Financial year ended December 31, 2022

	Share capital (Note 23)	Treasury shares (Note 24)	Share premium (Note 25)	Share option reserve (Note 27)	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
COMPANY							
Balance as at January 1, 2021	57,251	(4,690)	309,061	1,346	(699,520)	(336,552)	(336,552)
Profit for the year, representing							
total comprehensive income for the year	–	–	–	–	1,305,905	1,305,905	1,305,905
Transactions with owners, recognised directly in equity:							
Dividend paid (Note 36)	–	–	–	–	(936,609)	(936,609)	(936,609)
Employee share option expenses	250	-	4,922	(1,027)	–	4,145	4,145
Treasury shares re-issued	161	4,690	(330)	–	–	4,521	4,521
Total	411	4,690	4,592	(1,027)	369,296	377,962	377,962
Balance as at December 31, 2021	57,662	–	313,653	319	(330,224)	41,410	41,410
Profit for the year, representing							
total comprehensive income 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

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2022

	GROUP	
	2022 RMB'000	2021 RMB'000 (Restated)
Operating activities		
Profit before income tax (Note C)	233,094	1,074,213
Adjustments for:		
Depreciation of property, plant and equipment	50,037	61,027
Depreciation of right-of-use asset	6,512	7,580
Amortisation of intangible assets	147,086	108,385
Interest expense	232,488	646,736
Exchange differences arising on foreign currency translation	(419)	(545)
Share of profit of associate	(1,649)	(1,939)
Net loss (Gain) on disposal of property, plant and equipment (Note D)	6,036	(67,711)
Gain on disposal of right-of-use asset (Note D)	–	(4,343)
Gain on disposal of subsidiaries (Note 38)	(12,820)	(934,334)
Expenses on disposal of subsidiaries (Note 38)	–	41,075
Impairment allowance on inventories, net of allowance	–	1,759
Interest income	(3,377)	(4,982)
Impairment loss on trade and other receivables subject to ECL, net	2,053	15,142
(Reversal of) Impairment loss on pledged bank deposits	(3,000)	3,081
Exchange loss (gain) on convertible bonds	72,695	(17,702)
Fair value gain on convertible bonds	(150,656)	(486,212)
Operating cash flows before movements in working capital	578,080	441,230
Trade receivables	(216,911)	(574,384)
Other receivables and prepayments	11,541	(247,484)
Financial assets at fair value through other comprehensive income	(47,916)	(66,470)
Inventories	(52,609)	(428,984)
Trade payables, other payables and contract liabilities	245,358	1,294,637
Cash generated from operations	517,543	418,545
Income tax paid	(69,581)	(83,033)
Interest received	3,377	4,982
Interest paid	(146,166)	(133,210)
Net cash from operating activities	305,173	207,284
Investing activities		
Purchase of property, plant and equipment (Note A)	(61,321)	(93,486)
Prepayment for build-operate-transfer ("BOT") projects	(56,716)	(36,120)
Acquisition of intangible assets (Note B)	(474,979)	(853,690)
Proceeds from disposal of subsidiaries (Note 38)	571	1,455,140
Payment for expenses on disposal of subsidiaries (Note 38)	–	(52,070)
Proceeds from disposal of right-of-use asset	–	38,043
Acquisition of non-controlling interest (Note 14)	–	(1,502)
Payment of deferred consideration relating to acquisition of subsidiaries	(7,183)	(6,701)
Acquisition of an associate	(31,476)	(6,800)
Proceeds from disposal of property, plant and equipment (Note D)	6,396	45,314
Net cash (used in) from investing activities	(624,708)	488,128

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Financial year ended December 31, 2022

	GROUP	
	2022	2021
	RMB'000	RMB'000 (Restated)
Financing activities		
Proceeds from new borrowings	1,635,050	2,301,473
Pledged bank deposits	(64,952)	(14,329)
Payment of dividend	–	(936,609)
Payment of dividend to non-controlling interest of a subsidiary	–	(3,026)
Repayment of borrowings	(1,028,807)	(1,731,256)
Repayments of lease liabilities	(1,465)	(1,888)
Proceeds from exercise of share options	–	2,962
Treasury shares re-issued	–	4,521
Interest paid	(33,612)	(453,311)
Net cash from (used in) financing activities	506,214	(831,463)
Net increase (decrease) in cash and cash equivalents	186,679	(136,051)
Cash and cash equivalents at beginning of year	398,399	534,491
Effects of foreign exchange rate changes	190	(41)
Cash and cash equivalents at end of year (Note 6)	585,268	398,399

Note A

At the end of the reporting period, RMB47,120,000 (2021 : RMB55,801,000) of additions to property, plant and equipment remain unpaid.

Note B

	2022 RMB'000	2021 RMB'000 (Reclassified)
Acquisition unpaid as at beginning of the year	287,177	117,236
Additions during the year (Note 16)	634,848	1,023,631
Less: Transferred from prepayment for build-operate-transfer ("BOT") projects	(70,984)	–
Less: Cash outflows during the year	(474,979)	(853,690)
Acquisition unpaid as at end of the year	376,098	287,177

The cash outflows of RMB474,979,000 (2021 : RMB 853,690,000) during the year includes payments for intangible assets acquired in previous financial year.

Note C

The amount reflected as profit before income tax in the consolidated statement of cash flows (indirect method) is derived from the aggregate of profit before income tax from discontinued operation RMBNil (2021 : RMB33,294,000) (Note 37) and profit before income tax from continuing operations RMB 233,094,000 (2021 : Profit before income tax from continuing operations RMB1,040,919,000 (Restated)).

Note D

In 2019, Government of Xintai("the Government") and Xintai Zhengda Thermoelectric Co., Ltd. ("Xintai") entered into an agreement to compensate Xintai for relocation. The Government agreed to provide relocation allowance of RMB120,957,000 and RMB38,043,000 as compensation to Xintai for the disposal of property, plant and equipment, and right-of-use asset, respectively.

In 2021, Xintai completed the relocation and the carrying amount of the disposed property, plant and equipment, and right-of-use asset were RMB58,683,000 and RMB33,700,000, respectively, and the gain on diposal of property, plant and equipment, and right-of-use asset were RMB62,274,000 and RMB4,343,000, respectively.

In 2022, 2021 and 2019, Xintai received relocation allowance of RMB3,000,000, RMB44,750,000 and RMB39,750,000, respectively from the Government. As of December 31, 2022, the outstanding amount of RMB71,500,000 (2021 : RMB74,500,000) was included in other receivbles due from third parties (Note 9).

In 2021, other than the mentioned relocation, the Group disposed property, plant and equipment to third parties with consideration of RMB39,873,000. The carrying amount of the disposed property, plant and equipment were RMB34,436,000 and the gain on diposal of property, plant and equipment were RMB5,437,000. The Group received RMB38,607,000 during the financial year and the outstanding amount of RMB1,266,000 was included in other receivbles due from third parties (Note 9).

In 2022, the Group disposed property, plant and equipment to third parties with consideration of RMB6,396,000 received during the financial year. The carrying amount of the disposed property, plant and equipment were RMB12,432,000 and the loss on diposal of property, plant and equipment were RMB6,036,000.

See accompanying notes to financial statements.

1 GENERAL

The Company (Registration Number 35230) is incorporated in Bermuda, under the Companies Act 1981 of Bermuda, with its registered office at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and principal place of business at No. 2111 Chengxin Road, Nanjing Jiangning Science Park, Nanjing, China 211112. The Company is listed on the Singapore Exchange Securities Trading Limited.

The financial statements are expressed in Chinese Renminbi ("RMB").

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries and associates are detailed in Notes 14 and 15 to the financial statements respectively.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2022 were authorised for issue by the Board of Directors on March 25, 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed below, and are drawn up in accordance with the provisions of Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payment*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED FINANCIAL STANDARDS - On January 1, 2022, the Group and the Company adopted all the new and revised SFRS(I)s pronouncements that are relevant to its operations. Except for adoption of the amendments to SFRS(I) 1-16 *Property, Plant and Equipment: Proceeds before Intended Use* as discussed in Note 44, the adoption of these new/ revised SFRS(I)s pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of these financial statements, the following SFRS(I)s and amendments to SFRS(I)s that are relevant to the Group and the Company were issued but not effective:

<u>Effective for annual periods beginning on or after January 1, 2023</u>

- SFRS(I) 17 *Insurance Contracts* (including November 2020 and December 2021 Amendments to SFRS(I) 17)
- Amendments to SFRS (I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS (I) 1- 8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

<u>Effective for annual periods beginning on or after January 1, 2024</u>

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*
- Amendments to SFRS(I) 16: *Lease Liability in a Sale and Leaseback*

<u>Effective date is deferred indefinitely</u>

- Amendments to SFRS(I) 10 *Consolidated Financial Statements* and SFRS(I) 1-28 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between Investor and its Associate or Joint Venture*

Management anticipates that the adoption of the above amendments to SFRS(I) in future periods will not have a material impact on the financial statements in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;

- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable SFRS(I) Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In the Company's separate financial statements, investment in subsidiaries is carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS - Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 N*on-Current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS - Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment in an associate or, a portion of an investment in an associate, the investment, or the portion of the investment in the associate, that will be disposed of is classified as held for sale when the criteria described above are met. The Group then ceases to apply the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate that has not been classified as held for sale continues to be accounted for using the equity method.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

(a) represents a separate major line of business or geographical area of operations,

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or

(c) is a subsidiary acquired exclusively with a view to resale.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Amortised cost and effective interest method (cont'd)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "other operating income" line item.

Debt instruments classified as at FVTOCI

Notes receivables held by the Group are classified as at FVTOCI. Fair value is determined in the manner described in Note 4(e). The notes receivables are initially measured at fair value. Subsequently, changes in the carrying amount of these receivable notes as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these notes receivables had been measured at amortised cost. All other changes in the carrying amount of these notes receivables are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these notes receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with SFRS(I) 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Finance income – other' line item in profit or loss.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition (Note 12).

A financial asset is held for trading if either:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other operating expenses" line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the "other operating expenses" line item;
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade receivables and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely manufacturing and sale of heat exchangers and pressure vessels, pipeline energy saving products, supply of steam, heat and electricity, and provision of design, consultancy and technology services.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating; or
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; or
- an actual or expected significant deterioration in the operating results of the debtor; or
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Significant increase in credit risk (cont'd)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when there is evidence that a financial asset is credit impaired unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower; or

b) a breach of contract, such as a default or past due event; or

c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for other receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risk and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserves is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserves is not reclassified to profit or loss, but is transferred to retained earnings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Convertible bonds

The Group's convertible bonds consist of a debt host liability component and a derivative liability component. The component parts are classified as financial liabilities in accordance with the substance of the contractual arrangement.

At the date of issue, the fair value of the derivative liability component is estimated using the Binomial model. This amount is recorded as a liability at fair value, and is subsequently remeasured at the end of each financial period with changes in fair value recognised in profit or loss.

At the date of issue, the fair value of the debt host liability component is determined by deducting the amount of the derivative liability component from the fair value of the convertible bonds as a whole. This is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date.

Transaction costs that relate to the issue of the convertible bonds are offset against the nominal value of convertible bonds issued.

Warrants

Warrants are classified as derivative liabilities. At the date of issue, the fair value of derivative liabilities are estimated using the Binomial model. The amount is recorded as a liability at fair value, and is subsequently remeasured at the end of each financial period with changes in fair value recognised in profit or loss.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is i) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, ii) held for trading, or iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the group is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "fair value changes on convertible bonds" line item (Note 21).

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in Note 4(e).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments (cont'd)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" and "other operating expenses" line item respectively in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial positon when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankrupt.

LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES (cont'd)

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; or

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct cost. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2 - Impairment of Tangible and Intangible Assets.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

LEASES (cont'd)

INVENTORIES - Inventories are stated at the lower of cost and net realisable value. Raw materials are stated at cost calculated using the weighted average method. Work-in-progress is stated at cost plus recognised profits or losses less progress billings made. Cost includes materials, direct labour and sub-contract costs. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses.

Properties in the course of construction for production, supply or administration purpose, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases per annum:

Buildings	–	5%
Leasehold improvements	–	20%
Plant and machinery	–	10%
Furniture, fixtures and equipment	–	20%
Motor vehicles	–	20%

No depreciation is provided on construction-in-progress.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired net of liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

Intangible assets arising from service concession arrangements are described in the following section "SERVICE CONCESSION ARRANGEMENTS"

SERVICE CONCESSION ARRANGEMENTS - Service concession under build-operate-transfer ("BOT") arrangements involve the Group constructing infrastructure in exchange for the right to operate the infrastructure and to charge for utilities generated at the infrastructure for finite periods in the future, based on consumption of utilities by end-users in future. The Group has entered into BOT arrangements in respect of construction and operation of centralised steam and electricity facilities with the local government authorities. Under the terms of the arrangement, upon expiry of the respective BOT arrangements, the infrastructure is transferrable to the local government if requested by the local government.

The Group recognises an intangible asset at fair value upon initial recognition (arising from business combination) when it has a right to charge for usage in relation to a concession infrastructure. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortisation and any impairment loss. Amortisation is provided on straight-line basis over the respective periods of the operating phase of the concession periods of the Group which is up to 38.5 years.

These service concession arrangements are accounted for under the principles of SFRS(I) INT 12 *Service Concession Arrangements*.

Contractual obligations to restore the infrastructure to a specified level serviceability under service concession arrangements

Contractual obligations to maintain the infrastructure to a specified level of serviceability and/or restore the infrastructure to a specified condition before they are handed over to the grantor of the concession at the end of the service concession arrangement are recognised and measure in accordance with the policy set out for "Provisions" below.

Repair and maintenance and other expenses that are routine in nature and expensed and recognised in profit or loss as incurred.

TECHNICAL KNOW-HOW AND TRADEMARK - The technical know-how and trademark are measured initially at purchase cost and are amortised on a straight-line basis over its estimated useful life of 5 years and 10 years respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS (cont'd)

LICENSES

Indefinite useful lives

The useful lives of the licenses are estimated to be indefinite based on the current practices in the local construction and power industries where licenses may be renewed indefinitely at little cost, management believes there is no foreseeable limit to the period over which the licenses are expected to generate net cash inflows for the Group.

Definite useful lives

Licenses that have finite useful lives are measured at cost and are amortised over the period of 36 years on a straight line basis to profit or loss.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

ASSOCIATES - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of SFRS(I) 1-36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS (cont'd)

LICENSES (cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate is disposed of.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The Group applies SFRS(I) 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying SFRS(I) 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by SFRS(I) 1-28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with SFRS(I) 1-28).

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS (cont'd)

LICENSES (cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the profit or loss in the period in which they become receivable.

SHARE-BASED PAYMENTS - The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 27. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS (cont'd)

LICENSES (cont'd)

REVENUE RECOGNITION - The Group recognises revenue from the following major sources:

- Sale of goods.
- Construction contracts.
- Revenue from service concession arrangements.
- Provision of utilities.
- Provision of other services.

Revenue is measured at based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue at a point in time or over time depending on when it transfers control of a product or service to a customer.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment. Any unconditional rights to consideration (i.e. amounts that relate to completed performance obligations for which payment is due under the contract) should be presented separately as a receivable.

Sale of goods

The Group manufactures and sells heat pipes, heat pipe exchangers, pressure vessels, reactors, and GGH-Gas gas heater.

Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location. A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment.

Construction contracts

The Group sells customised energy saving products with proprietary heat transfer technologies which requires longer duration to be fully constructed.

Revenue is recognised over time using the input method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Construction contracts - EPC

The Group provides Engineering, Procurement, and Construction Integrated Solutions ("EPC") for flare and flare gas recovery system, desulphurisation and denitrification system, zero liquid discharge (ZLD) system, petrochemical engineering and energy saving system.

Revenue from EPC is recognised as a performance obligation satisfied over time using the output method, i.e. on the basis of direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. Management has assessed that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS (cont'd)

LICENSES (cont'd)

Revenue from service concession arrangements

The development of greenfield Green Investments ("GI") projects is managed in-house by the Group's own EPC division and operated under a Build-Operate-Transfer ("BOT") model. The Group has been granted exclusive concessions of between 30 to 38.5 years on each project, thus allowing it to be the only centralised supplier of steam, heat and electricity in certain areas.

Revenue from service concession arrangements under the construction phase is recognised over time using the output method. Management considers that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

Provision of utilities

The Group provides heat, steam and electricity to industrial customers, which are from diverse industries such as chemicals, textiles, textile printing and dyeing, food, paper-making, paints, pharmaceuticals, leather, wood processing, plastic recycling, fodder, chemical fertilisers and rubber.

The amount of revenue recognised is based on the consumption of utilities derived from the meter readings and when control of the utilities has transferred to its customer, being when the utilities is delivered to the customer's specific location (delivery). A receivable is recognised by the Group upon delivery as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment.

