

Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 December 2023

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
		Six months ended			Full year ended			Six months ended			Full year ended		
		31 December 2023	31 December 2022	% change	31 December 2023	31 December 2022	% change	31 December 2023	31 December 2022	% change	31 December 2023	31 December 2022	% change
		(unaudited)	(audited)		(unaudited)	(audited)		(unaudited)	(audited)		(unaudited)	(audited)	
Revenue	4	1,766,141	1,929,242	(8.5)%	3,403,064	3,448,606	(1.3)%	1,766,141	1,929,242	(8.5)%	3,403,064	3,448,606	(1.3)%
Cost of sales		(1,299,541)	(1,673,660)	(22.4)%	(2,571,506)	(2,935,553)	(12.4)%	(1,299,541)	(1,673,660)	(22.4)%	(2,571,506)	(2,935,553)	(12.4)%
Gross profit		466,600	255,582	82.6%	831,558	513,053	62.1%	466,600	255,582	82.6%	831,558	513,053	62.1%
Other operating income	5	10,704	16,182	(33.9)%	20,028	22,415	(10.6)%	10,704	16,182	(33.9)%	20,028	22,415	(10.6)%
Selling and distribution expenses		(38,183)	(35,146)	8.6%	(71,106)	(60,352)	17.8%	(38,183)	(35,146)	8.6%	(71,106)	(60,352)	17.8%
Administrative expenses		(82,584)	(51,708)	59.7%	(124,838)	(92,871)	34.4%	(82,584)	(51,708)	59.7%	(124,838)	(92,871)	34.4%
Foreign exchange gain/ (loss)		18,799	(30,945)	(160.7)%	(15,225)	(72,276)	(78.9)%	(703)	507	(238.7)%	(330)	419	(178.8)%
Other operating expenses		(22,775)	(9,090)	150.6%	(23,034)	(9,512)	142.2%	(22,775)	(9,090)	150.6%	(23,034)	(9,512)	142.2%
Finance costs		(139,844)	(112,926)	23.8%	(278,744)	(232,488)	19.9%	(93,125)	(74,442)	25.1%	(189,447)	(156,786)	20.8%
Share of profit of associate		3,354	122	n.m.	5,062	1,649	207.0%	3,354	122	n.m.	5,062	1,649	207.0%
Gain on disposal of subsidiaries		-	12,820	(100.0)%	-	12,820	(100.0)%	-	12,820	(100.0)%	-	12,820	(100.0)%
Fair value changes on convertible bonds		3,782	29,262	(87.1)%	-	150,656	(100.0)%	-	-	-	-	-	-
Profit before income tax	6	219,853	74,153	196.5%	343,701	233,094	47.5%	243,288	114,827	111.9%	447,893	230,835	94.0%
Income tax expense	7	(33,007)	(21,894)	50.8%	(75,219)	(46,298)	62.4%	(33,007)	(21,894)	50.8%	(75,219)	(46,298)	62.5%
Profit for the year		186,846	52,259	257.5%	268,482	186,796	43.7%	210,281	92,933	126.3%	372,674	184,537	102.0%
Other comprehensive income													
<i>Items that may be reclassified subsequently to profit or loss</i>													
Exchange difference on translation of foreign operation		-	(167)	(100.0)%	-	190	(100.0)%	-	(167)	(100.0)%	-	190	(100.0)%
Net fair value loss on investments in equity instruments classified as at FVTOCI		(227)	(179)	26.8%	(227)	(179)	26.8%	(227)	(179)	26.8%	(227)	(179)	26.8%
Net fair value gain/(loss) on investments in debt instruments classified as at FVTOCI		98	(81)	(221.0)%	98	(350)	(128.0)%	98	(81)	(221.0)%	98	(350)	(128.0)%
Total comprehensive income for the year		186,717	51,831	260.2%	268,353	186,457	43.9%	210,152	92,506	127.2%	372,545	184,198	102.3%

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)					Actual (WITHOUT financial effects of Convertible Bonds)						
		Six months ended			Full year ended		Six months ended			Full year ended			
		31 December 2023 (unaudited)	31 December 2022 (audited)	% change	31 December 2023 (unaudited)	31 December 2022 (audited)	% change	31 December 2023 (unaudited)	31 December 2022 (audited)	% change	31 December 2023 (unaudited)	31 December 2022 (audited)	% change
<i>Profit for the year attributable to:</i>													
Equity holders of the Company		129,843	23,364	455.7%	175,772	138,799	26.6%	153,278	64,038	139.4%	279,964	136,540	105.0%
Non-controlling interests		57,003	28,895	97.3%	92,710	47,997	93.2%	57,003	28,895	97.3%	92,710	47,997	93.2%
Profit for the year		186,846	52,259	257.5%	268,482	186,796	43.7%	210,281	92,933	126.3%	372,674	184,537	102.0%
<i>Total comprehensive income for the year attributable to:</i>													
Equity holders of the Company		129,714	22,952	465.2%	175,643	138,492	26.8%	153,149	63,626	140.7%	279,835	136,233	105.4%
Non-controlling interests		57,003	28,879	97.4%	92,710	47,965	93.3%	57,003	28,879	97.4%	92,710	47,965	93.3%
Total comprehensive income for the year		186,717	51,831	260.2%	268,353	186,457	43.9%	210,152	92,505	127.2%	372,545	184,198	102.3%

n.m. denotes not meaningful

Explanatory Notes for WITHOUT financial effects of Convertible Bonds:

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

1(a)(ii) Other information:

Please refer to Notes to Condensed Interim Financial Statements.

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Actual (WITH financial effects of Convertible Bonds)			
		Group		Company	
(RMB'000)	Note	As at 31 December 2023 (Unaudited)	As at 31 December 2022 (Audited)	As at 31 December 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS					
Current assets:					
Cash and cash equivalents		663,090	585,268	995	10,141
Pledged bank deposits		84,676	128,742	-	-
Trade receivables	10	813,033	638,123	-	-
Other receivables, deposits and prepayments		249,575	349,409	297,423	294,471
Inventories	11	138,028	175,315	-	-
Financial assets at fair value through other comprehensive income	12	36,259	50,458	-	-
Total current assets		1,984,661	1,927,315	298,418	304,612
Non-current assets:					
Property, plant and equipment		517,628	632,439	-	-
Right-of-use assets		230,229	237,483	-	-
Other receivables, deposits and prepayments		35,994	44,722	129,660	129,660
Financial assets at fair value through other comprehensive income	12	2,142	2,445	-	-
Subsidiaries		-	-	914,379	914,379
Associates		58,949	53,887	-	-
Intangible assets		4,335,777	4,322,808	-	-
Deferred tax assets		34,010	31,932	-	-
Goodwill	13	415,582	415,582	-	-
Financial assets measured at amortized cost		7,759	-	-	-
Contract acquisition cost		6,364	-	-	-
Total non-current assets		5,644,434	5,741,298	1,044,039	1,044,039
Total assets		7,629,095	7,668,613	1,342,457	1,348,651
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables, other payables and contract liabilities		712,896	1,144,823	488,890	431,104
Lease liabilities		1,235	1,646	-	-
Borrowings	14	1,191,484	918,485	-	-
Convertible bonds	15	-	892,707	-	892,707
Income tax payable		25,927	6,763	-	-
Total current liabilities		1,931,542	2,964,424	488,890	1,323,811
Non-current liabilities:					
Deferred tax liabilities		217,460	225,666	-	-
Borrowings	14	2,191,842	2,424,490	-	-
Convertible bonds	12,15	973,845	-	973,845	-
Lease liabilities		1,737	4,184	-	-
Total non-current liabilities		3,384,884	2,654,340	973,845	-
Capital and reserves:					
Share capital		57,662	57,662	57,662	57,662
Share premium		313,653	313,653	313,653	313,653
General reserves		288,101	239,681	-	-
Share option reserve		319	319	319	319
Foreign currency translation reserve		-	-	-	-
Revaluation reserve		(1,834)	(1,706)	-	-
Retained earnings (Accumulated losses)		1,242,539	1,120,715	(491,912)	(346,794)
Equity attributable to equity holders of the Company		1,900,440	1,730,324	(120,278)	24,840
Non-controlling interests		412,229	319,525	-	-
Total equity		2,312,669	2,049,849	(120,278)	24,840
Total liabilities and equity		7,629,095	7,668,613	1,342,457	1,348,651