Provision of other services

The Group provides design, consultancy and technology services to the thermal power, construction materials, architecture, municipal engineering and other industries.

Such services is recognised over time using the output method. Management considers that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Provident Fund and China's Social Security, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS (cont'd)

LICENSES (cont'd)

INCOME TAX - The income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

INTANGIBLE ASSETS (cont'd)

LICENSES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Chinese Renminbi ("RMB"), which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's non-PRC foreign operations (including comparatives) are expressed in RMB using exchange rates prevailing on the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise cash at bank and fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

3.1 Critical judgements in applying the Group's accounting policies

There are no critical judgements in applying the Group's accounting policies, apart from those involving estimations.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Service concession arrangements

Under SFRS(I) INT 12 Service Concession Arrangements, revenue and cost are recognised during the construction phase based on the output method; and during the subsequent operating of facilities and supplying of steam and electricity. Intangible assets arise from cost incurred during the construction phase which are projected to be recoverable during the operating period. Significant estimates and judgement include the following:

- Projection of total revenue which can be billed to end users during the operating period.
- Evaluation of estimated profit margins for each of the construction and operating phases.
- Allocation of revenue between the construction and service elements of the project.
- Recoverable amount of intangible assets which represent cost recoverable from future operations.

Management has evaluated all aspects of the above estimates and considered that the estimates of intangible assets and the recognition of revenue and cost from the construction phase to be best estimates; and that the intangible assets will be recoverable. The revenue from service concession arrangements are disclosed in Note 29 to the financial statements.

(b) Calculation of loss allowance

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical date, assumptions and expectations of future conditions.

Based on the most current assessment, management is of the view that the loss allowances made for trade receivables and other receivables are adequate and the carrying amount of the trade receivables and other receivables as disclosed in Notes 8 and 9 of the financial statements are recoverable.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(c) Recoverable amounts of inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of selling expenses.

Slow moving or aged inventories are identified by management. This is followed by an assessment of sales or usage prospects and a comparison of estimated net realisable values with carrying cost. Allowance is made for cost of inventories which are not expected to be recovered through usage or sales. Physical counts of inventories are carried out on a periodic basis and any identified defective inventory are written off.

Based on the most current assessment, management is of the view that the allowances made for inventories are adequate and the carrying amount of the inventories as disclosed in Note 10 to the financial statements is recoverable.

(d) Revenue and costs of construction for long term contracts

Revenue and costs associated with a project are recognised as revenue and expenses respectively by reference to the progress towards complete satisfaction at the end of the reporting period except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately. These computations are based on the presumption that the outcome of a project can be estimated reliably.

Total cost to completion are subject to judgement and estimation by management. Management performed cost studies, taking into account the costs to date and estimated cost to complete each project. Management also reviewed the status and the physical proportion of work completed for projects. Based on these procedures, management is satisfied that estimates of cost to complete projects are realistic, and the estimates of total project costs compared with expected revenues indicate full project recovery.

(e) Fair value measurement of derivative liabilities

The Group's convertible bonds comprise a derivative liability component that is measured at fair value for financial reporting purposes. Management engages a third party qualified valuer to perform the valuation and works closely with the valuer to determine the appropriate valuation techniques and inputs for the valuation. In estimating the fair value of the derivative liability component, market-observable data is used to the extent it is available. Where Level 1 inputs are not available, management establishes inputs that are appropriate to the circumstances. As at December 31, 2022, the fair value of derivative liability component of the convertible bonds amounted to RMBNil (2021 : RMB150,655,000) as disclosed in Note 21 to the financial statements.

(f) Impairment of goodwill

As disclosed in Note 18, the recoverable amounts of the cash-generating units which goodwill has been allocated to are determined based on value in use calculations. The value in use calculations are based on a discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use are disclosed in Note 18 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. Management ensures that all externally imposed financial covenants are complied with. As at the end of the reporting period, the Group is in compliance with all financial covenants for external borrowings.

The capital structure of the Group consists of equity, bank borrowings and convertible bonds. Management reviews the capital structure on an on-going basis. As a part of this review, management considers the cost of capital, the tenure and the risks associated with each class of capital.

The Group's overall strategy relating to capital management remains unchanged from prior year.

(b) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	GROUP		COMPANY	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Financial assets				
Financial assets at amortised cost	1,434,929	964,977	434,170	426,548
Financial assets at FVTOCI:				
Debt instruments classified as at FVTOCI	50,458	3,010	–	–
Equity instruments designated as at FVTOCI	2,445	2,683	–	–
Total	1,487,832	970,670	434,170	426,548
Financial liabilities				
Financial liabilities at amortised cost	5,103,706	4,108,795	1,308,638	1,133,931
Fair value through profit or loss (FVTPL)	–	150,655	–	150,655
Lease liabilities	5,830	7,158	–	–
Total	5,109,536	4,266,608	1,308,638	1,284,586

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(c) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

In 2022, the Compnay does not have any financial instruments which are subjected to offsetting under enforceable master netting arrangements or similar netting agreements.

In 2021, the Company has the following financial instruments which are subjected to offsetting under enforceable master netting arrangements or similar netting agreements:

Financial assets

	(a)	(b)	(c)	(d) Related amounts not set off in the statement of financial position		(e)= (c)+ (d)
Type of financial asset	**Gross amount of recognised financial asset**	**Gross amount of recognised financial liability set off in the statement of financial position**	**Net amounts of financial asset presented in the statement of financial position**	**Financial instruments**	**Cash collateral received**	**Net amount**
2021	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Other receivables						
Subsidiaries	1,735,628	(1,349,000)	386,628	–	–	386,628
Total	1,735,628	(1,349,000)	386,628	–	–	386,628

Financial liabilities

	(a)	(b)	(c)	(d) Related amounts not set off in the statement of financial position		(e)= (c)+ (d)
Type of financial liabilitiy	**Gross amount of recognised financial liabilitiy**	**Gross amount of recognised financial asset set off in the statement of financial position**	**Net amounts of financial liability presented in the statement of financial position**	**Financial instruments**	**Cash collateral received**	**Net amount**
2021	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Other payables						
Subsidiaries	1,705,288	(1,349,000)	356,288	–	–	356,288
Total	1,705,288	(1,349,000)	356,288	–	–	356,288

The Group does not have any financial instruments which are subjected to offsetting under enforceable master netting arrangements or similar netting agreements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives

Management of the Group monitors and manages the financial risks relating to the operations of the Group to minimise the potential adverse effects of such risks on financial performance. These risks include market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. There has been no change to the Group's exposure to these risks and the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The carrying amounts of monetary assets and liabilities denominated in currencies other than the respective Group entities' functional currencies at the reporting date are as follows:

	2022		2021	
	US$	**S$**	**US$**	**S$**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
GROUP				
Cash and bank balances	5,700	6,500	17,486	26,053
Trade receivables other receivables	4	52	4	19
Trade and other payables	–	(3,544)	(161)	(1,981)
Convertible bonds	(892,707)	–	(909,727)	–
Total	(887,003)	3,008	(892,398)	24,091
COMPANY				
Cash and bank balances	4,243	5,807	14,976	24,219
Other receivables	4	–	4	–
Other payables	–	(3,304)	(39)	(1,906)
Convertible bonds	(892,707)	–	(909,727)	–
Total	(888,460)	2,503	(894,786)	22,313

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The following table details the sensitivity to a 5% change in exchange rate relative to RMB. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at December 31 and adjusts their translation at the period end for a 5% change in foreign currency rates.

A strengthening of the following foreign currencies by 5% relative to the RMB will increase (decrease) profits by the following amounts:

	US$ impact		**S$ impact**	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
GROUP	(44,350)	(44,620)	150	1,205
COMPANY	(44,423)	(44,739)	125	1,116

Conversely, a weakening of RMB by 5% relative to the above foreign currencies would have the opposite effect on profits.

(ii) Interest rate risk management

Interest rate risk is managed by maintaining a mix of fixed and floating rate borrowings. The Group currently does not have an interest rate hedging policy. However, management monitors exposures to variability in interest rates and will consider restructuring the Group's credit facilities should the need arise.

The Group's exposures to variability in interest rates are detailed in the liquidity risk management section set out below.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For variable-rate bank borrowings and the Company's loan to a subsidiary, the analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points increase or decrease is used as it represents management's assessment of the possible change in interest rates.

If interest rate had been 100 basis points higher/lower and all other variables were held constant, the Group's profit would decrease/increase by RMB10,898,000 (2021 : decrease/increase by RMB5,250,000) respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

(iii) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. As at December 31, 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising ECL**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL.
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired.
In default	Amount is >180 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired.
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery.	Amount is written off.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

The table below details the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL/ Incurred loss basis	Gross carrying amount	Loss allowance	Net carrying amount
				RMB'000	RMB'000	RMB'000
Group						
2022						
Pledged bank deposits	7	Write-off	Write-off	131,823	(3,081)	128,742
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	639,774	(1,651)	638,123
Other receivables - Third parties	9	(ii)	Lifetime ECL (simplified approach)	87,434	(4,680)	82,754
Other receivables	9	Performing	12-month ECL	42	–	42
Notes receivables, at FVTOCI	12	Performing	12-month ECL	50,458	–	50,458
					(9,412)	
2021						
Pledged bank deposits	7	Write-off	Write-off	66,871	(6,081)	60,790
Trade receivables	8	(i)	Lifetime ECL (simplified approach)	422,958	(94)	422,864
Other receivables - Third parties	9	(ii)	Lifetime ECL (simplified approach)	84,769	(4,754)	80,015
Other receivables	9	Performing	12-month ECL	2,909	–	2,909
Notes receivables, at FVTOCI	12	Performing	12-month ECL	3,010	–	3,010
					(7,929)	

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

	Note	Internal credit rating	12-month or lifetime ECL/ Incurred loss basis	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
COMPANY						
2022						
Other receivables	9	Performing	12-month ECL	424,029	–	424,029
2021						
Other receivables	9	Performing	12-month ECL	386,753	–	386,753

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated from historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Note 8 includes further details on the loss allowance for these assets.

(ii) For other receivables – third parties, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Note 9 includes further details on the loss allowance for these assets.

Other receivables of the Group and the Company are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management

Upfront deposits are obtained where appropriate and progressive billings made for longer term contracts to mitigate the risk of financial loss from defaults. Credit exposure is controlled by credit limits that are reviewed and approved by management. Information on counterparties supplied by independent rating agencies where available, other publicly available financial information and the Group's own historical transactions with these counterparties are used to make decisions relating to credit granted to customers or advances made to suppliers. The Group's exposure to credit risk, concentration risk and the credit terms granted to counterparties are monitored continuously.

The Group's credit risk primarily relates to the Group's trade and other receivables, trade prepayments and bank balances. Trade receivables account for 8% (2021 : 6%) of total assets. For contract related work, collection of debts including retention sums can involve extended period of time. Management closely monitors overdue trade debts. The recoverable amount of each individual trade debt is reviewed at the end of each reporting period. Such review takes into consideration the due date, the period the payment is overdue, the results of communications with debtors, adherence to installment payment plans or otherwise and current commercial information of debtors where available. Following the identification of slow payments, the responsible sales personnel discuss with the relevant customers and report on results of recovery actions and recovery prospects. Management is of the view that adequate allowance for doubtful debts has been made for irrecoverable amounts.

The five (2021 : five) largest customers accounted for approximately 31.0% (2021 : 20.2%) of the Group's total trade receivables as at December 31, 2022.

Other receivables account for 5% (2021 : 6%) of total assets. To minimise risk, trade prepayments are generally made to suppliers with good credit ratings and with good trading history with the Group. At December 31, 2022 and December 31, 2021, there was no concentration of credit risk with any particular supplier.

Bank balances are placed with reputable banking institutions in the People Repulic of China ("PRC") and Singapore.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at end of the financial period in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the statement of financial position.

Further details of credit risks on trade and other receivables are disclosed in Notes 8 and 9 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management

The Group maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows relative to expectations. Management monitors cash flows, utilisation of bank borrowings and compliance with financial covenants relating to credit facilities.

The Group has embarked on more service concession arrangements which involve substantial commitment of funds during the construction of infrastructure with cash inflows only after completion of infrastructure and delivering of utilities to end users.

Management reviewed the projected timing and amounts of cash inflows and outflows from the service concession arrangements and is of the view that the funding arrangements made are adequate for its needs and the Group will be able to discharge its obligations as and when they fall due.

As at the end of the reporting period, the Group's and Company's current liabilities exceeded the current assets by RMB1,037,109,000 and RMB1,019,199,000, respectively. Despite the above condition, the financial statements of the Group and Company have been prepared on a going concern basis as the Group has access to committed financing facilities of which RMB342,138,200 were unutilised at the end of reporting period. In addition, based on the Group's cash flow forecast for the next 12 months from the date of authorisation of the financial statement, the Group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

The maturity date of the convertible bonds with carrying value of RMB892,707,000 issued by the Group is due in April 17, 2023 (Note 21). In the event of redemption by the bondholders, management has the following sources of funding to settle the amount due:

- Cash generated from operation
- Pledging of the service concession arrangements to secure additional borrowings

As detailed in Note 43, the maturity date of the convertible bonds had been deferred to April 2025.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management

Liquidity and interest risk analyses

Financial assets

The following table shows the cash flows (principal and interest where applicable) based on the contractual or expected maturity of financial assets. The adjustment column represents future interest which are not included in the carrying amounts of the financial asset in the statement of financial position.

	Weighted average effective interest rate	On demand or less than 1 year	More than 1 to 5 years	Adjustment	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000
GROUP					
2022					
Non-interest bearing	–	773,822	–	–	773,822
Variable interest rate	0.25	586,731	–	(1,463)	585,268
Fixed interest rate	1.83	131,092	–	(2,350)	128,742
Total		1,491,645	–	(3,813)	1,487,832
2021					
Non-interest bearing	–	511,481	–	–	511,481
Variable interest rate	0.30	420,269	–	(1,257)	419,012
Fixed interest rate	1.47	40,768	–	(591)	40,177
Total		972,518	–	(1,848)	970,670
COMPANY					
2022					
Non-interest bearing	–	424,029	–	–	424,029
Variable interest rate	0.25	10,166	–	(25)	10,141
Total		434,195	–	(25)	434,170
2021					
Non-interest bearing	–	386,753	–	–	386,753
Variable interest rate	0.30	39,914	–	(119)	39,795
Total		426,667	–	(119)	426,548

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(d) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management (cont'd)

Financial liabilities

The following table shows the cash flows of financial liabilities based on the earliest dates on which the Group and Company are required to pay. The table includes both interest and principal cash flows. The adjustment column represents future interest which are not included in the carrying amounts of financial liabilities carried in the statement of financial position.

	Weighted average effective interest rate	On demand or less than 1 year	More than 1 to 5 years	More than 5 years	Adjustment	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GROUP						
2022						
Non-interest bearing	–	868,024	–	–	–	868,024
Lease liabilities (fixed rate)	5.12	1,920	4,459	–	(549)	5,830
Variable interest rate	5.39	381,378	923,996	424,274	(276,639)	1,453,009
Fixed interest rate	6.80	1,617,464	1,137,008	407,958	(379,757)	2,782,673
Total		2,868,786	2,065,463	832,232	(656,945)	5,109,536
2021						
Non-interest bearing	–	763,648	–	–	–	763,648
Lease liabilities (fixed rate)	5.12	1,799	6,494	–	(1,135)	7,158
Variable interest rate	5.21	288,408	630,015	159,678	(134,082)	944,019
Fixed interest rate	7.46	468,082	2,091,307	518,449	(526,055)	2,551,783
Total		1,521,937	2,727,816	678,127	(661,272)	4,266,608
COMPANY						
2022						
Non-interest bearing	–	415,931	–	–	–	415,931
Fixed interest rate	8.75	919,229	–	–	(19,522)	892,707
		1,328,160	–	–	(19,522)	1,308,638
2021						
Non-interest bearing	-	525,516	–	–	–	525,516
Fixed interest rate	9.51	20,720	849,562	–	(111,212)	759,070
		546,236	849,562	–	(111,212)	1,284,586

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(e) Fair value of financial assets and financial liabilities

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at		Fair value hierarchy	Valuation technique and key input	Significant unobservable input	Relationship of unobservable inputs to fair value
	2022 RMB'000	2021 RMB'000				
Financial assets at fair value through other comprehensive income - unquoted equity shares	2,445	2,683	Level 3	Discounted cash flow	Discount rate taking into account the time value of money, inflation and the risk inherent in ownership of the asset or security interest being valued.	The higher the discount rate, the lower the fair value.
Financial assets at fair value through other comprehensive income - notes receivables	50,458	3,010	Level 3	Discounted cash flow method was used to capture the present value of the financial assets	Discount rate taking into account the time value of money.	The higher the discount rate, the lower the fair value.
Financial liabilities - at fair value through profit or loss - convertible bonds - derivative liability component (Note 21)		150,656	Level 2	Option Model, taking into consideration the various scenarios resulting in a probability-weighted average value	N/A	N/A

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(e) Fair value of financial assets and financial liabilities (cont'd)

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values as these are either of relatively short-term maturity or which effective interest rates instruments are close approximation of market interest rates at period end.

(f) Fair value of guarantees given by the Company

Management considered the nature of the guarantees given by the Company to banks which have provided loans to a subsidiary (Note 20(a)) and the reliance on assets of other subsidiaries as support for the financial guarantee and determined that there is no significant fair value of the guarantee to be accounted for by the Company.

5 RELATED PARTY TRANSACTIONS

The ultimate controlling party of the Group is Guo Hong Xin whose interest in the Company is held through his shareholdings in Allgreat Pacific Limited and Sunpower Business Group Pte. Ltd.

Some of the Group's transactions and arrangements are with related parties and the effects of these, on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, receivable or repayable on demand and interest-free unless stated otherwise.

Related parties comprise entities over which two of the Company's directors have significant influence or control; and non-controlling shareholders of partially held subsidiaries (Note 14).

Significant related party transactions:

	GROUP	
	2022	**2021**
	RMB'000	**RMB'000**
Disposal of M&S Segment	–	2,290,000
Rental expenses	2,147	1,276
Purchase of construction services	432,822	416,882
Sale of property, plant and equipment	–	253
Sale of services	5,066	4,175
Sale of utilities	–	73

The sales and purchases made are conducted on terms mutually agreed among the parties involved. The expenses charged are paid in accordance with the terms of the agreement entered into among the parties involved.

The nature and terms of transactions with related parties are reviewed by the Board of Directors.

6 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	585,268	398,399	10,141	39,795

Cash and bank balances comprise cash held by the Group and the Company and short-term bank deposits with maturity of three months or less. The average interest rate is 0.25% (2021 : 0.30%) per annum.

7 PLEDGED BANK DEPOSITS

	GROUP	
	2022	2021
	RMB'000	RMB'000
Pledged bank deposits	128,742	60,790

The above deposits are pledged to banks to secure the Group's bank loans. The deposits earn fixed interest rate ranging from 0.25% to 3.40% (2021 : 0.30% to 2.75%) per annum.

8 TRADE RECEIVABLES

	GROUP	
	2022	2021
	RMB'000	RMB'000
		(Reclassified)
Outside parties	638,994	416,321
Related parties (Note 5)	780	6,637
Loss allowance	(1,651)	(94)
Total	638,123	422,864

The credit period for trade receivables is 90 - 180 days (2021 : 90 – 180 days). These receivables are not secured by any collateral or credit enhancements. No interest is charged on the overdue trade receivables.

Loss allowance for trade receivables has always been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

8 TRADE RECEIVABLES (CONT'D)

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on aging profile from invoice dates is not further distinguished between the Group's different customer base.

	GROUP						
	< 6 months	7 - 12 months	1 - 2 years	2 - 3 years	3 - 4 years	>4 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2022							
Expected credit loss rate	0%	0 % - 5%	0% - 12.50%	1.50% - 50%	12.50% - 75%	50% - 100%	
Estimated total gross carrying amount at default	547,658	54,623	17,869	16,219	2,892	513	639,774
Lifetime ECL	–	–	(310)	(522)	(434)	(385)	(1,651)
							638,123
2021							
Expected credit loss rate	0%	0 % - 5%	0% - 12.50%	1.50% - 50%	12.50% - 75%	50% - 100%	
Estimated total gross carrying amount at default	400,716	801	16,219	4,483	594	145	422,958
Lifetime ECL	–	–	–	–	(81)	(13)	(94)
							422,864

8 TRADE RECEIVABLES (CONT'D)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

	Lifetime ECL credit-impaired		
	Individually assessed	Collectively assessed	Total
GROUP	**RMB'000**	**RMB'000**	**RMB'000**
Balance as at January 1, 2021	91,874	20,019	111,893
Transfer of credit-impaired from collective to individual	60	(60)	–
Amounts written off	(24,168)	(139)	(24,307)
Amounts recovered	(3,651)	(6,421)	(10,072)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	15,326	5,615	20,941
Disposal of subsidiaries	(79,347)	(19,014)	(98,361)
Balance as at December 31, 2021	94	–	94
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	268	1,383	1,651
Disposal of subsidiaries	(94)	–	(94)
Balance as at December 31, 2022	268	1,383	1,651

The following tables explain how significant changes in the gross carrying amount of the trade receivables contributed to changes in the loss allowance:

	Group Increase (Decrease) in lifetime ECL	
	2022	**2021**
	RMB'000	**RMB'000**
Customers declared bankruptcy	–	(8,834)
Other unrecoverable amounts	–	(15,293)
Origination of new trade receivables net of those settled, as well as increase in days past due up to 90 days (2021 : 90 days)	1,651	20,941

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Advance payments for purchases	76,312	43,404	102	13
Prepayment for BOT projects	44,722	58,956	–	–
Deposits and prepayments	13,755	9,097	–	–
Third parties	87,434	84,769	–	–
Subsidiaries (Note 14)	–	–	422,054	386,628
Advances to staff	2,042	1,944	–	–
Input tax recoverable	174,504	224,378	–	–
Others	42	965	1,975	125
Total	398,811	423,513	424,131	386,766
Less:				
Loss allowance	(4,680)	(4,754)	–	–
Net	394,131	418,759	424,131	386,766
Presentation on statement of financial position:				
Current assets	349,409	359,803	294,471	303,106
Non-current assets	44,722	58,956	129,660	83,660
Total	394,131	418,759	424,131	386,766

Included in amounts due from subsidiaries are loans to subsidiaries as follows:

- Loan to a subsidiary amounting to RMB 194,000,000 (2021 : RMB240,000,000). The loan is non-trade in nature, unsecured, interest-free and is repayable on demand.

- Loan to a subsidiary amounting to RMB 129,660,000 (2021 : RMB83,660,000). The loan is non-trade in nature, unsecured, interest-free and is repayable on November 30, 2024.

The remaining amount due from subsidiaries are unsecured, interest-free and repayable on demand

Staff advances were non-trade in nature, unsecured, interest-free and repayable on demand.

Loss allowance for other receivables – third parties has always been at an amount equal to lifetime ECL. Other receivables excluding third parties of the Group and the Company are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL. The ECL on other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The table below shows the movements in lifetime ECL that has been recognised for other receivables in accordance with the simplified approach set out in SFRS(I) 9:

GROUP	Lifetime ECL - credit-impaired RMB'000
Balance as at January 1, 2021	2,884
Amounts written off	(900)
Amounts recovered	(975)
Change in loss allowance due to new other receivables originated, net of those derecognised due to settlement	5,248
Disposal of subsidiaries	(1,503)
Balance as at December 31, 2021	4,754
Amounts written off	(476)
Change in loss allowance due to new other receivables originated, net of those derecognised due to settlement	402
Balance as at December 31, 2022	4,680

10 INVENTORIES

	GROUP	
	2022 RMB'000	2021 RMB'000
Raw materials and consumables	175,315	122,706

Inventories are stated net of allowance.

	GROUP	
	2022 RMB'000	2021 RMB'000
Movements in allowance for inventories:		
At beginning of year	4,463	17,751
Charge to profit or loss	–	1,759
Disposal of subsidiaries	(2,704)	(15,047)
At end of year	1,759	4,463

11 PROPERTY, PLANT AND EQUIPMENT

GROUP	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction-in-progress RMB'000	Total RMB'000
Cost:							
At January 1, 2021(restated)	564,154	72,254	638,947	51,458	35,033	67,827	1,429,673
Additions(restated)	–	1,792	10,886	7,117	2,173	69,973	91,941
Transfers	4,393	–	31,469	190	–	(36,052)	–
Disposals	(24,741)	–	(109,565)	(12,851)	(325)	–	(147,482)
Disposal of subdiaries	(248,546)	(58,024)	(162,306)	(34,342)	(21,741)	(35,798)	(560,757)
At December 31, 2021 (restated)	295,260	16,022	409,431	11,572	15,140	65,950	813,375
Additions	892	8,553	10,403	3,219	348	29,225	52,640
Transfers	2,115	–	34,822	–	–	(36,937)	–
Disposals	(1,933)	–	(27,024)	(657)	(1,820)	–	(31,434)
Disposal of subdiaries	(6,211)	–	(10,388)	(200)	–	–	(16,799)
At December 31, 2022	290,123	24,575	417,244	13,934	13,668	58,238	817,782
Accumulated depreciation:							
At January 1, 2021 (restated)	124,766	32,557	214,870	29,355	21,073	–	422,621
Depreciation	12,141	2,523	42,868	2,006	1,751	–	61,289
Disposals	13,856	–	(65,977)	(2,219)	(23)	–	(54,363)
Disposal of subdiaries	(98,243)	(34,745)	(96,870)	(22,778)	(17,247)	–	(269,883)
At December 31, 2021 (restated)	52,520	335	94,891	6,364	5,554	–	159,664
Depreciation	5,613	484	40,358	2,503	1,249	–	50,207
Disposals	(653)	–	(15,394)	(641)	(1,604)	–	(18,292)
Disposal of subdiaries	(3,554)	–	(2,502)	(180)	–	–	(6,236)
At December 31, 2022	53,926	819	117,353	8,046	5,199	–	185,343

11 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

GROUP	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction-in-progress RMB'000	Total RMB'000
Impairment loss:							
At January 1, 2021							
December 31, 2021	-	-	7,553	11	-	-	7,564
Disposal	-	-	(7,553)	(11)	-	-	(7,564)
At December 31, 2022	-	-	-	-	-	-	-
Carrying amount:							
At December 31, 2022	236,197	23,756	298,891	5,888	8,469	58,238	632,439
At December 31, 2021(restated)	242,740	15,687	306,987	5,197	9,586	65,950	646,147

At the end of the reporting period, buildings and plant and machinery with carrying amount of RMB274,445,000 (2021 : RMB156,859,000) are pledged to secure banking facilities and loans granted to the Group.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	GROUP	
	2022	2021
	RMB'000	RMB'000
Investments in equity instruments designated as at FVTOCI:		
Unquoted equity shares	2,445	2,683
Investments in debt instruments classified as at FVTOCI:		
Notes receivables	50,458	3,010
Total financial assets at FVTOCI	52,903	5,693
Presentation on statement of financial position:		
Current assets	50,458	3,010
Non-current assets	2,445	2,683
Total	52,903	5,693

Investments in equity instruments

These investments in equity instruments are not held for trading. Instead they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as management believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

In 2021, the equity investments amounting to RMB9,485,000 was disposed as part of disposal of subsidiaries.

Investments in debt instruments

Note receivables represent promissory notes that give the Group the right to receive cash on or before a specific future date, and such notes are received from customers as settlement of trade receivables. The notes receivables are held by the Group within a business model whose objective is both to collect their contractual cash flows which are solely payments of principal and interest on the principal amount outstanding and to sell these financial assets. Hence, the notes receivables are classified as at FVTOCI.

For purpose of impairment assessment, the notes receivables are considered to have low credit risk as they are held with financial institutions with sound credit ratings. Accordingly, management believes that there is no loss allowance required. The Group holds no collateral over these notes. For the purpose of impairment assessment for these debts instruments, the loss allowance is measured at an amount equal to 12-month ECL.

In determining the ECL, management has taken into account the historical default experience, the financial position of the counterparties, as well as the future prospects of the industries in which the issuers of these debt instruments obtained from economic expert reports, financial analysts reports and considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

13 RIGHT-OF-USE ASSETS

The Group leases buildings. The average lease term is ranging from 2 to 5 years, where the Group make periodic lease payments, which are used for its day to day operations.

GROUP	Land use rights RMB'000	Buildings RMB'000	Total RMB'000
Cost:			
At January 1, 2021	383,182	19,101	402,283
Additions	–	8,259	8,259
Disposals	(39,721)	–	(39,721)
Disposal of subsidiaries	(76,952)	(19,101)	(96,053)
At December 31, 2021	266,509	8,259	274,768
Additions	–	137	137
Disposal of subsidiaries	(2,762)	–	(2,762)
At December 31, 2022	263,747	8,396	272,143
Accumulated depreciation:			
At January 1, 2021	37,198	9,285	46,483
Depreciation for the year	6,638	2,497	9,135
Disposals	(6,021)	-	(6,021)
Disposal of subsidiaries	(10,861)	(10,681)	(21,542)
At December 31, 2021	26,954	1,101	28,055
Depreciation for the year	5,447	1,697	7,144
Disposal of subsidiaries	(539)	–	(539)
At December 31, 2022	31,862	2,798	34,660
Carrying amount:			
At December 31, 2022	231,885	5,598	237,483
At December 31, 2021	239,555	7,158	246,713

Land use rights relates to upfront payments made to acquire land leases in China.

At the end of the reporting period, land use rights with carrying amount of RMB74,782,000 (2021 : RMB177,248,000) are pledged to secure banking facilities granted to the subsidiaries.

14 SUBSIDIARIES

	COMPANY	
	2022	2021
	RMB'000	RMB'000
Unquoted equity shares, at cost	606,285	606,285
Financial guarantee contracts	1,850	1,850
Amount due from subsidiaries	306,244	306,244
Total	914,379	914,379

Amount due from subsidiaries is unsecured, interest-free and not expected to be repayable within one year and is considered to be equity in nature.

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in these financial statements.

Subsidiaries	Cost of investments		Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2022	2021	2022	2021		
	RMB'000	RMB'000	%	%		
Held by Company:						
Sunpower International Holding (Singapore) Pte. Ltd.	606,285	606,285	100.0	100.0	Singapore	Investment holding.
Sun Superior Holding Pte. Ltd.	*	*	100.0	100.0	Singapore	Investment holding.
Held by subsidiaries:						
Changle Sunpower Clean Energy Co., Ltd. (Shares held by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd.)	–	–	100.0	100.0	PRC	Investment in clean energy business related activities.
Changyi Sunpower Clean Energy Co., Ltd. (Shares held by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd.)	–	–	100.0	100.0	PRC	Investment in clean energy business related activities.
Changshu Suyuan Thermal Power Co., Ltd.(Shares held by Jiangsu Sunpower Clean Energy) Co., Ltd.)	–	–	90.0	90.0	PRC	Provision of heat and electricity to enterprises.
Dingyuan Sunpower Clean Energy Co., Ltd.(Shares held by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd.)	–	–	100.0	100.0	PRC	Provision of heat and electricity to enterprises.

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14 SUBSIDIARIES (CONT'D)

Subsidiaries	Cost of investments		Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2022	2021	2022	2021		
	RMB'000	RMB'000	%	%		
Held by subsidiaries: (cont'd)						
Fuzhou Sunpower Jiaoneng Thermal Power Co.,Ltd. (Shares held by Jiangsu Sunpower Clean Energy Co., Ltd.)	–	–	70.0	70.0	PRC	Heat and electricity production and supply
Gaoyang Changrun Heat Supply Co., Ltd. (Shares held by Hebei Changrun Environmental Ltd.)	–	–	100.0	100.0	PRC	Supply of heat and electricity.
Hebei Changrun Environmental Ltd.(Shares held by Jiangsu Sunpower Clean Energy Co., Ltd.)	–	–	100.0	100.0	PRC	Central heating and power generation.
Jiangsu Sunpower Electricity Sales Co., Ltd. (Shares held by Jiangsu Sunpower Clean Energy Co., Ltd. and Zhangjiagang Yongxing Thermal Power Co., Ltd)	–	–	100.0	100.0	PRC	Provision of electricity
Jiangsu Sunpower Clean Energy Co., Ltd. (Shares held by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd.)	–	–	100.0	100.0	PRC	Investment in clean energy business related activities.
Jiangsu Sunpower Energy-Saving Technology Co., Ltd. (Shares held by Jiangsu Sunpower Machinery Manufacture Co. Ltd.) (1)	–	–	–	70.0	PRC	Production and sale of foam glass products.
Jiangsu Sunpower Machinery Manufacture Co., Ltd. (Shares held by Sunpower International Holding (Singapore) Pte. Ltd.)	–	–	100.0	100.0	PRC	Manufacture and sale of pressure vessels products.
Jiangsu Sunpower Smart Energy Co., Ltd. (Shares held by Sunpower International Holding (Singapore) Pte. Ltd.)	–	–	100.0	100.0	PRC	Thermal production and supply

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14 SUBSIDIARIES (CONT'D)

Subsidiaries	Cost of investments		Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2022	2021	2022	2021		
	RMB'000	RMB'000	%	%		
Held by subsidiaries: (cont'd)						
Jiangsu Sunpower Energy-saving and Environmental Protection Technology Research Institute Co., Ltd. (Shares held by Sunpower International Holding (Singapore) Pte. Ltd.)	–	–	100.0	100.0	PRC	Energy-saving and Environmental Protection technology research
Lianshui Sunpower Clean Energy Co., Ltd. (Shares held by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd. and Jiangsu Sunpower Clean Energy Co., Ltd.)	–	–	95.0	95.0	PRC	Supply of steam, heat gas and electricity.
Qingdao Xinyuan Thermal Power Co., Ltd.(Shares held by Jiangsu Sunpower Clean Energy Co., Ltd.)	–	–	85.0	85.0	PRC	Supply of steam, heat and electricity.
Qingdao Sunpower Thermal Co., Ltd. (Shares held by Jiangsu Sunpower Clean Energy Co., Ltd.)	–	–	100.0	100.0	PRC	Provision of steam to industrial enterprises and sale of electricity.
Quanjiao Sunpower Clean Energy Co. Ltd. (Shares held by Jiangsu Sunpower Clean Energy Co. Ltd.)	–	–	100.0	100.0	PRC	Supply steam/heat gas to enterprises.
Ruijin Sunpower Clean Energy Co., Ltd. (Shares held by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd.)	–	–	100.0	100.0	PRC	Provision of heat and electricity to enterprises.
Shantou Sunpower Keying Thermal Co., Ltd. (Shares held by Jiangsu Sunpower Clean Energy Co., Ltd.)	–	–	51.0	51.0	PRC	Supply of steam and electricity.
Sino-Sunpower Technology Inc. (Shares held by Sunpower International Holding (Singapore) Pte. Ltd.) (2)	–	–	–	100.0	United States of America ("U.S.A")	Sales, technical support and after-sale service.