		Actual (WITHOUT financial effects of Convertible Bonds)			
		Group		Company	
(RMB'000)	Note	As at 31 December 2023 (Unaudited)	As at 31 December 2022 (Audited)	As at 31 December 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS					
Current assets:					
Cash and cash equivalents		663,090	585,268	995	10,141
Pledged bank deposits		84,676	128,742	-	-
Trade receivables	10	813,033	638,123	-	-
Other receivables, deposits and prepayments		249,575	349,409	297,423	294,471
Inventories	11	138,028	175,315	-	-
Financial assets at fair value through other comprehensive income	12	36,259	50,458	-	-
Total current assets		1,984,661	1,927,315	298,418	304,612
Non-current assets:					
Property, plant and equipment		517,628	632,439	-	-
Right-of-use assets		230,229	237,483	-	-
Other receivables, deposits and prepayments		35,994	44,722	129,660	129,660
Financial assets at fair value through other comprehensive income	12	2,142	2,445	-	-
Subsidiaries		-	-	914,379	914,379
Associates		58,949	53,887	-	-
Intangible assets		4,335,777	4,322,808	-	-
Deferred tax assets		34,010	31,932	-	-
Goodwill	13	415,582	415,582	-	-
Contract acquisition cost		6,364	-	-	-
Financial assets measured at amortized cost		7,759	-	-	-
Total non-current assets		5,644,434	5,741,298	1,044,039	1,044,039
Total assets		7,629,095	7,668,613	1,342,457	1,348,651
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables, other payables and contract liabilities		690,334	1,122,761	466,335	409,048
Lease liabilities		1,235	1,646	-	-
Borrowings	14	1,191,484	918,485	-	-
Convertible bonds	15	-	761,944	-	761,944
Income tax payable		25,927	6,763	-	-
Total current liabilities		1,908,980	2,811,599	466,335	1,170,992
Non-current liabilities:					
Deferred tax liabilities		217,460	225,666	-	-
Borrowings	14	2,191,842	2,424,490	-	-
Convertible bonds	12,15	739,390	-	739,390	-
Lease liabilities		1,737	4,184	-	-
Total non-current liabilities		3,150,429	2,654,340	739,390	-
Capital and reserves:					
Share capital		57,662	57,662	57,662	57,662
Share premium		313,653	313,653	313,653	313,653
General reserves		288,101	239,681	-	-
Share option reserve		319	319	319	319
Foreign currency translation reserve		-	-	-	-
Revaluation reserve		(1,834)	(1,706)	-	-
Retained earnings (Accumulated losses)		1,499,556	1,273,540	(234,902)	(193,975)
Equity attributable to equity holders of the Company		2,157,457	1,883,149	136,732	177,659
Non-controlling interests		412,229	319,525	-	-
Total equity		2,569,686	2,202,674	136,732	177,659
Total liabilities and equity		7,629,095	7,668,613	1,342,457	1,348,651

1(b)(ii) Aggregate amount of group borrowings and debt securities

Please refer to Note 14.

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)	
	Full year ended	
	31 December 2023 (Unaudited)	31 December 2022 (Audited)
Operating activities		
Profit before income tax	343,701	233,094
Adjustments for:		
Depreciation of property, plant and equipment	48,154	50,037
Depreciation of right-of-use assets	6,149	6,512
Amortisation of intangible assets	187,276	147,086
Write down of inventory	(1,251)	-
Interest expense	278,744	232,488
Exchange differences arising on foreign currency translation	330	(419)
Gain on disposal of subsidiaries	-	(12,820)
Gain on disposal of ROU	(264)	-
Share of profit of associate	(5,062)	(1,649)
Reversal of impairment loss on pledged bank deposits	-	(3,000)
Impairment allowance on fixed asset	2,116	-
Net loss on disposal of property, plant and equipment	572	6,036
Interest income	(6,753)	(3,377)
Payment for contract cost	(6,365)	-
Impairment loss on trade and other receivables subject to ECL, net	17,197	2,053
Exchange loss on convertible bonds	14,895	72,695
Fair value gain on convertible bonds	-	(150,656)
Operating cash flows before movements in working capital	879,439	578,080
Trade receivables	(181,451)	(216,911)
Financial assets at fair value through other comprehensive income	14,323	(47,916)
Other receivables and prepayments	87,448	11,541
Inventories	38,538	(52,609)
Trade payables, other payables and contract liabilities	(111,325)	245,358
Cash generated from operations	726,972	517,543
Income tax paid	(87,489)	(69,581)
Interest paid	(183,018)	(146,166)
Interest received	6,753	3,377
Net cash from operating activities	463,218	305,173
Investing activities		
Purchase of property, plant and equipment	(48,121)	(61,321)
Prepayment for build-operate-transfer ("BOT") projects	(33,125)	(56,716)
Acquisition of intangible assets	(343,984)	(474,979)
Proceeds from disposal of property, plant and equipment	117	6,396
Payment of deferred consideration relating to acquisition of subsidiaries	-	(7,183)
Acquisition of an associate	-	(31,476)
Proceeds from disposal of subsidiaries	1,400	571
Net cash used in investing activities	(423,713)	(624,708)
Financing activities		
Proceeds from new borrowings	1,085,072	1,635,050
Repayment of borrowings	(1,044,721)	(1,028,807)
Pledged bank deposits	44,066	(64,952)
Payment of dividend	(5,528)	-
Repayment of lease liabilities	(1,490)	(1,465)
Interest paid	(39,082)	(33,612)
Net cash from financing activities	38,317	506,214
Net increase in cash and cash equivalents	77,822	186,679
Cash and cash equivalents at beginning of year	585,268	398,399
Effects of foreign exchange rate changes	-	190
Cash and cash equivalents at end of year	663,090	585,268