14 SUBSIDIARIES (CONT'D)

Subsidiaries	Cost of investments		Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2022	2021	2022	2021		
	RMB'000	RMB'000	%	%		
Held by subsidiaries: (cont'd)						
Sunpower Clean Energy Investment (Jiangsu) Co., Ltd. (Shares held by Sunpower International Holding (Singapore) Pte. Ltd.)	–	–	100.0	100.0	PRC	Environment and new energy related business activities.
Suzhou Sunpower Smart New Energy Co., Ltd. (Shares held by Jiangsu Sunpower Clean Energy Co., Ltd.)	–	–	100.0	100.0	PRC	Provision of steam to industrial enterprises and sale of electricity.
Tongling Sunpower Clean Energy Co., Ltd. (Shares held by Jiangsu Sunpower Clean Energy) Co., Ltd.)	–	–	100.0	100.0	PRC	Provision of heat and electricity to enterprises.
Wuhu Sunpower Clean Energy Co., Ltd. (Shares held by Jiangsu Sunpower Clean Energy) Co., Ltd.)	–	–	100.0	100.0	PRC	Provision of heat and electricity to enterprises.
Xinjiang Sunpower Clean Energy Co., Ltd. (Shares held by Jiangsu Sunpower Clean Energy Co., Ltd.)	–	–	100.0	100.0	PRC	Supply of heat and electricity.
Xintai Zhengda Thermoelectric Co., Ltd. (Shares held by Jiangsu Sunpower Clean Energy) Co., Ltd.)	–	–	86.9	86.9	PRC	Provision of steam and heat and sale of electricity.
Xuzhou Sunpower Clean Energy Co., Ltd. (Shares held by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd.)	–	–	100.0	100.0	PRC	Provision of heat and electricity to enterprises.
Yihuang Sunpower Clean Energy Co., Ltd. (Shares held by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd.)	–	–	100.0	100.0	PRC	Provision of heat and electricity to enterprises.

14 SUBSIDIARIES (CONT'D)

Subsidiaries	Cost of investments		Effective equity interest and voting power held		Place of incorporation/ operation	Principal activities
	2021	2020	2021	2020		
	RMB'000	RMB'000	%	%		
Held by subsidiaries: (cont'd)						
Yueyang Sunpower Clean EnergyCo., Ltd. (Shares held by Sunpower Clean Energy Investment (Jiangsu) Co., Ltd.)	–	–	100.0	100.0	PRC	Provision of heat and electricity to enterprises.
Zhangjiagang Yongxing Thermal Power Co., Ltd. (Shares held by Jiangsu Sunpower Clean Energy Co., Ltd.)	–	–	100.0	100.0	PRC	Provision of steam to industrial enterprises and sale of electricity.
Zhoukou Sunpower Clean Energy Co., Ltd. (Shares held by Jiangsu Sunpower Clean Energy Co., Ltd.)	–	–	51.0	51.0	PRC	Provision of steam to industrial enterprises and sale of electricity.
Xuzhou Sunpower Thermal Power Co., Ltd. (3)	–	–	100.0	–	PRC	Provision of heat and electricity to enterprises.

* *Cost of investment amounted to S$1.00 (equivalent to RMB5.07).*
(1) *Disposed in 2022 (Note 38).*
(2) *Struck off in 2022.*
(3) *Newly incorporated in 2022.*

The Company and subsidiaries are audited/reviewed by Deloitte Touche Tohmatsu CPA LLP, Nanjing Branch for consolidation purposes.

The following schedule shows the effects of changes in the Group's ownership interest in a subsidiary that did not result in change of control:

	GROUP	
	2022	2021
	RMB'000	RMB'000
Non-controlling interest acquired	–	13,483
Amount paid on changes in ownership interest in a subsidiary	–	(1,502)
Exemption of liabilities	–	870
Difference recognised in equity (Note 26)	–	12,851

The above subsidiary is part of the Manufacturing & services ("M&S") operations disposed of in 2021 (Note 37).

14 SUBSIDIARIES (CONT'D)

Information about the composition of the Group at the end of the financial year is as follows:

Principal activity	Place of incorporation and operation	Number of subsidiaries	
		2022	2021
Held by Company:			
Investment holding	Singapore	2	2
Held by subsidiaries:			
Manufacture and sales of pressure vessels products	PRC	1	1
Central heating and power generation	PRC	1	1
Environment and new energy-related business activities	PRC	4	4
Sales, technical support and after sale services	U.S.A	–	1
Production and sale of foam glass products	PRC	–	1
Provision of design, consultancy and technology services	PRC	1	1
Supply of steam/heat/electricity	PRC	23	22
		32	33

14 SUBSIDIARIES (CONT'D)

Details of subsidiaries with material non-controlling interest

The table below shows details of non-wholly owned subsidiaries of the Group with material non-controlling interest:

Name of subsidiaries	Place of incorporation and operation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2022	2021	2022	2021	2022	2021
		%	%	RMB'000	RMB'000 (restated)	RMB'000	RMB'000 (restated)
Nanjing Shengnuo Heat Pipe Co., Ltd	PRC	–	–	–	1,044	–	–
Shantou Sunpower Keying Thermal Power Co., Ltd	PRC	49.0	49.0	54,168	15,732	228,755	174,587
Qingdao Xinyuan Thermal Power Co., Ltd	PRC	15.0	15.0	(2,127)	239	34,428	36,555
Shandong Yangguang Engineering Design Institute Co., Ltd	PRC	–	–	–	70	–	–
Xintai Zhengda Thermoelectric Co.,Ltd	PRC	13.1	13.1	(3,162)	(5,020)	21,246	24,435
Changshu Suyuan Thermal Power Co., Ltd	PRC	10.0	10.0	(818)	(1,337)	32,504	33,325
Individually immaterial subsidiaries with non-controlling interests				(64)	(363)	2,592	3,097
				47,997	10,365	319,525	271,999

14 SUBSIDIARIES (CONT'D)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Nanjing Shengnuo Heat Pipe Co Ltd		Shantou Sunpower Keying Thermal Power Co., Ltd		Qingdao Xinyuan Thermal Power Co., Ltd		Shandong Yangguang Engineering Design Institute Co., Ltd	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000 (restated)	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Current assets	–	–	530,576	332,151	199,670	189,484	–	–
Non-current assets	–	–	1,379,870	1,155,915	241,937	231,791	–	–
Current liabilities	–	–	(542,054)	(225,129)	(115,987)	(109,972)	–	–
Non-current liabilities	–	–	(901,549)	(906,641)	(96,404)	(53,527)	–	–
Equity attributable to owners of the Company	–	–	238,088	181,709	194,788	221,220	–	–
Non-controlling interests	–	–	228,755	174,587	34,428	36,555	–	–
Revenue	–	38,028	1,284,264	844,818	183,694	169,815	–	102,993
Expenses	–	(34,549)	(1,173,717)	(812,714)	(198,726)	(168,225)	–	(104,149)
Profit (Loss) for the year	–	3,479	110,547	32,104	(15,032)	1,590	–	(1,156)
Other comprehensive income	–	–	–	–	–	90	–	70
Total comprehensive (loss) income for the year	–	3,479	110,547	32,104	(15,032)	1,680		(1,086)
Profit (Loss) attributable to owners of the Company	–	2,435	56,379	16,372	(12,905)	1,351	–	(1,226)
Profit (Loss) attributable to the non-controlling interests	–	1,044	54,168	15,732	(2,127)	239	–	70
Profit(Loss) for the year	–	3,479	110,547	32,104	(15,032)	1,590	–	(1,156)
Total comprehensive (loss) income attributable to owners of the Company	–	2,435	56,379	16,372	(12,905)	1,427	–	(1,040)
Total comprehensive (loss) income attributable to the non-controlling interests	–	1,044	54,168	15,732	(2,127)	253	–	(116)
Total comprehensive (loss) income for the year	–	3,479	110,547	32,104	(15,032)	1,680	–	(1,156)
Dividends paid to non-controlling interests	–	–	–	–	–	(1,500)	–	(1,526)
Net cash inflow (outflow) from operating activities	–	4,956	210,555	151,333	52,472	15,515	–	(222,293)
Net cash outflow from investing activities	–	(4)	(139,186)	(409,272)	(23,720)	(16,137)	–	(68)
Net cash (outflow) inflow from financing activities	–	(30,623)	(17,448)	256,949	51,744	(5,562)	–	(1,221)
Net cash (outflow) inflow	–	(25,671)	53,921	(990)	80,496	(6,184)	–	(223,582)

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14 SUBSIDIARIES (CONT'D)

	Xintai Zhengda Thermoelectric Co., Ltd		Changshu Suyuan Thermal Power Co., Ltd	
	2022 RMB'000	2021 RMB'000 (restated)	2022 RMB'000	2021 RMB'000
Current assets	261,061	198,411	76,601	88,230
Non-current assets	784,227	718,519	347,452	354,249
Current liabilities	(588,915)	(400,212)	(117,351)	(116,901)
Non-current liabilities	(300,783)	(362,769)	(61,460)	(72,160)
Equity attributable to owners of the Company	134,344	129,514	212,738	220,092
Non-controlling interests	21,246	24,435	32,504	33,325
Revenue	367,762	347,088	171,003	169,140
Expenses	(391,896)	(385,128)	(175,882)	(182,508)
Loss for the year	(24,134)	(38,040)	(4,879)	(13,368)
Other comprehensive (loss) income	(179)	(176)	–	122
Total comprehensive loss for the year	(24,313)	(38,216)	(4,879)	(13,246)
Loss attributable to owners of the Company	(20,972)	(33,020)	(4,061)	(12,031)
Loss attributable to the non-controlling interests	(3,162)	(5,020)	(818)	(1,337)
Loss for the year	(24,134)	(38,040)	(4,879)	(13,368)
Total comprehensive loss attributable to owners of the Company	(21,128)	(33,173)	(4,061)	(11,921)
Total comprehensive loss attributable to the non-controlling interests	(3,185)	(5,043)	(818)	(1,325)
Total comprehensive loss for the year	(24,313)	(38,216)	(4,879)	(13,246)
Dividends paid to non-controlling interests	–	–	–	–
Net cash inflow from operating activities	16,191	40,502	22,616	46,463
Net cash outflow from investing activities	(17,263)	(200,174)	(5,368)	(12,042)
Net cash inflow (outflow) from financing activities	776	166,903	(7,786)	(33,820)
Net cash (outflow) inflow	(296)	7,231	9,462	601

15 ASSOCIATES

	GROUP	
	2022 RMB'000	2021 RMB'000
Unquoted equity shares	48,566	17,090
Share of post-acquisition results	5,321	3,672
	53,887	20,762

Details of the associates are as follows:

Name of associate	Principal activities/Place of incorporation and operation	Effective interest and voting power held	
		2022 %	2021 %
Jining Mining Industry Sunpower Clean Energy Development Co., Ltd [(1)]	New energy development and utilisation business activities/PRC.	49.0	49.0
Suzhou Green Bright Renewable Energy Co., Ltd. [(2)]	New energy development and utilisation business activities/PRC.	28.0	28.0

(1) *Audited by Zhongxi CPAS (Special General Partnership), PRC. Not material for Group's consolidation purposes.*

(2) *Not material for Group's consolidation purpose.*

In 2022, the Group injected its share of the additional capital to the associates for a total cash consideration of RMB31,476,000. There is no change in the effective interest and voting power held by the Group.

The following summarised financial information of Jining Mining Industry Sunpower Clean Energy Development Co.,Ltd. is presented before intragroup eliminations:

	GROUP	
	2022 RMB'000	2021 RMB'000
Current assets	32,329	8,314
Non-current assets	145,080	63,854
Current liabilities	(17,640)	(14,069)
Non-current liabilities	(81,722)	(29,606)
Net assets	78,047	28,493
Group's share of associates' net assets	38,243	13,962

15 ASSOCIATES (CONT'D)

	GROUP	
	2022	2021
	RMB'000	RMB'000
Revenue	54,188	42,639
Profit for the year	5,725	3,957
Group's share of associates' profit for the year	2,805	1,939

The following summarised financial information of Suzhou Green Bright renewable energy Co., Ltd. presented before intragroup eliminations:

	GROUP	
	2022	2021
	RMB'000	RMB'000
Current assets	16,981	24,286
Non-current assets	72,558	–
Current liabilities	(386)	–
Non-current liabilities	(33,283)	–
Net assets	55,870	24,286
Group's share of associates' net assets	15,644	6,800

	GROUP	
	2022	2021
	RMB'000	RMB'000
Revenue	–	–
Loss for the year	(4,130)	–
Group's share of associates' loss for the year	(1,156)	–

16 INTANGIBLE ASSETS

	Technical know-how RMB'000	Service concession arrangements RMB'000	Trademark RMB'000	Licenses RMB'000	Total RMB'000
GROUP					
Cost:					
At January 1, 2021	5,003	2,464,598	2,924	706,706	3,179,231
Additions (Restated)	–	1,023,560	–	71	1,023,631
Disposal of subsidiaries	(4,907)	–	(2,924)	(83,461)	(91,292)
At December 31, 2021(Restated)	96	3,488,158	–	623,316	4,111,570
Additions	–	630,235	–	4,613	634,848
At December 31, 2022	96	4,118,393	–	627,929	4,746,418
Accumulated amortisation:					
At January 1, 2021	5,003	127,790	2,924	36,436	172,153
Amortisation for the year (Restated)	–	94,915	–	17,800	112,715
Disposal of subsidiaries	(4,907)	–	(2,924)	(513)	(8,344)
At December 31, 2021 (Restated)	96	222,705	–	53,723	276,524
Amortisation for the year	–	129,217	–	17,869	147,086
At December 31, 2022	96	351,922	–	71,592	423,610
Carrying amount:					
At December 31, 2022	–	3,766,471	–	556,337	4,322,808
At December 31, 2021 (Restated)	–	3,265,453	–	569,593	3,835,046

At the end of the reporting period, service concession arrangements with carrying amount of RMB1,429,110,000 (2021 : RMB835,005,000) are pledged to secure loans granted to the Group.

The Group entered into service concession agreements with the local government authorities (the "Grantors"), pursuant to the construction and operation of centralised steam and electricity facilities during the concession period of up to 38.5 years, starting from the commencement date of commercial operation.

Revenue from service concession agreements (Note 29) represents the revenue recognised during the construction stage. The accounting policies and the significant accounting estimates relating to service concession arrangements are set out on Notes 2 and 3.2(a) to the financial statements respectively.

16 INTANGIBLE ASSETS (CONT'D)

Service concession arrangements comprise the following:

Name of subsidiary as operator	Name of project	Location in PRC	Name of grantor	Type of service concession agreement	Service concession period
Quanjiao Sunpower Clean Energy Co., Ltd.)	Quanjiao	Anhui Quanjiao Economic Development Zone, Chuzhou City	Administration Commission of Quanjiao Economic Development Zone	BOT	30 years
Hebei Changrun Environmental Ltd.	Changrun	Hebei Gaoyang Economic Development Zone	Administration Commission of Hebei Gaoyang Economic Development Zone	BOT	30 years
Lianshui Sunpower Clean Energy Co., Ltd.	Lianshui	Lianshui Economic Development Zone	Administration Commission of Jiangsu Lianshui Economic Development Zone	BOT	Not more than 30 years from year 2016
Shantou Sunpower Keying Thermal Power Co., Ltd.	Shantou	Guangdong Shantou Chaonan Zone	Environmental Protection Comprehensive Management Center of Chaonan District, Shantou City for Textile Printing & Dyeing	BOT	38.5 years
Xintai Zhengda Thermoelectric Co., Ltd.	Xintai	Xintai Xinpu District	Subdistrict office of Xintai Xinpu District	BOT	30 years
Xuzhou Sunpower Clean Energy Co., Ltd.	Tongshan	Xuzhou Tongshan District	Government of Xuzhou Tongshan Disctrict	BOT	30 years
Xinjiang Sunpower Clean Energy Co., Ltd	Xinjiang	Shanxi Xinjiang	Government of Xin Jiang District	BOT	30 years

17 DEFERRED TAX ASSETS (LIABILITIES)

		GROUP	
		2022 RMB'000	2021 RMB'000
(a)	Deferred tax assets		
	At beginning of year	24,301	38,819
	Credit to profit or loss	7,454	9,150
	Credit to other comprehensive income for the year	177	234
	Arising from disposal of subsidiaries	–	(23,902)
	At end of year	31,932	24,301

17 DEFERRED TAX ASSETS (LIABILITIES) (CONT'D)

The following are the major deferred tax assets recognised by the Group, and the movements thereon, during the current and prior reporting period:

	Loss allowance	Allowance for inventories	Government grant related assets	Tax loss	Accrued expenses	PRC withholding tax	Fair value change on investment in equity instruments	Fair value change on investment in debt instruments	BOT commission	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2021	17,529	2,257	7,145	2,665	1,770	–	377	893	4,147	2,036	38,819
(Charge) Credit to profit or loss for the year	(3,086)	440	4,321	13,595	63	–	–	–	(4,147)	(2,036)	9,150
Credit to other comprehensive income for the year	–	–	–	–	–	–	63	171	–	–	234
Arising from disposal of subsidiaries	(13,276)	(2,257)	(1,114)	(4,607)	(1,833)	–	(45)	(770)	–	–	(23,902)
At December 31, 2021	1,167	440	10,352	11,653	–	–	395	294	–	–	24,301
Credit (Charge) to profit or loss for the year	389	–	(297)	7,362	–	–	–	–	–	–	7,454
Credit to other comprehensive income for the year	–	–	–	–	–	–	60	117	–	–	177
At December 31, 2022	1,556	440	10,055	19,015			455	411			31,932

17 DEFERRED TAX ASSETS (LIABILITIES) (CONT'D)

The tax losses carryforwards from PRC entities will expire after 5 years from the date of tax losses incurred. The deferred tax amount of tax losses carryforwards that will expire in the next 5 years are as follows:

	GROUP	
	2022	2021
	RMB'000	RMB'000
In 1 year	2,542	63
In 2 years	–	2,542
In 3 years	60	–
In 4 years	8,988	60
In 5 years	7,362	8,988

	GROUP	
	2022	2021
	RMB'000	RMB'000
(b) Deferred tax liabilities		
At beginning of year	(219,498)	(218,692)
Charge to profit or loss	(6,168)	(2,229)
Arising from disposal of subsidiaries (Note 38)	–	1,423
At end of year	(225,666)	(219,498)

17 DEFERRED TAX ASSETS (LIABILITIES) (CONT'D)

The following are the major deferred tax liabilities recognised by the Group, and the movements thereon, during the current and prior reporting period:

	PRC withholding tax RMB'000	Fair value gain on assets acquired through acquisition of subsidiaries RMB'000	Portion of construction margin for BOT project yet to be subject to current tax RMB'000	Fair value change on investments in equity instruments RMB'000	Accelerated tax depreciation RMB'000	BOT commision RMB'000	Total RMB'000
At January 1, 2021	10,187	195,032	8,169	1,423	3,360	521	218,692
(Credit) Charge to profit or loss for the year	(3,328)	(1,454)	7,080	–	452	(521)	2,229
Arising from disposal of subsidiaries (Note 38)	–	–	–	(1,423)	–	–	(1,423)
At December 31, 2021	6,859	193,578	15,249	–	3,812	–	219,498
Charge (Credit) to profit or loss for the year	2,007	(1,592)	2,209	–	3,544	–	6,168
At December 31, 2022	8,866	191,986	17,458	–	7,356	–	225,666

The PRC withholding tax relates to the estimated amount of retained earnings that the Group may remit out of PRC to pay expenses or dividends. No deferred tax liability is recognised on temporary differences of approximately RMB79,794,000 (2021 : RMB61,731,000) relating to the remaining unremitted earnings of RMB1,595,888,000 (2021 : RMB1,234,620,000) of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences and it is probable they will not reverse in the foreseeable future. Temporary difference arising in connection with interest in associate is insignificant.

18 GOODWILL

Goodwill is allocated to each cash generating units ("CGU") identified that are expected to benefit from the business combination. The carrying amounts of goodwill of each CGU are as follows:

	GROUP	
	2022 RMB'000	2021 RMB'000
Hebei Changrun Environmental Ltd.	5,483	5,483
Qingdao Xinyuan Thermal Power Co., Ltd.	20,423	20,423
Zhangjiagang Yongxing Thermal Power Co., Ltd	309,863	309,863
Changshu Suyuan Thermal Power Co., Ltd	79,813	79,813
	415,582	415,582

18 GOODWILL (CONT'D)

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the cash generating units, are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates and expected order book and direct costs during the period. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash generating units. Expected order book and direct costs are based on past practices and expectations of future changes in the market.

The Group prepares cash flow forecasts derived from the most recent financial forecasts approved by management for the next five years using an average discount rate ranging from 9.5% to 11% (2021 : 9% to 12.95%) and terminal growth rate ranging from Nil% to 2% (2021 : Nil% to 2%) per annum.

Sensitivity analysis

Management estimates that any reasonable changes in the estimates and assumptions used in the discontinued cash flow model would not change the conclusion on the goodwill impairment assessment as the recoverable amount is still higher than the carrying amount of goodwill.

19 TRADE PAYABLES, OTHER PAYABLES AND CONTRACT LIABILITIES

	GROUP		COMPANY	
	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000
Trade:				
Outside parties	353,611	197,407	–	–
Related parties (Note 5)	258,014	200,004	–	–
Notes payables	179,187	124,952	–	–
Contract liabilities	49,096	65,351	–	–
Non-trade:				
Related parties (Note 5)	19,939	34,731	-	-
Outside parties	74,064	60,769	22,056	18,572
Accruals and other liabilities	28,816	27,036	–	–
Consideration payable for acquisition of subsidiaries		7,183	–	–
Accruals for payroll	45,053	39,202	15,173	14,943
Value-added taxes and other tax liabilities	7,497	11,752	–	–
Government grants received yet to be applied pending satisfaction of conditions	129,546	80,984	–	–
Subsidiaries (Note 5)	–	–	393,875	356,288
Total	1,144,823	849,371	431,104	389,803

19 TRADE PAYABLES, OTHER PAYABLES AND CONTRACT LIABILITIES (CONT'D)

The average credit period for purchases of goods and services is 180 days (2021 : 180 days).

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise when a particular milestone payment exceeds the revenue recognised to date. In addition, advance payments from customers for utilities are also included in contract liabilities.

The non-trade amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

Government grants were received mainly in relation to the Group's environmental protection initiatives in combating pollution. The deferred income will be recognised in profit or loss over the period ranging from 3 to 5 years, depending on the fulfilment condition of the grant.

20 BORROWINGS

	GROUP	
	2022	**2021**
	RMB'000	**RMB'000**
Bank loans	3,342,975	2,736,732
Presentation in statement of financial position:		
Current liabilities payable within one year	918,485	594,006
Non-current liabilities	2,424,490	2,142,726
Total	3,342,975	2,736,732

The bank loans are:

	GROUP	
	2022	**2021**
	RMB'000	**RMB'000**
Secured by building and land use rights of the subsidiary and guaranteed by the Company	378,262	656,119
Secured by building and land use rights of the subsidiary and guaranteed by other subsidiaries	566,043	418,000
Secured by service concession arrangement of the subsidiary and guaranteed by other subsidiaries	1,656,823	1,059,837
Secured by pledged bank deposit and guaranteed by other subsidiaries	179,000	–
Secured by service concession arrangement of the subsidiary	–	12,500
Guaranteed by another subsidiary	288,000	268,500
Guaranteed by the Company	–	321,776
Guaranteed by the Company and another subsidiary	274,847	–
Total	3,342,975	2,736,732

The bank loans bear effective interest rate of 3.50% - 7.82% (2021 : 3.96% - 7.90%) per annum.

20 BORROWINGS (CONT'D)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

			Non-cash changes			
	January 1, 2022	Financing cash flows (ii)	Fair value changes (Note 21) (i)	Foreign exchange movement (i)	Other changes (iii)	December 31, 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings (Note 20)	2,736,732	606,243	–	–	–	3,342,975
Convertible bonds (Note 21)	909,727	(14,761)	(150,656)	72,695	75,702	892,707
Lease liabilities (Note 22)	7,158	(1,465)	–	–	137	5,830
	3,653,617	590,017	(150,656)	72,695	75,839	4,241,512

			Non-cash changes				
	January 1, 2021	Financing cash flows (ii)	Fair value changes (Note 21) (i)	Foreign exchange movement	Other changes (iii)	Disposal of subsidiaries	December 31, 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings (Note 20)	2,549,515	689,217	–	–	–	(502,000)	2,736,732
Convertible bonds (Note 21)	1,326,284	–	(486,212)	(17,702)	87,357	–	909,727
Lease liabilities (Note 22)	7,984	(1,888)	–	–	8,259	(7,197)	7,158
	3,883,783	687,329	(486,212)	(17,702)	95,616	(509,197)	3,653,617

(i) The fair value changes are related to derivative liability component of convertible bonds recognised at fair value. The fair value change on Tranche 1 convertible bonds issed on Mar 3, 2017("CB1") amounting to US$110 million and Tranche 2 convertible bonds issued on October 15, 2018 ("CB2") amounting to US$20 million are RMB138,048,000 and RMB12,608,000, respectively during the year (2021 : RMB430,329,000 and RMB55,883,000, respectively). Foreign exchange movement is related to depreciation (appreciation) of RMB against US$, for convertible bonds denominated in US$ (Note 21).

(ii) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows. In 2021, the repayments of borrowings includding repayment to amount due to related party amounting to RMB119,000,000, which was utilised for Tongshan Project located in Xuzhou City, Jiangsu Province.

(iii) Other changes include interest accruals and payments and new lease liabilities.

21 CONVERTIBLE BONDS

	GROUP AND COMPANY	
	2022	2021
	RMB'000	RMB'000
Debt host liability component, at amortised cost	892,707	759,072
Derivative liability component, at fair value		150,655
Total	892,707	909,727

On March 3, 2017, the Company issued convertible bonds ("CB1") amounting to US$110 million and these are convertible into new shares at an initial conversion price of S$0.50 per share.

In 2018, the Company obtained shareholders' approval in respect of an aggregate principal amount of up to US$70 million Tranche 2 convertible bond ("CB2") with an initial conversion price of S$0.60 per share, together with warrants exercisable at an aggregate amount of US$30 million.

On October 15, 2018, the Company issued US$20 million of CB2. As at December 31, 2020 and December 31, 2021, a principal amount of US$50 million CB2 have yet to be issued.

Both CB1 and CB2 will otherwise bear interest of 2.5% per annum until the maturity date. The Group is required to achieve performance targets calculated based on its audited adjusted profit after taxation and minority interest ("Adjusted PATMI") (excluding fair value gain and losses of the CB and non-recurring income from the sale of assets and businesses and other mutually agreed accounting adjustments) ("Performance Targets"), otherwise adjustments will be made to the conversion price accordingly.

On December 30, 2020, the Company entered into an addendum agreement to defer the maturity date of CB1 and CB2 to March 3, 2023 as well as to revise the Performance Targets to encompass the change in business structure after the disposal of the M&S Segment (Note 37). The terms to the addendum agreement were effective on June 18, 2021 upon certain conditions, of which, were contingent upon the successful disposal of the M&S Segment. The disposal was approved by the shareholders on April 16, 2021.

Pursuant to the disposal of the M&S Segment (Note 37), a proposed special dividend approved by the shareholders on April 16, 2021 was also made to both the shareholders and bondholders. RMB403,315,000 (Note 32) was paid to the bondholders during the year ended December 31, 2021.

In 2022, the maturity date of CB1 and CB2 which was initially on March 3, 2023, is elected by the bondholders to be the 15th Business Day after the date on which the Group's audited financial statements the financial year ended December 31, 2022 are issued.

21 CONVERTIBLE BONDS (CONT'D)

The net proceeds received from the issue of the bonds have been split between the liability element and derivative component, representing the fair value of the embedded option to convert the liability into derivative of the Group, as follows:

	GROUP AND COMPANY	
	2022	2021
	RMB'000	RMB'000
CB1		
Nominal value of CB issued	757,856	757,856
Less: Transaction costs	(26,342)	(26,342)
Net value of CB issued	731,514	731,514
Foreign exchange gain	15,622	(45,836)
Cumulative interest accrued (Note 32)	512,727	447,993
Fair value (gain) loss on CB	(404,025)	(265,977)
Total	855,838	867,694
Less: Interest payables included in accruals (Note 19)	(19,424)	(16,470)
Less: Interest paid to bondholders	(82,357)	(72,814)
Debt host and derivative liability component at end of year	754,057	778,410

The interest accrued is calculated by applying an effective interest rate of 8.85% (2021 : 10.0%) per annum to the liability component.

	GROUP AND COMPANY	
	2022	2021
	RMB'000	RMB'000
CB2		
Nominal value of CB issued	138,285	138,285
Less: Transaction costs	(15,000)	(15,000)
Net value of CB issued	123,285	123,285
Foreign exchange gain	1,978	(9,259)
Cumulative interest accrued (Note 27)	65,388	54,420
Fair value (gain) loss on CB	(38,872)	(26,264)
Total	151,779	142,182
Less: Interest payables included in accruals (Note 19)	(3,393)	(2,864)
Less: Interest paid to bondholders	(9,736)	(8,001)
Debt host and derivative liability component at end of year	138,650	131,317

The interest accrued is calculated by applying an effective interest rate of 8.19% (2021 : 9.41%) per annum to the liability component.

Management estimates that the carrying amount of the liability component of CB1 and CB2 as at December 31, 2022 and 2021 approximates its fair value.

22 LEASE LIABILITIES

	GROUP	
	2022	2021
	RMB'000	RMB'000
Maturity analysis:		
Year 1	1,914	1,914
Year 2	1,914	1,914
Year 3	1,914	1,914
Year 4	637	1,914
Year 5	–	637
	6,379	8,293
Less: Future interest payments	(549)	(1,135)
	5,830	7,158
Analysed as:		
Current	1,646	1,652
Non-Current	4,184	5,506
	5,830	7,158

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

23 SHARE CAPITAL

	GROUP AND COMPANY			
	2022	2021	2022	2021
	Number of ordinary shares of US$0.01 each			
	'000	'000	US$'000	US$'000
Authorised share capital:				
At beginning of the year and end of the year	2,300,000	2,300,000	23,000	23,000
	Number of ordinary shares			
	'000	'000	RMB'000	RMB'000
Issued and fully paid up:				
At the beginning of the year	795,686	791,848	57,662	57,251
Treasury shares re-issued	–	–	–	161
Exercise of share options (Note 27)	–	3,838	–	250
At end of the year	795,686	795,686	57,662	57,662

Fully paid ordinary shares carry one vote per share and a right to dividends as and when declared by the Company.

24 TREASURY SHARES

	GROUP AND COMPANY	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	–	4,690
Treasury shares re-issued	–	(4,690)
At the end of the year	–	–

In 2019, the Company acquired 2,542,000 of its own shares through purchases on the Singapore Exchange during the year. The total amount paid to acquire the shares was RMB4,690,000 and has been deducted from shareholders' equity. The shares are held as treasury shares. The Company intends to reissue these shares to executives who exercise their share options under the employee share option plan. In 2021, the treasury shares were issued to employees upon exercise of the share options.

25 SHARE PREMIUM

	GROUP AND COMPANY	
	2022	2021
	RMB'000	RMB'000
At the beginning of the year	313,653	309,061
Treasury shares re-issued	–	(330)
Transfer from share option reserve arising from exercise of share options	–	4,922
At the end of the year	313,653	313,653

26 GENERAL RESERVES

	GROUP	
	2022 RMB'000	2021 RMB'000 (restated)
Capital reserve:		
At the beginning of the year	14,867	2,016
Effects of acquiring part of non-controlling interests in a subsidiary (Note 14)	–	12,851
At the end of the year	14,867	14,867
Statutory surplus reserve fund:		
At the beginning of the year	167,188	289,864
Transfer during the year from retained earnings	53,528	41,070
Disposal of subsidiaries	–	(163,746)
At the end of the year	220,716	167,188
Enterprise expansion fund:		
At the beginning and at the end of the year	4,098	4,098
Total	239,681	186,153

Capital reserves represents effects of changes in ownership interests in a subsidiary when there is no change in control (Note 14).