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds)	
	Full year ended	
	31 December 2023 (Unaudited)	31 December 2022 (Audited)
Operating activities		
Profit before income tax	447,893	230,835
Adjustments for:		
Depreciation of property, plant and equipment	48,154	50,037
Depreciation of right-of-use assets	6,149	6,512
Amortisation of intangible assets	187,276	147,086
Write down of inventory	(1,251)	-
Interest expense	189,447	156,786
Exchange differences arising on foreign currency translation	330	(419)
Gain on disposal of subsidiaries	-	(12,820)
Share of profit of associate	(5,062)	(1,649)
Loss on disposal of ROU	(264)	-
Reversal of impairment loss on pledged bank deposits	-	(3,000)
Impairment allowance on fixed asset	2,116	-
Net loss on disposal of property, plant and equipment	572	6,036
Payment for contract cost	(6,365)	-
Interest income	(6,753)	(3,377)
Impairment loss on trade and other receivables subject to ECL, net	17,197	2,053
Operating cash flows before movements in working capital	879,439	578,080
Trade receivables	(181,451)	(216,911)
Financial assets at fair value through other comprehensive income	14,323	(47,916)
Other receivables and prepayments	87,448	11,541
Inventories	38,538	(52,609)
Trade payables, other payables and contract liabilities	(111,325)	245,358
Cash generated from operations	726,972	517,543
Income tax paid	(87,489)	(69,581)
Interest paid	(183,018)	(146,166)
Interest received	6,753	3,377
Net cash from operating activities	463,218	305,173
Investing activities		
Purchase of property, plant and equipment	(48,121)	(61,321)
Prepayment for build-operate-transfer ("BOT") projects	(33,125)	(56,716)
Acquisition of intangible assets	(343,984)	(474,979)
Proceeds from disposal of property, plant and equipment	117	6,396
Payment of deferred consideration relating to acquisition of subsidiaries	-	(7,183)
Acquisition of an associate	-	(31,476)
Proceeds from disposal of subsidiaries	1,400	571
Net cash used in investing activities	(423,713)	(624,708)
Financing activities		
Proceeds from new borrowings	1,085,072	1,635,050
Repayment of borrowings	(1,044,721)	(1,028,807)
Pledged bank deposits	44,066	(64,952)
Payment of dividend	(5,528)	-
Repayment of lease liabilities	(1,490)	(1,465)
Interest paid	(39,082)	(33,612)
Net cash from financing activities	38,317	506,214
Net increase in cash and cash equivalents	77,822	186,679
Cash and cash equivalents at beginning of year	585,268	398,399
Effects of foreign exchange rate changes	-	190
Cash and cash equivalents at end of year	663,090	585,268

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FULL YEAR ENDED 31 DECEMBER 2023

Actual (WITH financial effects of Convertible Bonds)										
Group	Share capital	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	313,653	186,153	319	(190)	(1,209)	1,035,444	1,591,832	271,999	1,863,831
<u>Total comprehensive income/(loss) for the year</u>										
Profit for the year	-	-	-	-	-	-	138,799	138,799	47,997	186,796
Other comprehensive profit/(loss) for the year	-	-	-	-	190	(497)	-	(307)	(32)	(339)
Total	-	-	-	-	190	(497)	138,799	138,492	47,965	186,457
<u>Transaction with owners, recognized directly in equity</u>										
Transfer to general reserves	-	-	53,528	-	-	-	(53,528)	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	(439)	(439)
Total	-	-	53,528	-	-	-	(53,528)	-	(439)	(439)
Balance as at December 31, 2022	57,662	313,653	239,681	319	-	(1,706)	1,120,715	1,730,324	319,525	2,049,849
<u>Total comprehensive income for the year</u>										
Profit for the year	-	-	-	-	-	-	175,772	175,772	92,710	268,482
Other comprehensive loss for the year	-	-	-	-	-	(128)	-	(128)	(6)	(134)
Total	-	-	-	-	-	(128)	175,772	175,644	92,704	268,348
<u>Transactions with owners, recognised directly in equity</u>										
Dividend paid	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)
Transfer to general reserves	-	-	47,737	-	-	-	(47,737)	-	-	-
Strike off of a subsidiary	-	-	683	-	-	-	(683)	-	-	-
Total	-	-	48,420	-	-	-	(53,948)	(5,528)	-	(5,528)
Balance as at December 31, 2023	57,662	313,653	288,101	319	-	(1,834)	1,242,539	1,900,440	412,229	2,312,669

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Group</u>	Share capital	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	313,653	186,153	319	(190)	(1,209)	1,190,528	1,746,916	271,999	2,018,915
<u>Total comprehensive income/(loss) for the year</u>										
Profit for the year	-	-	-	-	-	-	136,540	136,540	47,997	184,537
Other comprehensive profit/(loss) for the year	-	-	-	-	190	(497)	-	(307)	(32)	(339)
Total	-	-	-	-	190	(497)	136,540	136,233	47,965	184,198
<u>Transaction with owners, recognized directly in equity</u>										
Transfer to general reserves	-	-	53,528	-	-	-	(53,528)	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	(439)	(439)
Total	-	-	53,528	-	-	-	(53,528)	-	(439)	(439)
Balance as at December 31, 2022	57,662	313,653	239,681	319	-	(1,706)	1,273,540	1,883,149	319,525	2,202,674
<u>Total comprehensive income for the year</u>										
Profit for the year	-	-	-	-	-	-	279,964	279,964	92,710	372,674
Other comprehensive loss for the year	-	-	-	-	-	(128)	-	(128)	(6)	(134)
Total	-	-	-	-	-	(128)	279,964	279,836	92,704	372,540
<u>Transactions with owners, recognised directly in equity</u>										
Dividend paid	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)
Transfer to general reserves	-	-	47,737	-	-	-	(47,737)	-	-	-
Strike off of a subsidiary	-	-	683	-	-	-	(683)	-	-	-
Total	-	-	48,420	-	-	-	(53,948)	(5,528)	-	(5,528)
Balance as at December 31, 2023	57,662	313,653	288,101	319	-	(1,834)	1,499,556	2,157,457	412,229	2,569,686

Actual (WITH financial effects of Convertible Bonds)

<u>Company</u>	Share capital	Share premium	Share option reserve	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	313,653	319	(330,224)	41,410	41,410
Loss for the year, representing total comprehensive loss for the year	-	-	-	(16,570)	(16,570)	(16,570)
Total	-	-	-	(16,570)	(16,570)	(16,570)
Balance as at December 31, 2022	57,662	313,653	319	(346,794)	24,840	24,840
Loss for the period, representing total comprehensive income for the year	-	-	-	(139,590)	(139,590)	(139,590)
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(5,528)	(5,528)	(5,528)
Total	-	-	-	(145,118)	(145,118)	(145,118)
Balance as at December 31, 2023	57,662	313,653	319	(491,912)	(120,278)	(120,278)

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Company</u>	Share capital	Share premium	Share option reserve	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	313,653	319	(175,140)	196,494	196,494
Loss for the year, representing total comprehensive loss for the year	-	-	-	(18,835)	(18,835)	(18,835)
Total	-	-	-	(18,835)	(18,835)	(18,835)
Balance as at December 31, 2022	57,662	313,653	319	(193,975)	177,659	177,659
Loss for the period, representing total comprehensive income for the year	-	-	-	(35,399)	(35,399)	(35,399)
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(5,528)	(5,528)	(5,528)
Total	-	-	-	(40,927)	(40,927)	(40,927)
Balance as at December 31, 2023	57,662	313,653	319	(234,902)	136,732	136,732

Notes to Condensed Interim Financial Statements

1. Corporate Information

The Company 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 condensed interim financial statements are presented in Chinese Renminbi (“RMB”), which is the functional currency of the Company, and all figures are expressed in thousands unless stated otherwise.

The Company is an environmental protection specialist involved in the investment, development and operation of Green Investments (“GI”) projects in the anti-smog sector. As the Group’s value creator and growth driver, GI business invests in and operates centralised facilities that supply industrial steam, electricity and heating.

2. Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the year ended 31 December 2022.

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

2.1. Adoption of New and Revised Financial Standards

The Group has adopted SFRS(I) 1-34 *Interim Financial Reporting* on 30 June 2021 for the preparation of the condensed interim financial statements for the six months and full year ended 31 December 2023, in accordance with SGX Listing Rule 705(3A) which is effective for any interim financial period or any financial year ending on or after 30 June 2021.

Effective for annual periods beginning on or after 1 January 2023

- 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*

2. Basis of Preparation (Cont'd)

Effective for annual periods beginning on or after 1 January 2024

- Amendments to SFRS(I) 1-1: *Presentation of Financial Statements: 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*

Effective date is deferred indefinitely

- 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.

2.2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, 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 significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements for the year ended 31 December 2022.

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.

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.

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 included in the following notes:

2. Basis of Preparation (Cont'd)

2.2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Cont'd)

a) Service concession arrangement

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 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 is disclosed in Note 4 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 data, 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 Note 10 of the financial statements are recoverable.

2. Basis of Preparation (Cont'd)

2.2. 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 11 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 costs 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 June 30, 2023, the fair value of derivative liability component of the convertible bonds amounted to RMB 3,782,000 (2022: Nil) as disclosed in Note 15 to the financial statements.

f) Impairment of goodwill

As disclosed in Note 13, 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 13 to the financial statements.

3. Seasonality of Interim Operations

Demand for industrial steam is not impacted significantly by cyclical factors while central heating is affected by seasonal differences in the weather. In general, peak sales of central heating occur in the winter months. Please note that the Company's financial results should be viewed on a 12-month basis to arrive at a balances perspective.

4. Disaggregation of Revenue

A disaggregation of the Group's revenue is presented below as follows:

	Six months ended		Full year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods or service:				
Provision of utilities	1,637,110	1,466,592	3,199,517	2,806,319
Sales of goods	22,020	55,093	62,009	74,509
Revenue from service concession arrangements	107,011	407,557	141,538	567,778
Total revenue	1,766,141	1,929,242	3,403,064	3,448,606
Timing of revenue recognition:				
<u>At a point of time:</u>				
Provision of utilities	1,637,110	1,466,592	3,199,517	2,806,319
Sales of goods	22,020	55,093	62,009	74,509
<u>Over time:</u>				
Provision of other services	-	407,557	-	-
Revenue from service concession arrangements	107,011	-	141,538	567,778
Total revenue	1,766,141	1,929,242	3,403,064	3,448,606
Geographical information:				
PRC	1,766,141	1,929,242	3,403,064	3,448,606
Total revenue	1,766,141	1,929,242	3,403,064	3,448,606

5. Other Operating Income

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
	Six months ended			Full year ended			Six months ended			Full year ended		
	31 December 2023	31 December 2022	% change	31 December 2023	31 December 2022	% change	31 December 2023	31 December 2022	% change	31 December 2023	31 December 2022	% change
Government grants	3,127	5,606	(44.2)%	9,669	9,464	2.2%	3,127	5,606	(44.2)%	9,669	9,464	2.2%
Reversal of impairment loss for trade receivable subject to ECL	-	(167)	(100.0)%	-	-	-	-	(167)	(100.0)%	-	-	-
Reversal of impairment allowance for pledged bank deposits	-	3,000	(100.0)%	-	3,000	(100.0)%	-	3,000	(100.0)%	-	3,000	(100.0)%
Interest income	4,230	2,278	85.7%	6,753	3,377	100.0%	4,230	2,278	85.7%	6,753	3,377	100.0%
Government rebates	321	92	248.9%	345	541	(36.2)%	321	92	248.9%	345	541	(36.2)%
Gain on disposal of plant and equipment	454	22	n.m.	454	51	790.0%	454	22	n.m.	454	51	790.0%
Scrap sales	100	-	-	100	-	-	100	-	-	100	-	-
Refunds due to quality issues/breaches	38	-	-	38	-	-	38	-	-	38	-	-
Others	2,434	5,351	(52.8)%	2,669	5,982	(55.4)%	2,434	5,351	(52.8)%	2,669	5,982	(55.4)%
Total	10,704	16,182	(33.9)%	20,028	22,415	(10.6)%	10,704	16,182	(33.9)%	20,028	22,415	(10.6)%

Note: There is no difference for other operating income with and without financial effects of Convertible Bonds for the full year ended 31 December 2023.

6. Profit/(Loss) Before Income Tax

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
	Six months ended			Full year ended			Six months ended			Full year ended		
	31 December 2023	31 December 2022	% change	31 December 2023	31 December 2022	% change	31 December 2023	31 December 2022	% change	31 December 2023	31 December 2022	% change
Depreciation of property, plant and equipment	17,665	24,220	(27.1)%	48,154	50,037	(3.8)%	17,665	24,220	(27.1)%	48,154	50,037	(3.8)%
Depreciation of right-of-use assets	2,872	4,117	(30.2)%	6,149	6,512	(5.6)%	2,872	4,117	(30.2)%	6,149	6,512	(5.6)%
Amortisation of intangible assets	101,471	80,303	26.4%	187,276	147,086	27.3%	101,471	80,303	26.4%	187,276	147,086	27.3%
Impairment loss on trade and other receivables subject to ECL	17,073	2,017	746.5%	17,197	2,053	737.6%	17,073	2,017	746.5%	17,197	2,053	737.6%
Impairment allowance on fixed asset	2,116	-	-	2,116	-	-	2,116	-	-	2,116	-	-
Loss on disposal of ROU	(264)	-	-	(264)	-	-	(264)	-	-	(264)	-	-
Reversal of impairment loss on trade and other receivables subject to ECL	-	167	(100.0)%	-	-	-	-	167	(100.0)%	-	-	-
Reversal of impairment loss on pledged bank deposits	-	(3,000)	(100.0)%	-	(3,000)	(100.0)%	-	(3,000)	(100.0)%	-	(3,000)	(100.0)%
Loss on disposal of property, plant and equipment and intangible assets	572	6,065	(90.6)%	572	6,036	(90.5)%	572	6,065	(90.6)%	572	6,036	(90.5)%
Foreign exchange (gain)/loss – net	(18,799)	31,364	(159.9)%	15,225	72,695	(79.1)%	703	(507)	(238.7)%	330	(419)	(178.8)%
Finance costs	139,844	112,926	23.8%	278,744	232,488	19.9%	93,125	74,442	25.1%	189,447	156,786	20.8%
Fair value changes on convertible bonds	(3,782)	(29,262)	(87.1)%	-	(150,656)	(100.0)%	-	-	-	-	-	-

7. Income Tax Expense

Income tax recognized in profit or loss:

(RMB'000)	Six months ended		Full year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Tax expense comprises:				
Current tax expense	46,748	21,403	85,458	47,584
Deferred tax	(13,741)	491	(10,239)	(1,286)
Total tax expense	33,007	21,894	75,219	46,298

8. Related Party Transactions

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.