Companies in PRC are required by regulation to appropriate 10% of annual PRC accounting profit to the reserve fund until the reserve reaches 50% of the registered capital. The statutory surplus reserve fund may be used to make up prior year losses incurred and, with approval from relevant government authority, to increase capital. The reserve is not available for distribution as dividends to shareholders.

Appropriation from the PRC accounting profit to the enterprise expansion fund is at the discretion of the Company at rates determined by the Company. The enterprise expansion fund, subject to approval by relevant government authority, may also be used to increase capital.

27 SHARE OPTION RESERVE

	GROUP AND COMPANY			
	2022		2021	
	Number of share options ('000)	Exercise price RMB	Number of share options ('000)	Exercise price RMB
Outstanding at the beginning of the year	1,191	1.27	5,029	0.70
Exercised during the year	–	–	(3,838)	0.53
Outstanding at the end of the year	1,191		1,191	

A total of 59,220,000 shares options were granted on May 19, 2015 under the Sunpower Employee Share Option Scheme 2015 ("2015 ESOS") which was approved by shareholders on April 29, 2015. Group Employees, Executive Directors, Non-Executive Directors, Controlling Shareholders and their Associates (all as defined in 2015 ESOS) can participate in the 2015 ESOS.

Subject to the absolute discretion of the Remuneration Committee, Controlling Shareholders and their Associates (as defined in the circular to the shareholders dated April 6, 2015) are eligible to participate in the 2015 ESOS, provided that the participation of each Controlling Shareholder or his Associate and each grant of an option to any of them may only be effected with the specific prior approval of independent shareholders in a general meeting by a separate resolution as provided for in the circular to shareholders.

The aggregated options outstanding were 1,191,000, of which 1,000,000 with exercise price S$0.308 (approximately RMB1.596) and 191,000 with exercise price S$0.116 (approximately RMB0.601) and all exercisable up to May 19, 2025. These share options are exercisable at any time 2 years after the date of grant. Any unexercised options will expire 10 years from date of grant. Options are forfeited if the grantee leaves the Group before the options vest.

Of the 59,220,000 share options granted, 5,922,000 share options were granted to Mr. Guo Hong Xin, Executive Director of the Company; 8,968,000 share options were granted to Mr. Ma Ming, Executive Director of the Company; and the remaining 44,330,000 share options were granted to Group Employees.

The estimated fair value of options granted to Mr. Guo and Mr. Ma was S$0.052 (equivalent to RMB0.24) and the estimated fair value of options granted to Group Employees was S$0.0604 (equivalent to RMB0.28).

These fair values were calculated using the Binomial model with inputs as follow:

	Mr. Guo and Mr. Ma	Group Employees
Weighted average share price (RMB)	0.67	0.67
Weighted average exercise price (RMB)	0.53	0.53
Expected volatility	38.89%	44.44%
Expected life	3 years	5 years
Risk free rate	0.98%	1.56%
Expected dividend yield	0.68%	0.68%

Expected volatility for options granted to Mr. Guo, Mr. Ma; and to Group Employees were determined by calculating the historical volatility of the Company's share price over the past 3 and 5 years prior to the date of grant of May 19, 2015 respectively.

28 REVALUATION RESERVE

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of:

(i) investments in equity instruments designated as at FVTOCI, and

(ii) investments in debt instruments classified as at FVTOCI.

Movements in investments revaluation reserve

	GROUP	
	2022	**2021**
	RMB'000	**RMB'000**
Balance at beginning of year	(1,209)	363
Fair value gain on investments in equity instruments designated as at FVTOCI	(497)	(164)
Fair value loss on investments in debt instruments classified as at FVTOCI	–	(574)
Disposal of subsidiaries	–	(834)
Balance at end of year	(1,706)	(1,209)

29 REVENUE

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (see Note 42).

A disaggregation of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

	GROUP	
	2022	**2021**
	RMB'000	**RMB'000**
		(restated)
Segment revenue		
Continuing operations:		
Sales of goods	74,509	–
Revenue from service concession arrangements	567,778	855,024
Provision of utilities	2,806,319	1,997,256
Provision of other services	–	77,254
	3,448,606	2,929,534
Discontinued operations:		
Sales of goods	–	250,493
Construction contracts	–	153,307
Revenue from service concession arrangements	–	144,921
Provision of other services	–	7,812
	–	556,533
Total	3,448,606	3,486,067

29 REVENUE (CONT'D)

	GROUP	
	2022 RMB'000	2021 RMB'000 (restated)
Timing of revenue recognition		
At a point of time:		
Sales of goods	74,509	250,493
Provision of utilities	2,806,319	1,997,256
	2,880,828	2,247,749
Over time:		
Construction contracts	–	153,307
Provision of other services	–	85,066
Revenue from service concession arrangements	567,778	999,945
	3,448,606	3,486,067

The following table shows the aggregate amount of the transaction price allocated to performance obligations unsatisfied (or partially unsatisfied) as at the end of the reporting period.

	GROUP	
	2022 RMB'000	2021 RMB'000
Revenue from service concession arrangements	65,480	241,925

Management expects that 100% of the transaction price allocated to the unsatisfied contracts as of December 31, 2022 will be recognised as revenue during the next reporting period amounting to RMB65,480,000.

30 OTHER OPERATING INCOME

	GROUP	
	2022 RMB'000	2021 RMB'000
Continuing operations:		
Government grants	9,464	7,181
Interest income	3,377	3,641
Reversal of impairment loss on trade and other receivables subject to ECL	–	705
Reversal of impairment loss on pledged bank deposits	3,000	–
Gain on disposal of property, plant and equipment	51	68,383
Gain on disposal of right of use asset	–	4,343
Government rebates	541	1,924
Exchange gain on convertible bonds	–	17,702
Gain on debt forgiveness	–	23,972
Gain on usage of emission right	–	8,630
Gain on quality indemnity and others	4,683	5,379
Others	1,299	1,295
	22,415	143,155
Discontinued operation:		
Government grants	–	2,136
Interest income	–	1,341
Reversal of impairment loss on trade and other receivables subject to ECL	–	10,343
Government rebates	–	208
Others	–	957
	–	14,985
Total	22,415	158,140

31 OTHER OPERATING EXPENSES

	GROUP	
	2022	2021
	RMB'000	RMB'000
Continuing operations:		
Exchange loss on convertible bonds	72,276	-
Impairment loss on trade and other receivables subject to ECL	2,053	20,360
Impairment loss on pledged bank deposits	-	3,081
Impairment loss on inventory	-	1,759
Loss on disposal of property, plant and equipment	6,087	282
Penalty and compensation	-	3,037
Loss on usage of emission right	146	10,883
Others	1,226	3,410
Subtotal	81,788	42,812
Discontinued operation:		
Impairment loss on trade and other receivables subject to ECL	-	5,826
Loss on disposal of property, plant and equipment	-	390
Others	-	689
Subtotal	-	6,905
Total	81,788	49,717

32 FINANCE COSTS

	GROUP	
	2022	2021
	RMB'000	RMB'000
Continuing operations:		
Interest expense on bank loans	156,336	126,726
Interest expense on convertible bonds (Note 21)	75,702	108,395
Special dividend paid to bondholders (Note 21)	-	403,315
Interest expense on lease liabilities	450	176
Subtotal	232,488	638,612
Discontinued operation:		
Interest expense on bank loans	-	8,015
Interest expense on lease liabilities	-	109
Subtotal	-	8,124
Total	232,488	646,736

33 PROFIT BEFORE INCOME TAX

(a) This has been arrived at after charging (crediting):

	GROUP					
	Continuing operations		Discontinued operations		Total	
	2022 RMB'000	2021 RMB'000 (Restated)	2022 RMB'000	2021 RMB'000 (Restated)	2022 RMB'000	2021 RMB'000 (Restated)
Amortisation of intangible assets *	147,086	112,602	-	113	147,086	112,715
Depreciation of right of use assets	7,144	7,084	-	2,051	7,144	9,135
Depreciation of property, plant and equipment	50,207	50,580	-	10,709	50,207	61,289
Total depreciation and amortisation	204,437	170,266	-	12,873	204,437	183,139
Capitalised in intangible assets	(802)	(6,146)	-	-	(802)	(6,146)
	203,635	164,120	-	12,873	203,635	176,993
Audit fees:						
- to auditors of the Company	1,104	977	-	-	1,104	977
- to other auditors	4,242	3,069	-	-	4,242	3,069
Non-audit fees:						
- to auditors of the Company	31	24	-	-	31	24
- to other auditors	195	1,095	-	-	195	1,095
Cost of inventories sold included in cost of sales	1,912,773	1,295,725	-	365,842	1,912,773	1,661,567
Defined contribution plans	19,796	16,973	-	5,826	19,796	22,799
Directors' fees - Directors of the Company	1,800	1,200	-	-	1,800	1,200
Directors' remuneration - Directors of the Company	12,708	14,701	-	750	12,708	15,451
Foreign exchange loss (gain) on convertible bonds	72,695	(17,702)	-	-	72,695	(17,702)
Net loss (gain) on disposal of property, plant and equipment	6,036	(68,101)	-	390	6,036	(67,711)
(Gain) on disposal of right-of-use asset	-	(4,343)	-	-	-	(4,343)
(Gain) on disposal of subsidiaries	(12,820)	(934,334)	-	-	(12,820)	(934,334)
Impairment loss on inventories, net	-	1,759	-	-	-	1,759
Research and development expenses	29,354	36,429	-	19,358	29,354	55,787
Salaries and wages	145,575	142,102	-	90,436	145,575	232,538
(Reversal of) Impairment loss on pledged bank deposits	(3,000)	3,081	-	-	(3,000)	3,081
Impairment loss on financial assets:						
- Impairment loss on trade and other receivables subject to ECL*	2,053	20,360	-	5,829	2,053	26,189
- (Reversal of) impairment loss on trade and other receivables subject to ECL	-	(705)	-	(10,342)	-	(11,047)

* included in other operating expenses.

33 PROFIT BEFORE INCOME TAX (CONT'D)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the financial year were as follows:

	GROUP					
	Continuing operations		Discontinued operations		Total	
	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Short-term benefits	16,549	19,823	–	750	16,549	20,573
Other staff benefits	97	99	–	34	97	133
Total	16,646	19,922	–	784	16,646	20,706

The remuneration of directors and key executives is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

34 INCOME TAX EXPENSE

Income tax recognised in profit or loss:

	GROUP					
	Continuing operations		Discontinued operations		Total	
	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense comprises:						
Current tax expense	47,584	248,153	–	6,417	47,584	254,570
Deferred tax (Note 17)	(1,286)	(6,239)	–	(682)	(1,286)	(6,921)
Total tax expense	46,298	241,914	–	5,735	46,298	247,649

34 INCOME TAX EXPENSE (CONT'D)

The income tax expense varied from the amount of income tax expense determined by applying the PRC income tax rate of 25% (2021 : 25%) to profit before income tax as a result of the following differences:

	GROUP					
	Continuing operations		Discontinued operations		Total	
	2022	2021	2022	2021	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit before income tax	233,094	1,040,919	-	33,294	233,094	1,074,213
Income tax expense calculated at PRC income tax rate of 25%	58,274	260,230	-	8,323	58,274	268,553
Tax effect of non-deductible items	2,376	7,180	-	1,851	2,376	9,031
Effect of different tax rates of entities operating in other jurisdictions	(3,587)	94,964	-	-	(3,587)	94,964
Effect of tax exemption and tax incentives	(9,065)	(327,237)	-	(4,111)	(9,065)	(331,348)
Tax effect of disposal of subsidiaries	-	207,728	-	-	-	207,728
Tax effect of income not taxable for tax purpose	(412)	(485)	-	-	(412)	(485)
Temporary differences previously not recognised	(1,288)	(466)		(328)	(1,288)	(794)
Income tax expense	46,298	241,914	-	5,735	46,298	247,649

(a) Jiangsu Sunpower Technology Co., Ltd. and Nanjing Shengnuo Heat Pipe Co., Ltd

The above subsidiaries are foreign investment enterprises located in Nanjing, Jiangsu Province, PRC, where the statutory tax rate is 25%. In 2009, Jiangsu Sunpower Technology Co., Ltd., Nanjing Shengnuo Heat Pipe Co.,Ltd. received official approval for a preferential tax rate of 15%, initially for three years and subsequently renewed, with the latest renewal for three years commencing from 2020. The above subsidiaries were disposed of during 2021 (Note 38).

(b) Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. and Jiangsu Sunpower Pipe-line Engineering Technology Co., Ltd.

The above subsidiaries are foreign investment enterprises located in Nanjing, Jiangsu Province, PRC, where the statutory tax rate is 25%. In 2015, they received official approval for a preferential tax rate of 15%, initially for three years beginning 2018, under the "New and High Tech Enterprises" scheme, which was renewed for a further three years commencing 2021. The above subsidiaries were disposed of during 2021 (Note 38).

(c) Shantou Sunpower Keying Thermal Power Co., Ltd.

The above subsidiary is foreign investment enterprises located in Shantou, Guangzhou Province, PRC, where the statutory tax rate is 25%. In 2019, Shantou Sunpower Keying Thermal Power Co., Ltd. received official approval for a preferential tax rate of 15%, for three years beginning 2019, under the "Pollution prevention" scheme, which was renewed for a further 2 years to December 31, 2023. In 2022, the preferential tax rate of 15% was renewed for a further 1 year to December 31, 2024

35 EARNINGS PER SHARE

	GROUP	
	2022 RMB'000	2021 RMB'000 (restated)
From continuing and discontinued operations		
Earnings:		
Profit attributable to equity holders of the Company	138,799	816,199
Financial effect of convertible bonds	(2,259)	(395,518)
	136,540	420,681
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	795,686	793,886
Effect of dilutive potential ordinary shares from share options and convertible bonds ('000)	678,973	358,691
Weighted average number of ordinary shares for the purposes of diluted earnings per share ('000)	1,474,659	1,152,577
Basic earnings per share (RMB cents)	17.44	102.81
Diluted earnings per share (RMB cents)	9.26	36.50

	GROUP	
	2022 RMB'000	2021 RMB'000 (restated)
From continuing operations		
Earnings:		
Profit attributable to equity holders of the Company	138,799	816,199
Less: Profit for the year from discontinued operations		(26,439)
Financial effect of convertible bonds	(2,259)	(395,518)
	136,540	394,242
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000)	795,686	793,886
Effect of dilutive potential ordinary shares from share options and convertible bonds ('000)	678,973	358,691
Weighted average number of ordinary shares for the purposes of diluted earnings per share ('000)	1,474,659	1,152,577
Basic earnings per share (RMB cents)	17.44	99.48
Diluted earnings per share (RMB cents)	9.26	34.21

35 EARNINGS PER SHARE (CONT'D)

The denominators used are the same as those detailed above for both basic and diluted share earnings per share from continuing and discontinued operations.

From discontinued operations

Basic earnings per share for the discontinued operation is RMBNil cents (2021 : RMB3.33 cents) per share and diluted earnings per share for the discontinued operations is RMBNil cents (2021 : RMB2.29 cents) cents per share, based on the profit for the year from discontinued operations of RMBNil (2021 : RMB26,439,000) and the denominators detailed above for both basic and diluted earnings per share.

36 DIVIDENDS

There was no dividend declared or paid in 2022.

In 2021:

(a) a first and final tax exempt dividend of S$0.003 per ordinary share totalling S$2,387,058 (equivalent to RMB11,464,000) was paid to shareholders in respect of the financial year ended December 31, 2020;

(b) a one-tier tax-exempt dividend of S$0.2412 per ordinary share totalling S$192,618,155 (equivalent to RMB925,145,000) was paid to shareholders in connection with the disposal of subsidiaries (Note 38).

37 DISCONTINUED OPERATIONS

On December 31, 2020, Sunpower International Holding (Singapore) Pte. Ltd., a wholly-owned subsidiary of the Company, entered into a sales and purchase agreement (the "SPA") with Nanjing Sunpower Holdings Co., Ltd., a special purpose vehicle whose shareholders are Mr. Guo Hong Xin, the

Executive Chairman of the Company ("Mr. Guo") and Mr. Ma Ming, the Executive Director of the Company ("Mr. Ma"), to sell the entire issued and paid-up share capital (the "Sale Shares") of Sunpower Technology (Jiangsu) Co., Ltd., an indirect wholly-owned subsidiary of the Company. By disposing of the Sale Shares, the Group will dispose of the entire M&S segment of the Group as a going concern, and the Group's remaining core business will be the GI Business.

The disposal was completed on April 30, 2021, on which date control of the aforementioned subsidiaries passed to the acquirer. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in Note 38.