Significant related party transactions:

	Group	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
Rental expense	1,895	2,147
Purchase construction services	13,325	432,822
Provision of catering services in staff canteen	4,465	5,066
Purchase of catering services	122	-

9. Dividends

	Full year ended	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
Ordinary dividend paid:		
First and final dividend of S\$0.0013 per ordinary share in respect on the financial year ended 31 December 2022	5,528	-
Total	5,528	-

10. Trade Receivables

	Group	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	RMB'000
Outside parties	821,165	638,994
Related parties (Note 8)	60	780
Loss allowance	(8,192)	(1,651)
Total	813,033	638,123

Loss allowance for trade receivables and contract assets has always been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables and contract assets 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.

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 data, assumptions and expectations of future conditions.

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 in the next page details the risk profile of trade receivables and contract assets 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.

10. Trade Receivables (Cont'd)

	Group						Total
	< 6 months	7 – 12 months	1 – 2 years	2 – 3 years	3 – 4 years	> 4 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
As at 31 December 2023							
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	607,896	73,079	103,457	17,169	16,219	3,405	821,225
Lifetime ECL	-	-	(259)	(1,324)	(4,055)	(2,554)	(8,192)
							813,033
As at 31 December 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

The table below shows the movement in lifetime ECL that has been recognised for trade receivables and contract assets in accordance with the simplified approach set out in SFRS(I) 9:

Group	Lifetime ECL credit-impaired		
	Individually assessed	Collectively assessed	Total
	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	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
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	-	6,541	6,541
Balance as at December 31, 2023	268	7,924	8,192

11. 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.

	Group	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	RMB'000
Raw materials and consumables	<u>138,028</u>	<u>175,315</u>

Inventories are stated net of allowance.

	Group	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	RMB'000
Movements in allowance for inventories:		
At beginning of year	1,759	4,463
Disposal of subsidiaries	-	(2,704)
Write-off of allowance	(1,251)	-
Total	<u>508</u>	<u>1,759</u>

12. Financial Instruments

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.

The following table presented the financial assets and financial liabilities of the Group measured at fair value:

	Group		Fair value hierarchy
	As at 31 December 2023	As at 31 December 2022	
	RMB'000	RMB'000	
Financial assets at fair value through other comprehensive income - unquoted equity shares	2,142	2,445	Level 3
Financial assets at fair value through other comprehensive income - notes receivables	36,259	50,458	Level 3
Financial liabilities at fair value through profit or loss - convertible bonds - derivative liability component	-	-	Level 2

13. 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	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	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
Total	415,582	415,582

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.

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 has assessed the subsidiaries’ financial performance and based on the impairment testing, the carrying amount of the goodwill as at 31 December 2023 was lower than the recoverable amount.

14. Borrowings

Amount repayable in one year or less, or on demand

(RMB'000)	As at 31 December 2023		As at 31 December 2022	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>1,191,484</u>	<u>-</u>	<u>918,485</u>	<u>-</u>

Amount repayable after one year

(RMB'000)	As at 31 December 2023		As at 31 December 2022	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>2,191,842</u>	<u>-</u>	<u>2,424,490</u>	<u>-</u>

Details of any collaterals:

<u>Collaterals</u>	31 December 2023	31 December 2022
	RMB'000	RMB'000
Secured by building, land use rights, and service concession arrangement and equipment, pledged bank deposit of the subsidiary	2,617,955	2,780,128
Guaranteed by the subsidiary	509,750	288,000
Guaranteed by the company	<u>255,621</u>	<u>274,847</u>

15. Convertible Bonds

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

Due to the amendment agreement, the bond has been assessed to be substantially modified and hence it will be accounted for as an extinguishment of the original liability and recognition of the new liability and the convertible feature will be classified as equity. Management is of the view that the fair value of the revised CB approximates the carrying amount of the previous CB as the revised terms are negotiated with third party bondholders based on market terms. The Group had not adjusted for the fair value of the conversion feature as management is of the view that it is not material.

Management engaged 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.

15. Convertible Bonds (Cont'd)

	Group and Company	
	31 December 2023	31 December 2022
	RMB'000	RMB'000
Debt host liability component, at amortised cost	973,845	892,707
Derivative liability component, at fair value	-	-
Total	973,845	892,707

	Group and Company	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	RMB'000
<u>CB1</u>		
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 loss/(gain)	28,203	15,622
Cumulative interest accrued	591,750	512,727
Fair value gain on CB	(404,025)	(404,025)
Total	947,442	855,838
Less: Interest payables in accruals	(19,846)	(19,424)
Less: Interest paid to bondholders	(101,442)	(82,357)
Debt host and derivative liability component at end of year	826,154	754,057

	Group and Company	
	As at 31 December 2023	As at 31 December 2022
	RMB'000	RMB'000
<u>CB2</u>		
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 loss/(gain)	4,292	1,978
Cumulative interest accrued	75,662	65,388
Fair value gain on CB	(38,872)	(38,872)
Total	164,367	151,779
Less: Interest payables in accruals	(3,470)	(3,393)
Less: Interest paid to bondholders	(13,206)	(9,736)
Debt host and derivative liability component at end of year	147,691	138,650

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

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

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

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

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

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

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

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

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

Pursuant to the 2023 Amendment Agreement, the Company and the Bondholders have, inter alia, mutually agreed to extend the maturity date of the Convertible Bonds to the later of (i) 3 April 2025; or (ii) if so elected by the Bondholders, the date that is the 15th business day after the date on which the Company's audited financial statements for 2024 are issued (the "New Maturity Date"), as well as to make certain other amendments to the terms of the Convertible Bond Purchase Agreement and the CB Terms and Conditions (collectively, the "Proposed Amendments"). The Proposed Amendments had taken effect upon obtaining Shareholders' approval at the special general meeting that was convened on 28 July 2023.

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

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

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

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

Not applicable.

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

Not applicable.

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

These figures have neither been audited nor reviewed.

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

Not applicable.

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

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

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

None.

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

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

	Actual (WITH financial effects of Convertible Bonds)			
	Six months ended		Full year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net profit attributable to equity holders of the Group (RMB'000)	129,843	23,364	175,772	138,799
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per share – <i>basic</i> (RMB cents)	16.32	2.94	22.09	17.44

	Actual (WITHOUT financial effects of Convertible Bonds)			
	Six months ended		Full year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net profit attributable to equity holders of the Group (RMB'000)	153,278	64,038	279,964	136,540
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per share – <i>basic</i> (RMB cents)	19.26	8.05	35.19	17.16

Basic earnings per share for six months and full year ended 31 December 2023 and 31 December 2022 have been calculated based on the weighted average number of ordinary shares issued at 795,686,142 ordinary shares respectively.

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

	Actual (WITH financial effects of Convertible Bonds)			
	Six months ended		Full year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net profit attributable to equity holders of the Group (RMB'000)	153,278	23,364	175,772	136,540
Weighted average number of ordinary shares outstanding ('000)	1,154,049	796,028	795,861	1,154,216
Earnings per share – <i>diluted</i> (RMB cents)	13.28	2.94	22.09	11.83
	Actual (WITHOUT financial effects of Convertible Bonds)			
	Six months ended		Full year ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net profit attributable to equity holders of the Group (RMB'000)	153,278	64,038	279,964	136,540
Weighted average number of ordinary shares outstanding ('000)	795,861	796,028	795,861	796,028
Earnings per share – <i>diluted</i> (RMB cents)	19.26	8.04	35.18	17.15

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

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

	Group			
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	290.65	257.62	322.95	276.83

	Company			
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	(15.12)	3.12	17.18	22.33

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

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **Any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

The Group's performance for the full year ended 31 December 2023 ("FY2023") as compared to that of the full year ended 31 December 2022 ("FY2022")

Based on actual financial performance WITH financial effects of Convertible Bonds

Revenue

The Group's revenue is mainly from provision of utilities. The revenue decreased by approximately RMB 45.5 million or 1.3% from RMB 3,448.6 million in FY2022 to RMB 3,403.1 million in FY2023, which were mainly contributed by:

- A decrease in the construction service revenue from service concession arrangements in accordance with IFRIC 12 Service Concession Arrangements due to the reduced construction of BOT projects in FY2023. This was offset by an increased demand for industrial steam and thus resulting in a ramp-up of existing projects.

The Group's recurring revenue increased by approximately RMB 380.7 million or 13.2% from RMB 2,880.8 million in FY2022 to RMB 3,261.5 million in FY2023.

Gross Profit

Gross profit increased from RMB 513.1 million in FY2022 to RMB 831.6 million in FY2023 by approximately RMB 318.5 million or 62.1%, due mainly to the continued ramp-up of the GI projects in response to the strong demand for clean industrial steam, the solid execution of the price adjustment mechanism, coal blending, equipment technological upgrades and the refined management of the GI projects that gave rise to further improvement in production efficiency.

Profit Before Income Tax

Profit before tax increased by approximately RMB 110.6 million or 47.5% from RMB 233.1 million in FY2022 to RMB 343.7 million in FY2023. The increase was mainly attributable to the following factor:

- (a) Increase in gross profit of RMB 318.5 million as explained above;
- (b) Decrease in foreign exchange losses of approximately RMB 57.1 million or 78.9% from RMB 72.3 million in FY2022 to RMB 15.2 million in FY2023 due mainly to higher appreciation of RMB against the US dollar for the USD Convertible Bonds

The above-mentioned factors were offset by:

- (a) Decrease in fair value gain on Convertible Bonds of RMB 150.7 million or 100.0% from RMB 150.7 million in FY2022 to RMB 0.0 million in FY2023. This was due to (i) a lower share price as of 31 December 2023 compared to 31 December 2022 and (ii) an amendment agreement entered with the CB holders in March 2023, leading to the change in maturity date of the Convertible Bonds from April 2023 to April 2025 in accordance to the circular dated on 11 July 2023;
- (b) Increase in finance costs of RMB 46.3 million or 19.9% from RMB 232.5 million in FY2022 to RMB 278.7 million in FY2023 due to the expensing of the construction loan interest related to the completion of the Shantou Phase II and Xuzhou projects in FY2023 which was previously capitalized in FY2022 as the projects were under construction;
- (c) Increase in administrative expenses of RMB 31.9 million or 34.4% from RMB 92.9 million in FY2022 to RMB 124.8 million in FY2023, due mainly to the agency fees relating to the Convertible Bonds amendment agreement signed in 2023 and accrual of wages and salaries in FY2023;
- (d) Increase in selling and distribution expenses of RMB 10.8 million or 17.8% from RMB 60.4 million in FY2022 to RMB 71.1 million in FY2023 due mainly to the increased sales of steam volume from Shantou project;
- (e) Increase in other operating expenses of RMB 13.5 million or 142.2% from RMB 9.5 million in FY2022 to RMB 23.0 million in FY2023 due to the provision of impairment loss on trade and other receivables.

(f) Decrease in gain of disposal of subsidiaries of RMB 12.8 million in FY2022 to RMB 0.0 million in FY2023.

Income Tax Expense

The income tax expense increased by RMB 28.9 million or 62.5% from RMB 46.3 million in FY2022 to RMB 75.2 million in FY2023, which was in line with the growth in profit.

Profit for the Financial Period

As a result of the above, the Group's net profit attributable to the equity holders increased by RMB 37.0 million or 26.6% from RMB 138.8 million in FY2022 to RMB 175.8 million in FY2023.

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

Review of the Group's Financial Position

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

The Group's total current assets increased by approximately RMB 57.3 million or 3.0% from RMB 1,927.3 million as at 31 December 2022 to RMB 1,984.6 million as at 31 December 2023. The increase was mainly due to:

- (a) Increase in cash and cash equivalents of RMB 77.8 million, mainly due to the cash generated from operating, which was offset by the usage of funds for Build-Operate-Transfer ("BOT") and GI projects;
- (b) Increase in trade receivables of RMB 174.9 million mainly due to the increase in receivables of biomass power subsidies in respect of the Group's biomass GI projects and the increase in accounts receivable of Shantou Project.

The settlement of the biomass power subsidies is mainly based on the prevailing national policies set by the Ministry of Finance of the PRC. The Ministry of Finance of the PRC disburses the subsidies to the local State Grid and other competent authorities after the approval and then the local State Grid pays the subsidies to the biomass plants based on the volume of electricity sold to the State Grid. As a result, almost all trade receivables aged over six months relate to such biomass power subsidies.

As disclosed previously, the Group owned 51% share of Shantou Project and according to the concession agreement signed between the Shantou Chaonan Local Government and CES (a state-owned enterprise), CES is an authorized concessionaire. The Shantou Project has signed a steam supply agreement with CES and currently supplies steam to over 100 downstream printing and dyeing industry companies.

Approximately 78.1% and 34.6% of the trade receivables at 31 December 2022 and 31 December 2023 respectively were collected as at 31 January 2023. Loss allowances for trade receivables and contract assets are based on the expected credit loss model estimated by reference to past default experience of debtors, including historical and forward-looking information.

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

The above-mentioned factors were offset by:

- (a) Decrease in other receivables, deposits and prepayments of RMB 99.8 million due mainly to decrease in prepayment of inventories and deduction of input tax recoverable;
- (b) Decrease in pledged bank deposits of RMB 44.1 million as less collaterals were required for the credit facilities granted at the end of the period; and
- (c) Decrease in inventories of RMB 37.3 million due primarily to consumption of raw materials and more inventories kept as of December 2022.

The Group's total non-current assets decreased by RMB 96.9 million or 1.7% from RMB 5,741.3 million as at 31 December 2022 to RMB 5,644.4 million as at 31 December 2023. The decrease was mainly due to:

- (a) Decrease in property, plant and equipment of RMB 114.8 million mainly due to the construction in progress relating to service concession arrangement transferred to intangible assets and depreciation expenses incurred;

The above-mentioned factor were offset by:

- (a) Increase in intangible assets of RMB 13.0 million mainly due to the construction in progress relating to service concession arrangement transferred from property, plant and equipment, increase in construction progress relating to Xinjiang project and offset by the amortisation of the intangible assets to profit and loss.
- (b) Increase in financial assets measured at amortized cost of RMB 7.8 million mainly due to the net subsidy proceeds received from government in relation to the BOT project of Xinyuan.
- (c) Increase in contract acquisition cost of RMB 6.4 million mainly due to the cost incurred in securing new agreements for existing BOT projects.