37 DISCONTINUED OPERATIONS (CONT'D)

The results of the discontinued operations, which have been included in the proft for the year, were as follows:

	GROUP
	2021
	RMB'000
Revenue	556,533
Cost of sales	(430,440)
Other operating income	14,985
Selling and distribution expenses	(17,260)
Administrative expenses	(75,495)
Other operating expenses	(6,905)
Finance costs	(8,124)
Profit before income tax	33,294
Income tax expense	(5,735)
Profit for the year from discontinued operations	27,559
Profit for the year from discontinued operations attributable to:	
Equity holders of the Company	26,439
Non-controlling interests	1,120
Profit for the year	27,559

In 2021, the disposed subsidiaries contributed RMB201,637,000 to the Group's net operating cash flows, paid RMB102,291,000 in respect of investing activities and contributed RMB173,400,000 in respect of financing activities.

38 DISPOSAL OF SUBSIDIARIES

On October 27, 2022, the Group disposed its interet in the subsidiary Jiangsu Sunpower Energy-Saving Technology Co., Ltd.("Sunpower Energy-Saving").

The net assets of Sunpower Energy-Saving at the date of disposal were as follows:

	Total RMB'000
Current assets	
Cash and cash equivalents	29
Other receivables, deposits and prepayments	272
Total current assets	301
Non-current assets	
Property, plant and equipment	3,709
Right-of-use assets	2,223
Total non-current assets	5,932
Current liabilities	
Trade payables	1,117
Advances from customers	50
Other payables	15,447
Total current liabilities	16,614
Net liabilities derecognised	10,381

	Total RMB'000
Consideration received:	
Cash consideration received during the year	600
Cash consideration receivable	1,400
Gain on disposal	
Cash consideration received during the year	600
Cash consideration receivable	1,400
Net assets derecognised	10,381
Non-controlling interest derecognised	439
	12,820
Net gain on disposal of subsidiaries	12,820

38 DISPOSAL OF SUBSIDIARIES (CONT'D)

Net cash inflow arising on disposal

	Total RMB'000
Cash consideration received	600
Less: Cash and cash equivalents disposed of	(29)
	571

As referred to in Note 37, on April 30, 2021, the Group discontinued its M&S operations at the time of the disposal of its interest in subsidiaries Nanjing Shengnuo Heat Pipe Co.,Ltd., Jiangsu Sunpower Technology Co.,Ltd., Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd., Jiangsu Sunpower Pipe-Line Engineering Technology Co.,Ltd., Shandong Yangguang Engineering Design Institute Co.,Ltd., Jiangsu Sunpower Combustion Technology Co.,Ltd., Jiangsu Fuyou Industry Co.,Ltd. and Sunpower Technology (Jiangsu) Co.,Ltd..

The net assets of the disposed subsidiaries at the date of disposal were as follows:

	Total RMB'000
Current assets	
Cash and cash equivalents	627,132
Pledged bank deposits	159,225
Trade receivables and contract assets	1,592,994
Other receivables, deposits and prepayments	262,528
Inventories	845,522
Financial assets at fair value through other comprehensive income	373,163
Total current assets	3,860,564
Non-current assets	
Property, plant and equipment	290,874
Right-of-use assets	74,511
Other receivables, deposits and prepayments	66,652
Financial assets at fair value through other comprehensive income	9,485
Intangible assets	82,948
Deferred tax assets	23,902
Total non-current assets	548,372
Current liabilities	
Trade payables	745,423
Advances from customers	1,221,779
Other payables	530,762
Lease liabilities	3,453
Borrowings	269,000
Total current liabilities	2,770,417
Non-current liabilities	
Deferred tax liabilities	1,423
Borrowings	233,000
Lease liabilities	3,744
Total non-current liabilities	238,167
Net assets derecognised	1,400,352

38 DISPOSAL OF SUBSIDIARIES (CONT'D)

	Total RMB'000
Consideration received:	
Cash	2,290,000
Gain on disposal	
Consideration received	2,290,000
Net assets derecognised	(1,400,352)
Non-controlling interest derecognised	44,686
	934,334
Expenses on disposal of subsidiaries:	
- incurred in 2021	(41,075)
- incurred in 2020	(10,995)
	(52,070)
Net gain on disposal of subsidiaries	882,264

Net cash inflow arising on disposal

	Total RMB'000
Cash consideration received	2,290,000
Less: Witholding tax	(207,728)
Less: Expenses on disposal of subsidiaries	(52,070)
Less: Cash and cash equivalents disposed of	(627,132)
	1,403,070

The impact of the disposal of the subsidiaries on the Group's results and cash flows in the current period is disclosed in Note 37.

39 OPERATING LEASE ARRANGEMENTS

The Group as lessee

At December 31, 2022, the Group is committed to RMB33,000 (2021 : RMB1,774,000) for short-term leases or small value assets.

40 CAPITAL COMMITMENTS

	GROUP	
	2022	2021
	RMB'000	RMB'000
For acquisition of intangible assets	65,480	578,509

41 CONTINGENT LIABILITIES

The Group and the Company has contingent liabilities arising from guarantees given for bank loans as disclosed in Note 20.

42 SEGMENT INFORMATION

The Group determines its operating segments based on components of the Group's business which are reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

The Group has the following business segments with the segmental analysis used to allocate resources and to assess performance:

(1) Manufacturing & services ("M&S") - this segment included highly efficient heat exchangers and pressure vessels, heat pipes and heat pipe exchangers, pipeline energy saving products and related environmental protection products. This segment also provided solutions for flare and flare gas recovery system, desulphurisation and denitrification system, zero liquid discharge system, petrochemical engineering and energy saving system. The M&S segment was disposed of during the year (Note 37).

(2) Green investments ("GI") - this segment focus on the investment, development and operation of centralised heat, steam and electricity generation plants.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2 to the financial statements. Segment results represent the profits earned by each segment without allocation of central administration costs, director's remuneration, interest income, foreign exchange gains and losses, income tax and finance costs at corporate level.

Inter-segment transfers: Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at prevailing market prices. These transfers are eliminated on consolidation.

42 SEGMENT INFORMATION (CONT'D)

Segment information about the Group's operating segments are presented below.

	M&S RMB'000	GI RMB'000	Total RMB'000
2022			
REVENUE	-	3,448,606	3,448,606
RESULT			
Segment result	-	375,942	375,942
Gain on disposal of subsidiaries (Note 38)	-	12,820	12,820
Financial effects of convertible bonds (Note A)	-	(2,259)	(2,259)
Interest expense	-	(156,786)	(156,786)
Interest income	-	3,377	3,377
Profit before income tax			233,094
Income tax expense			(46,298)
Profit for the year for continuing operations			186,796

42 SEGMENT INFORMATION (CONT'D)

2021	M&S RMB'000	GI RMB'000 (Restated)	Total RMB'000 (Restated)
Continuing operations:			
REVENUE	-	2,929,534	2,929,534
RESULT			
Segment result	-	294,037	294,037
Unallocated corporate expenses	-	-	(15,319)
Gain on disposal of subsidiaries (Note 38)	-	-	934,334
Expenses on disposal of subsidiaries (Note 38)	-	-	(41,075)
Financial effects of convertible bonds (Note A)	-	395,517	395,517
Dividend to convertible bond holders	-	-	(403,315)
Interest expense	-	(126,901)	(126,901)
Interest income	-	3,641	3,641
Profit before income tax			1,040,919
Income tax expense			(241,914)
Profit for the year for continuing operations			799,005
Discontinued operation:			
REVENUE	556,533	-	556,533
RESULT			
Segment result	40,077	-	40,077
Interest expense	(8,124)	-	(8,124)
Interest income	1,341	-	1,341
Profit before income tax			33,294
Income tax expense			(5,735)
Profit for the year for discontinued operation			27,559
Consolidated revenue for the year (continuing and discontinued operations)			3,486,067
Consolidated profit for the year (continuing and discontinued operations)			826,564

Note A

Financial effects of convertible bonds consists of unrealised foreign exchange difference, interest and fair value effect on convertible bonds (Note 21).

42 SEGMENT INFORMATION (CONT'D)

Segment assets represent property, plant and equipment, land use rights, intangible assets, financial assets at fair value through other comprehensive income, deferred tax assets, inventories, trade receivables, other receivables, deposits and prepayments, pledged bank deposits and bank balances and cash, which are attributable to each operating segments. Segment liabilities represent trade and other payables, tax payables, bank borrowings, amount due to customers for contract work and deferred tax liabilities, which are attributable to each operating segments.

Unallocated corporate assets mainly represent bank balances and cash, other receivables, deposits and prepayments at corporate level.

Unallocated corporate liabilities represent other payables at corporate level.

Statement of Net Assets	M&S RMB'000	GI RMB'000	Total RMB'000
December 31, 2022			
Assets:			
Segment assets	-	7,652,258	7,652,258
Unallocated assets			16,355
Total assets			7,668,613
Liabilities:			
Segment liabilities	-	4,649,022	4,649,022
Unallocated liabilities			969,742
Total liabilities			5,618,764
December 31, 2021			
Assets:			
Segment assets (Restated)	-	6,558,096	6,558,096
Unallocated assets			59,666
Total assets (Restated)			6,617,762
Liabilities:			
Segment liabilities	-	3,782,129	3,782,129
Unallocated liabilities			971,802
Total liabilities			4,753,931

42 SEGMENT INFORMATION (CONT'D)

OTHER INFORMATION	M&S RMB'000	GI RMB'000	Total RMB'000
2022			
Capital expenditure			
- Property, plant and equipment	-	52,640	52,640
- Intangible assets	-	634,848	634,848
Depreciation expense of property, plant and equipment	-	50,207	50,207
Depreciation expense of right-of-use assets	-	7,144	7,144
Impairment losses, net of reversal, on trade and other receivables subject to ECL	-	2,053	2,053
Impairment allowance on inventories, net of reversals	-	-	-
Amortisation of intangible assets	-	147,086	147,086

2021	M&S RMB'000	GI RMB'000 (Restated)	Total RMB'000 (Restated)
Continuing operations:			
Capital expenditure			
- Property, plant and equipment	-	89,449	89,449
- Intangible assets	-	1,023,560	1,023,560
Depreciation expense of property, plant and equipment	-	50,580	50,580
Depreciation expense of right-of-use assets	-	7,084	7,084
Impairment losses, net of reversal, on trade and other receivables subject to ECL	-	19,655	19,655
Impairment allowance on inventories, net of reversals	-	1,759	1,759
Amortisation of intangible assets	-	112,602	112,602
Discontinuing operation:			
Capital expenditure			
- Property, plant and equipment	2,492	-	2,492
- Intangible assets	71	-	71
Depreciation expense of property, plant and equipment	10,709	-	10,709
Depreciation expense of right-of-use assets	2,051	-	2,051
Impairment losses, net of reversal, on trade and other receivables subject to ECL	(4,513)	-	(4,513)
Impairment allowance on equity instruments			
Amortisation of intangible assets	113	-	113

42 SEGMENT INFORMATION (CONT'D)

Geographical information

The geographical locations of the customers of the Group principally comprise the PRC, Canada, U.S.A, India, South East Asia, Middle East, Europe, South America, and Oceania.

The Group's revenue from external customers and information about its segment assets (non-current assets excluding investments in associate, financial assets at fair value through other comprehensive income, deferred tax assets, commitment fee and "other" financial assets) by geographical location are detailed below:

	Revenue from external customer		Non-current assets	
	2022 RMB'000	2021 RMB'000 restated	2022 RMB'000	2021 RMB'000
PRC	3,448,606	3,443,330	5,741,062	5,243,203
Asia	–	8,881	–	–
North America	–	2,142	–	–
Europe	–	31,714	–	–
Total	3,448,606	3,486,067	5,741,062	5,243,203

Information about major customers

There is no single customer which contributes 10% or more of the revenue in 2022 and 2021, respectively.

43 EVENTS AFTER THE REPORTING PERIOD

On March 24, 2023, the Company entered into an amendment agreement to defer the maturity date of CB1 and CB2 to the later of :

- April 3, 2025 (the "**Initial Maturity Date**"), and
- if so elected by the Bondholders (at their sole discretion) by written notice to the Group delivered not less than 10 Business Days before the Initial Maturity Date, the date that is the 15th Business Day after the date on which the Group's audited financial statements for financial year ending 2024 are issued.

The redemption yield to maturity, being the total internal rate of return that the bondholders shall achieve upon redemption on maturity will be revised from 8% to 10% over the investment period.

44 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES

Certain restatements have been made to the prior year's financial statements to enhance comparability with the current year's financial statements following the Group's adoption of the amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds before Intended Use that became effective during the year and applied retrospectively. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, the Group recognises such sales proceeds and related costs in profit or loss. The Group measures the cost of those items in accordance with SFRS(I) 1-2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. SFRS(I) 1-16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the Group's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the Group first applies the amendments.

The Group shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The retrospective application has no material effect on the statement of financial position at the beginning of the preceding period.

The effect of the restatements to the Group's financial statements are as follows:

	January 1, 2021		
Statement of financial position	As previously stated RMB'000	Adjustments RMB'000	Restated RMB'000
Equity			
Retained earnings	1,011,993	20,351	1,032,344
Non-controlling interests	313,318	9,476	322,794

	December 31, 2021		
Statement of financial position	As previously stated RMB'000	Adjustments RMB'000	Restated RMB'000
Non-current assets			
Property, plant and equipment	647,163	(1,016)	646,147
Intangible assets	3,820,994	14,052	3,835,046
Equity			
General reserves	187,724	(1,571)	186,153
Retained earnings	1,028,665	6,779	1,035,444
Non-controlling interests	264,171	7,828	271,999

44 PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES (CONT'D)

	Year ended December 31, 2021		
	As previously stated RMB'000	Adjustments RMB'000	Restated RMB'000
Consolidated statement of profit or loss and other comprehensive income			
Revenue	2,902,319	27,215	2,929,534
Cost of sales	(2,557,549)	(44,006)	(2,601,555)
Consoildated statement of cash flows			
Operating activities			
Profit before income tax	1,091,004	(16,791)	1,074,213
Adjustments for:			
Depreciation of property, plant and equipment	61,080	(53)	61,027
Amortisation of intangible assets	107,465	920	108,385
Investing activities			
Purchase of property, plant and equipment	(92,563)	(923)	(93,486)
Acquisition of intangible assets	(870,537)	16,847	(853,690)

STATISTICS OF SHAREHOLDINGS

As at 8 March 2023

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	1	0.03	49	0.00
100 - 1,000	141	4.85	103,951	0.01
1,001 - 10,000	1,263	43.45	8,671,000	1.09
10,001 - 1,000,000	1,475	50.74	77,885,917	9.79
1,000,001 AND ABOVE	27	0.93	709,025,225	89.11
TOTAL	**2,907**	**100.00**	**795,686,142**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	HSBC (SINGAPORE) NOMINEES PTE LTD	223,628,120	28.11
2	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	136,831,700	17.20
3	CITIBANK NOMINEES SINGAPORE PTE LTD	74,618,804	9.38
4	OCBC SECURITIES PRIVATE LIMITED	71,071,601	8.93
5	DBS NOMINEES (PRIVATE) LIMITED	57,372,100	7.21
6	MAYBANK SECURITIES PTE. LTD.	38,405,700	4.83
7	DB NOMINEES (SINGAPORE) PTE LTD	30,000,000	3.77
8	UOB KAY HIAN PRIVATE LIMITED	19,892,100	2.50
9	PHILLIP SECURITIES PTE LTD	12,599,900	1.58
10	RAFFLES NOMINEES (PTE.) LIMITED	6,848,892	0.86
11	LI FENG	5,120,000	0.64
12	IFAST FINANCIAL PTE. LTD.	3,684,108	0.46
13	TAN KAH BOH ROBERT@ TAN KAH BOO	3,300,000	0.41
14	HONG LEONG FINANCE NOMINEES PTE LTD	3,241,900	0.41
15	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,805,300	0.35
16	WATERWORTH PTE LTD	2,600,000	0.33
17	HENG WAH CHONG (WANG HEZONG)	2,000,000	0.25
18	TIGER BROKERS (SINGAPORE) PTE. LTD.	1,928,100	0.24
19	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,745,100	0.22
20	CHEN YAN FENG	1,700,000	0.21
	TOTAL	**699,393,425**	**87.89**

STATISTICS OF SHAREHOLDINGS

As at 8 March 2023

SHARE CAPITAL

Authorised share capital	:	US$23,000,000
Issued and fully paid-up	:	US$7,956,861.42
Class of Shares	:	Ordinary shares of US$0.01 each
Number of Treasury Shares held	:	Nil
Number of subsidiary holdings held	:	Nil
Voting rights	:	One vote per share

Shareholdings Held in Hands of Public

Based on information available to the Company as at 8 March 2023, 40.1% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

SUBSTANTIAL SHAREHOLDERS AS AT 8 MARCH 2023

(According to Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
1. Guo Hong Xin(1)	-	-	153,638,554	19.31
2. Ma Ming(2)	-	-	137,509,737	17.28
3. Allgreat Pacific Limited(3)	82,209,983	10.33	71,428,571	8.98
4. Claremont Consultancy Limited(4)	66,081,166	8.30	71,428,571	8.98
5. Sunpower Business Group Pte. Ltd.	71,428,571	8.98	-	-
6. Tournan Trading Pte. Ltd.	71,428,571	8.98	-	-
7. Lin Yucheng	100,000,000	12.67	-	-
8. Joyfield Group Limited	66,154,120	8.38	-	-
9. Pan Shuhong(5)	19,393,198	2.46	66,154,120	8.38

Notes:

(1) Mr Guo Hong Xin is (i) deemed to be interested in the 82,209,983 shares held by Allgreat Pacific Limited which is an investment holding company wholly owned by him, and (ii) deemed to be interested in the 71,428,571 shares held by Sunpower Business Group Pte. Ltd., which is an investment holding company wholly owned by Allgreat Pacific Limited, which is in turn wholly owned by him.