The Group's total current liabilities decreased by RMB 1,032.9 million or 34.8% from RMB 2,964.4 million as at 31 December 2022 to RMB 1,931.5 million as at 31 December 2023, mainly due to the following:

- (a) Reclassification of Convertible bonds from current liabilities to non-current liabilities; and
- (b) Decrease in trade payables, other payables and contract liabilities of RMB 431.9 million primarily as a result of payment of outstanding raw materials purchase and payment of construction payables for BOT projects.

The above-mentioned factors were offset by:

- (a) Increase in short-term borrowings of RMB 273.0 million due to replenishment of working capital for GI business.

The Group's total non-current liabilities increased by approximately RMB 730.5 million or 27.5% from RMB 2,654.3 million as at 31 December 2022 to RMB 3,384.9 million as at 31 December 2023. The increase was due to:

- (a) Reclassification of Convertible bonds amounted RMB 973.8 million from current liabilities to non-current liabilities. Please refer to Section 8 Financial Effects of Convertible Bonds.

The above-mentioned factor was offset by:

- (a) Decrease in long-term borrowings of RMB 232.6 million due primarily to the repayment of long-term loans.

Review of the Group's cash flow statement

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

Net cash generated from operating activities amounted to approximately RMB 463.2 million in FY2023, primarily due to the following factors:

- (a) Increased working capital requirements due to the increase in trade receivables of RMB 181.4 million, decrease in financial assets at fair value through other comprehensive income of RMB 14.3 million, decrease in other receivables and prepayments of RMB 87.4 million, decrease in inventories of RMB 38.5 million and decrease in trade payables, other payables and contract liabilities of RMB 111.3 million; and
- (b) Interest and tax paid of RMB 270.5 million in aggregate.

Net cash used in investing activities amounted to RMB 423.7 million mainly due to the purchase of property, plant and equipment of RMB 48.1 million, prepayment on BOT projects of RMB 33.1 million and expenditure on intangible assets of RMB 344.0 million.

Net cash generated from financing activities amounted to RMB 38.3 million due to repayment of bank loans of RMB 1,044.7 million, payment of dividends of RMB 5.5 million, repayment of lease liabilities of RMB 1.5 million and interest paid of 39.1 million, offset by new borrowings from banks of RMB 1,085.1 million and pledged bank deposits of RMB 44.0 million.

Use of Proceeds from Convertible Bonds

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

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

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

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

On 31 December 2020, the Company and the Investors entered into an amendment agreement (the “Amendment Agreement”) to amend certain terms of the purchase agreements of the CBs. The Amendment Agreement confirms that the aggregate principal amount of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds (collectively, the “Convertible Bonds” or “CBs”) issued as at the date of the Amendment Agreement is US\$130 million, and proposes to extend the maturity date of the CBs by one (1) year to 3 March 2023¹.

On 24 March 2023, the Company and the Investors entered into an amendment agreement (the “2023 Amendment Agreement”) to amend the relevant terms of the purchase agreements of the CB1s and CB2s, and the terms and conditions of the Convertible Bonds. The 2023 Amendment Agreement stated that the conversion price will remain at S\$ 0.50 for CB1 and S\$ 0.60 for CB2, and the maturity date of the CBs will be extended by two (2) years to 4 March 2025².

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

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

Use of Proceeds from Convertible Bonds (Cont'd)

The net proceeds have been and will be utilised for the expansion and further investment into Green Investments business, including by way of BOT/BOO/TOT models of centralised steam and electricity projects and other environmental protection related projects. As at 31 January 2024, the Company has utilised an aggregate of US\$ 123.8 million of the net proceeds from Convertible Bonds as per the schedule below.

Project	Use of Convertible Bonds Proceeds	Amount
Shantou	Project construction and equipment Procurement	US\$ 20.4 million (approximately RMB 132.6 million)
Liutuan	Registered capital	US\$ 0.8 million (approximately RMB 5.2 million)
Jining JVC	Installation of steam distribution pipeline	US\$ 1.6 million (approximately RMB 10.3 million)
Xinjiang	Registered capital	US\$ 1.4 million (approximately RMB 9.0 million)
Yingtian ⁽¹⁾	Registered capital	US\$ 0.1 million (approximately RMB 0.5 million)
Shandong Yangguang Institute	Purchase consideration of the acquisition	US\$ 4.3 million (approximately RMB 28.0 million)
Xinyuan Thermal Power	Purchase consideration of the acquisition	US\$ 13.1 million (approximately RMB 85.0 million)
Xintai Zhengda Thermoelectric	Purchase consideration of the acquisition and construction of new facilities	US\$ 22.0 million (approximately RMB 145.0 million)
Yongxing Thermal Power	Purchase consideration of the acquisition	US\$ 50.2 million (approximately RMB 325.5 million)
General	Administrative and general expenses for business expansion of Green Investment related business	US\$ 9.9 million (approximately RMB 64.6 million) ⁽²⁾
Total Convertible Bonds Proceeds utilised		US\$ 123.8 million (approximately RMB 805.7 million)

***Note:**

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

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

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

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

Use of Proceeds from Disposal of M&S Business

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

On 21 May 2021 and 2 July 2021, the Company announced that it has received the Tranche 1 and Tranche 2 Consideration of RMB 1,603.0 million and RMB 687.0 million respectively, for an aggregate amount of RMB 2,290.0 million. After accounting for the expenses incurred by the Company in connection with the disposal, including capital gains tax and stamp duties, of RMB 208.9 million and project adviser fees of RMB 56.7 million, the net proceeds from the proposed disposal of the M&S were RMB 2,024 million.

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

As of 31 January 2024	Use of Proceeds (RMB'000)
Proposed Special Dividend	(925,144) ⁽¹⁾
Bondholder's Special Dividend	(403,316) ⁽¹⁾⁽²⁾
Capital expenditure on existing projects	(501,465)
Feedstock procurement for operation	(79,943)
Construction costs due	(114,585)
Subtotal of net disposal proceeds used	(2,024,453)
Use of Proceeds balance	Nil

Note:

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

As of 31 January 2024, the Net Proceeds have been fully used as per the table above.

Use of Proceeds from Placement of Treasury Shares

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

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

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

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

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

As at 31 January 2024, the Net Proceeds have been fully used for procurement of raw materials required for operation of GI plants.

Financial Effects of Convertible Bonds

Convertible Bonds were issued on 3 March 2017 and 15 October 2018 with the carrying amount of the Convertible Bonds currently stated at fair value as at 31 March 2017 and 15 October 2018 respectively. In accordance with SFRS(I), the financial effects on profit or loss associated with the issuance of compound financial instruments are as follow: (i) fair value change arising from the conversion option and (ii) amortised interest charge relating to the amortised cost liability component of the Convertible Bonds. The fair value change is an accounting treatment arising from the compliance with the accounting standards and has no cash flow effect and no financial impact on the performance targets in relation to the Convertible Bonds as stipulated in the Convertible Bonds Agreement stated in the circular dated 13 February 2017 and 21 August 2018 respectively. On 24 March 2023, the Group and the Investors entered into an amendment agreement (the "2023 Amendment Agreement") which extended the maturity date of the CBs by two years to 3 April 2025. The conversion price of convertible bonds will remain at S\$0.50 for CB1 and S\$0.60 for CB2 and will no longer be subject to the Group's performance target on adjusted profit after taxation and minority interests. Additionally, bondholders are entitled to a higher Total Internal Rate of Return at 10%.