(2) Mr Ma Ming is (i) deemed to be interested in the 66,081,166 shares held by Claremont Consultancy Limited which is an investment holding company wholly owned by him, and (ii) deemed to be interested in the 71,428,571 shares held by Tournan Trading Pte. Ltd., which is an investment holding company wholly owned by Claremont Consultancy Limited, which is in turn wholly owned by him.

(3) Sunpower Business Group Pte. Ltd., is wholly owned subsidiary of Allgreat Pacific Limited. Accordingly, Allgreat Pacific Limited is deemed to be interested in the 71,428,571 shares held by Sunpower Business Group Pte. Ltd.

(4) Tournan Trading Pte. Ltd., is wholly owned subsidiary of Claremont Consultancy Limited. Accordingly, Claremont Consultancy Limited is deemed to be interested in the 71,428,571 shares held by Tournan Trading Pte. Ltd.

(5) Ms Pan Shuhong is deemed to be interested in the 66,154,120 shares held by Joyfield Group Limited which is wholly owned by her.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 Annual General Meeting of the Company will be held on Friday, 28 April 2023 at the Company's Board Room, No. 2111 Chengxin Avenue, High-tech Industrial Park, Jiangning District, Nanjing, Jiangsu, 211112, People's Republic of China, and will be broadcast "live" to shareholders *via* an audio and video feed as well as an audio only link (the details of which are set out in the notes below), at 10.00 a.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2022 together with the Directors' Statement and the Auditors' Report thereon. **Resolution 1**

2. To declare a 1-tier tax exempt final dividend of S$0.0013 Singapore cents per share in respect of the financial year ended 31 December 2022. **Resolution 2**

3. To approve Directors' fees of S$741,203 for the financial year ended 31 December 2022. (2021: S$623,920) **Resolution 3**

4. To re-elect Mr Ma Ming, a Director retiring pursuant to Bye-Law 104 of the Bye-Laws of the Company and who, being eligible, offer himself for re-election. *(See Explanatory Note)* **Resolution 4**

5. To re-elect Mr Lau Ping Sum Pearce, a Director retiring pursuant to Bye-Law 104 of the Bye-Laws of the Company and who, being eligible, offer himself for re-election. *(See Explanatory Note)* **Resolution 5**

6. To re-elect Mr Li Lei, a Director retiring pursuant to Bye-Law 104 of the Bye-Laws of the Company and who, being eligible, offer himself for re-election. *(See Explanatory Note)* **Resolution 6**

7. To re-appoint Messrs Deloitte & Touche LLP as Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-

8. That pursuant to Bye-Law 12(B) of the Bye-Laws of the Company and listing rules of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors be and are hereby authorised to: **Resolution 8**

    (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

    (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

    at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion deem fit; and

    (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

PROVIDED THAT:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings (if any)) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to existing shareholders of the Company (including shares to be issued in pursuant of Instruments made or granted pursuant to this Resolution) shall not exceed twenty per cent. (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings (if any)) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraphs (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares if any at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

and, in sub-paragraph (1) above and this sub-paragraph (2), "**subsidiary holdings**" has the meaning given to it in the Listing Manual of the SGX-ST;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by the Bye-Laws to be held, whichever is the earlier. *(See Explanatory Note)*

9. That approval be and is hereby given to the Board of Directors of the Company to allot and issue from time to time such number of shares as may be required to be issued pursuant to the exercise of the options under the Sunpower Employee Share Option Scheme 2015 ("**ESOS**"), **Resolution 9**

PROVIDED THAT the aggregate nominal amount of shares over which the Remuneration Committee may grant options on any date, when added to the nominal amount of shares issued and issuable in respect of all options granted under the ESOS shall not exceed 15 percent of the issued share capital of the Company on the day immediately preceding the date of the relevant grant. *(See Explanatory Note)*

NOTICE OF ANNUAL GENERAL MEETING

OTHER BUSINESS

10. To transact any other business that may be properly transacted at the Annual General Meeting of the Company.

BY ORDER OF THE BOARD

HO WUI MEE MARIAN
Company Secretary

5 April 2023

Explanatory Notes:

Resolution 4

Mr Ma Ming, Executive Director and Chief Executive Officer, will continue to serve in these capacities if re-elected as a Director of the Company.

Detailed information on Mr Ma (including information as set out in Appendix 7.4.1. of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**")) can be found under "Board of Directors" and "Additional Information on Directors seeking Re-Election" in the Company's Annual Report 2022.

Resolution 5

Mr Lau Ping Sum Pearce, Chairman of Remuneration Committee and a member of Audit Committee and a member of Nominating Committee, will continue to serve in these capacities if re-elected as a Director of the Company. Mr Lau is an Independent Director.

Detailed information on Mr Lau (including information as set out in Appendix 7.4.1. of the Listing Manual of SGX-ST) can be found under "Board of Directors" and "Additional Information on Directors seeking Re-Election" in the Company's Annual Report 2022.

Resolution 6

Mr Li Lei, Non-Executive and Non-Independent Director, a member of Remuneration Committee and a member of Nominating Committee, will continue to serve in these capacities if re-elected as a Director of the Company.

Detailed information on Mr Li (including information as set out in Appendix 7.4.1. of the Listing Manual of SGX-ST) can be found under "Board of Directors" and "Additional Information on Directors seeking Re-Election" in the Company's Annual Report 2022.

NOTICE OF ANNUAL GENERAL MEETING

Resolution 8

Resolution 8, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent. (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings (if any)) in the capital of the Company, with a sub-limit of twenty per cent. (20%) for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings (if any)) in the capital of the Company at the time this resolution is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which were issued and are outstanding or subsisting at the time this resolutions passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Resolution 9

Resolution 9, if passed, will empower the Board of Directors of the Company to allot and issue shares in the issued capital of the Company pursuant to the exercise of the options under the Sunpower Employee Share Option Scheme 2015 provided that the aggregate nominal amount of shares over which the options are granted does not exceed 15 percent of the issued share capital of the Company from time to time.

Notes:

(1) As part of the measure to minimise the risk of community spread of COVID-19, the Company will arrange for a live webcast, which allows shareholders to view the proceedings of the Annual General Meeting ("**AGM**") *via* a "live" audio and video feed ("**Webcast**"). In addition, shareholders will be able to observe the AGM proceedings by audio only means ("**Audio Link**"). Shareholders who wish to observe the AGM proceedings by Webcast or Audio Link must pre-register *via* the pre-registration website at URL https://conveneagm.sg/sunpowergroup2023 by 10:00 a.m. on 26 April 2023 ("**Registration Deadline**"). A shareholder who wishes to appoint a person (other than the Chairman of the AGM) as a proxy to attend, speak and vote at the AGM on his/her/its behalf must also submit a signed Depositor Proxy Form (together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified copy thereof), together with a valid email address for the appointed proxy, by the Registration Deadline.

Following verification of their shareholding status, shareholders will receive further instructions on how to access the Webcast and the Audio Link *via* email ("**Registration Confirmation Email**") by 27 April 2023. The Registration Confirmation Email will also be sent to any proxy who has been specified in a signed Depositor Proxy Form submitted by a shareholder no later than the Registration Deadline, to the email indicated in the registration.

Shareholders who have pre-registered by the Registration Deadline but do not receive the Registration Confirmation Email by 2:00 p.m. on 27 April 2023 should contact the Company at ir@sunpowergroup.com.cn stating: (a) the shareholder's full name; and (b) the shareholder's identification/registration number.

Proxies who do not receive the Registration Confirmation Email by 2:00 p.m. on 27 April 2023 should contact the Company *via* email at ir@sunpowergroup.com.cn stating: (a) the appointing shareholder's full name; (b) the appointing shareholder's identification/registration number; (c) the proxy's full name; and (d) the proxy's identification/registration number.

(2) The Company has put in place arrangements to allow shareholders to be able to communicate with each other and the Board of Directors electronically during the course of the AGM. Shareholders viewing the Webcast or listening to the Audio Link will be able to submit questions electronically in real time during the AGM. Alternatively, shareholders may wish to submit any questions they may have by 10:00 a.m. on 21 April 2023:

(a) in hard copy to the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712;

(b) *via* email to ir@sunpowergroup.com.cn; or

(c) *via* the pre-registration website at URL https://conveneagm.sg/sunpowergroup2023.

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

The Company will provide responses to substantial and relevant questions prior to the AGM through publication on SGXNet and the Company's website at URL http://www.sunpowergroup.com.cn/, or at the AGM.

(3) The Company will provide the shareholders with the means to vote electronically in real time at the AGM. Alternatively, shareholders may also wish to vote by proxy. As the AGM will be broadcast to shareholders by way of the Webcast and Audio Link, shareholders who wish to vote at the AGM may:

(a) (where such shareholders are individuals) vote live at the AGM, electronically in real time; or

(b) (where such shareholders are individuals or corporates):

(i) appoint the Chairman of the AGM to act as their proxy to attend, speak and vote at the AGM on their behalf; or

(ii) appoint a proxy (other than the Chairman of the AGM) to attend, speak and vote at the AGM on their behalf.

Where a shareholder appoints a proxy (whether the Chairman of the AGM or otherwise) to attend, speak and vote at the AGM on his/her/its behalf, he/she/it should specifically direct how he/she/it wishes to vote, whether for or against (or abstain from voting on) the resolutions, in the Depositor Proxy Form. Where a shareholder appoints the Chairman of the AGM as proxy and no specific instructions as to voting, or abstentions from voting, are given, the appointment of the Chairman of the AGM as proxy for such resolution will be treated as invalid.

The signed Depositor Proxy Form, together with the power of attorney or other authority under which it is signed (if applicable) or a notarially certified true copy thereof, must be:

(a) lodged at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd., at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or

(b) submitted *via* email to ir@sunpowergroup.com.cn,

in either case, by no later than 10:00 a.m. on 26 April 2023, failing which the Company shall be entitled to regard the Depositor Proxy Form as invalid.

The Depositor Proxy Form must be signed by the appointor or his attorney duly authorised in writing. Where the Depositor Proxy Form is executed by a corporation, it must be either under its common seal or signed on its behalf by a duly authorised officer or attorney. Where the Depositor Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney appointing the attorney or other authority, or a notarially certified copy thereof, if any, under which the Depositor Proxy Form is signed must (unless previously registered with the Company) be lodged with the Depositor Proxy Form, failing which the Company shall be entitled to regard the Depositor Proxy Form as invalid.

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

In the case of a shareholder whose shares are entered against his/her name in the Depository Register, the Company may reject any Depositor Proxy Form lodged if such shareholder, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited (CDP) to the Company.

Shareholders who hold their shares through a Relevant Intermediary (as defined in section 181 of the Companies Act 1967) should not use the Depositor Proxy Form and should contact their relevant intermediaries as soon as possible to specify voting instructions.

(4) All documents relating to the business of the AGM will be published on SGXNet and the Company's website at URL http://www.sunpowergroup.com.cn/.

Personal Data Privacy

By pre-registering for the Webcast and/or the Audio Link, submitting a Depositor Proxy Form, and/or submitting questions relating to the resolution to be tabled for approval at the AGM or the Company's businesses and operations, you consent to the collection, use and disclosure of your personal data by the Company (or its agents or service providers) for the purpose of (i) administering the Webcast and the Audio Link (including, but not limited to, verifying your identity and shareholding status, registering an account for you to access the Webcast and/or the Audio Link, facilitating and administering the Webcast and Audio Link and disclosing your personal data to the Company's agents or third-party service provider for any such purposes), (ii) the processing of any questions submitted to the Company, (iii) the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of a proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other instruments relating to the AGM (including any adjournment thereof), and (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Ma Ming, Mr Lau Ping Sum Pearce and Mr Li Lei are the Directors seeking re-election ("**Retiring Directors**") at the forthcoming annual general meeting of the Company to be convened on 28 April 2023.

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of Director	Ma Ming	Lau Ping Sum Pearce	Li Lei
Date of Appointment	12 May 2004	2 February 2005	3 March 2017
Date of last re-appointment	24 June 2020	24 June 2020	24 June 2020
Age	58	83	42
Country of principal residenwce	People's Republic of China	Singapore	People's Republic of China
The Board's comments on this appointment (including rationale, selection criteria, board diversity consideration and the search and nomination process)	The re-election of Mr Ma Ming as the Executive Director and Chief Executive Officer was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Mr Ma Ming's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Lau Ping Sum Pearce as the Independent Director was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Mr Lau Ping Sum Pearce's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Li Lei as the Non-Executive and Non-Independent Director was recommended by the Nominating Committee and the Board of Directors has accepted the recommendation, after taking into consideration Mr Li Lei's qualifications, expertise past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Executive, Mr Ma Ming is primarily responsible for the overall management and operational development of the Group.	Non-Executive and Independent	Non-Executive and Non-Independent
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer	RC Chairman, AC member and NC member	RC member and NC member
Professional qualifications	Master Degree in Engineering Management	Bachelor of Economics (Australian National University) Diploma in Business Administration (University of Singapore)	Bachelor Degrees in Law and Economics Master Degree in Law

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ma Ming	Lau Ping Sum Pearce	Li Lei
Working experience and occupation(s) during the past 10 years	2008 – 2015: Director, General Manager, Jiangsu Sunpower Technology Co., Ltd. 2008 – 2015: Director, General Manager, Jiangsu Sunpower Machinery Manufacture Co., Ltd. 2014 – 2015: Director, General Manager, Sunpower Technology (Jiangsu) Co., Ltd.	1997 – 2020: Independent Director, Huan Hsin Holdings Ltd. (Listed on Singapore Exchange)	2011 –2015: Executive Director, Dinghui Equity Investment Management (Tianjin) Co., Ltd.
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest – 137,509,737 ordinary shares	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None	None
Conflict of interest (including any competing business)	None	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# * “Principal Commitments” has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)			
Past (for the last 5 years)	None	1997 – 2020: Independent Director, Huan Hsin Holdings Ltd. (Listed on Singapore Exchange)	None

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ma Ming	Lau Ping Sum Pearce	Li Lei
Present	2004 – Present: Executive Director and Chief Executive Officer, Sunpower Group Ltd.	2002 – Present: Independent Director, Cortina Holdings Limited (Listed on Singapore Exchange) 2019 – Present: Independent Director, Non-Executive Chairman of the Board, H2G Green Ltd. (Listed on Singapore Exchange) 2005 – Present: Member, Singapore Institute of Directors 2008 – Present: Member, Programme Advisory Committee for BA Translation and Interpretation 2008 – Present: Examiner, Certification Examination for Professional Interpreters, School of Arts and Social Sciences, Singapore University of Social Sciences 2008 – Present: Member of the Singapore University of Social Sciences Programme Advisory Committee for BA Translation and Interpretation 2020 – Present: Chairman of the Singapore University of Social Sciences Programme Advisory Committee for BA Translation and Interpretation	2016 – Present: Managing Director, CDH Investments Management (Hong Kong) Limited
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him/her or against a partnership of which he/she was a partner at the time when he/she was a partner or at any time within 2 years from the date he/she ceased to be a partner?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ma Ming	Lau Ping Sum Pearce	Li Lei
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he/she was a director or an equivalent person or a key executive, at the time when he/she was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he/she ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such purpose?	No	No	No
(e) Whether he/she has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he/she is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ma Ming	Lau Ping Sum Pearce	Li Lei
(f) Whether at any time during the last 10 years, judgment has been entered against him/her in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he/she has been the subject of any civil proceedings (including any pending civil proceedings of which he/she is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he/she has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he/she has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he/she has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ma Ming	Lau Ping Sum Pearce	Li Lei
(j) Whether he/she has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere , in connection with any matter occurring or arising during that period when he/she was so concerned with the entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Name of Director	Ma Ming	Lau Ping Sum Pearce	Li Lei
(k) Whether he/she has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Disclosure applicable to the appointment of Director only			
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable. This relates to the re-appointment of Director.	Not applicable. This relates to the re-appointment of Director.	Not applicable. This relates to the re-appointment of Director.

中聖集團
SUNPOWER GROUP LTD.

Be the SOLUTION Not the POLLUTION

ANNUAL REPORT **2022**

Sunpower Group Ltd.
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Nanjing, Jiangsu, 211112
People's Republic of China

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