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

The above mentioned related financial effects to the statement of profit or loss and other statements have no operational effect to the financial performance of the Group. Financial effects of Convertible Bonds consist of unrealised foreign exchange translation, amortised interest expense (inclusive of interest charges) and fair value gain/(loss) of Convertible Bonds. Excluding the financial effects of the Convertible Bonds, total net profit attributable to equity holders of the Company increased by RMB 143.4 million or 105.0% from net profit of RMB 136.5 million in FY2022 to net profit of RMB 279.9 million in FY2023.

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

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

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

In FY2023, demand for the clean steam of Sunpower's GI projects remained strong, supported by the resilience of the industrial parks which are either in economically developed areas or have industry clusters of excellence. Total steam sales volume maintained its growth momentum and rose by 20.6% YoY to reach a record high of 10.47 million tons. Concurrently, GI recurring revenue¹ rose 13.2% YoY to RMB 3,261.5 million, another record high since the inception of the GI business.

The profitability of the GI business grew faster than the growth in steam sales volume and revenue in FY2023. GI recurring EBITDA² reached RMB 944.8 million, exceeding FY2022 by 58.0%, while GI recurring PATMI³ rose 114.9% YoY to RMB 340.0 million.

The significant improvement in profitability is attributed to a comprehensive set of factors, including strong demand for clean industrial steam within the coverage areas of the GI projects that underpinned the strong project ramp-up, the emergence of beneficial economies of scale, a well-implemented price adjustment mechanism, and refined management practices and strategic technological upgrades that enhanced project efficiency and profitability.

Furthermore, GI operating cash flow⁴ improved 45.0% YoY to RMB 527.9 million in FY2023.

FY2023 was a breakthrough year for Sunpower. Despite the mixed operating conditions that still carry potential complications, the GI business was able to leverage on its proven business model and refined management practices of its GI projects to achieve positive sales momentum and strong growth in profitability in FY2023. These advantages underlie the growth potential of the GI projects and establish a strong foundation for FY2024 and year ahead.

Domestic consumption was reported to have improved in industries where the GI business has industrial steam customers, such as basic consumer goods (namely food and clothing⁵, and textiles⁶) and hospitality⁷. Further, the industrial sector saw an increase in value-add in 2023.⁸ As for feedstock, prices were relatively stable in 2023⁹ as the balance of supply and demand gradually improved.¹⁰

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 GI recurring EBITDA refers to the recurring Earnings before Interest, Tax, Depreciation and Amortisation of the GI Business. It excludes one-time contributions from services for BOT projects, including EPC services, that are provided by the Group's internal project management department, recognised under *IFRIC 12 Service Concession Arrangements*; as well as expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and remuneration of the employees at the group level, etc., which reflects the operating results of the GI business.

³ GI recurring PATMI refers to the recurring Profit After Tax and Minority Interests of the GI Business which reflects the profit of the GI business attributable to the Group. It excludes one-time revenue contributions from services for BOT projects, including EPC services, that are provided by the Group's internal project management department, recognised under *IFRIC 12 Service Concession Arrangements*; and expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and remuneration of employees at the group level, etc.

⁴ GI operating cashflow refers to cashflow generated by operating activities of the GI Business.

⁵ https://www.stats.gov.cn/english/PressRelease/202402/t20240201_1947120.html

⁶ http://www.ce.cn/cysc/newmain/yc/jsxw/202401/30/t20240130_38885708.shtml

⁷ <https://www.eeo.com.cn/2024/0202/634457.shtml>

⁸ https://www.stats.gov.cn/english/PressRelease/202401/t20240125_1946873.html

⁹ <http://dsmv5.com/jijin/17829.html>

¹⁰ <https://baijiahao.baidu.com/s?id=1786053309250088261&wfr=spider&for=pc>

The outlook for the Group remains encouraging as of February 2024 and barring unforeseen circumstances, demand for industrial steam is expected to remain resilient. The Group intends to continue to focus on improving the profitability of its GI projects and cash flows, leveraging on its reliable business model and refined management practices.

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

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

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

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

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

Pertaining to the Convertible Bonds (the "CBs"), the shareholders approved the extension of the maturity date of the CBs by two years to April 2025, amongst other amendments at a Special General Meeting on 28 July 2023. Sunpower is currently focusing on strategising and exploring options to raise the required funds for redemption. These options include but are not limited to seeking new investors, raising additional equity or debt funding, carrying out a strategic review of the Group's existing operations and financials, and monetising certain GI Projects.

11. If a decision regarding dividend has been made:

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

None.

(b) (i) Amount per share in cents

(ii) Previous corresponding period in cents

	<u>FY2023</u>	<u>FY2022</u>
Dividend Amount Per Share:	None	S\$ 0.0013 per ordinary share
Par Value:	N/A	US\$ 0.01
Dividend Type:	N/A	Cash

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended by the Board of Directors of the Company for the full year ended 31 December 2023 after comprehensive consideration of the Group's capital requirements.

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

The Company's IPT general mandate expired on 28 April 2023. After carefully considering all the relevant factors, including the current status of the 11 projects in operation, the Company did not renew the general mandate from shareholders for IPTs after 28 April 2023. The IPTs for the full year ended 31 December 2023 are outlined as follows:

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	FY2023	
				Aggregate value of all interested person transactions for the full year ended 31 December 2023 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ⁽¹⁾ RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual for the full year ended 31 December 2023 (excluding transactions less than \$100,000) ⁽²⁾ RMB'000
Jiangsu Sunpower Clean Energy Co., Ltd.	Jiangsu Sunpower Technology Co., Ltd.	Associate of controlling shareholders	Lease of office buildings	-	1,895
Xuzhou Sunpower Clean Energy Co., Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Construction fee paid for EPC Contract Industrial Steam Pipeline Project	-	3,573 ⁽³⁾
Changshu Suyuan Thermal Power Co., Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Construction fee paid for Pipeline and Condensation Recovery Project	-	1,540 ⁽³⁾

Note:

- (1) The transactions listed in this column pertain to transactions that are non-mandated.
- (2) The transactions listed in this column pertain to transactions performed under agreements that were entered into during the period in which the Company's IPT general mandate was in force, which was first adopted on 16 April 2021 and renewed on 27 May 2022 before it expired on 28 April 2023. By the nature of certain of these contracts, certain transactions may only accrue upon the satisfaction of certain milestones. Accordingly, such IPTs as approved under the prior IPT general mandate are presented as and when they are accrued.
- (3) On 26 July 2022, Jiangsu Sunpower Pipe-line Engineering Technology Co., Ltd. (the "pipeline company") has been disposed by Sunpower Technology (Jiangsu) Co., Ltd. to unrelated third parties, which are not interested person of the Group. As a result, transactions entered between the Group and the pipeline company on and from 26 July 2022 are no longer interested person transactions within the meaning of Chapter 9 of the Listing Manual. By the nature of certain of these contracts, certain transactions may only accrue upon the satisfaction of certain milestones. Accordingly, such IPTs as approved under the prior IPT general mandate are presented as and when they are accrued.

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	FY2023	
				Aggregate value of all interested person transactions for the full year ended 31 December 2023 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ⁽¹⁾ RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual for the full year ended 31 December 2023 (excluding transactions less than \$100,000) ⁽²⁾ RMB'000
Jiangsu Sunpower Clean Energy Co., Ltd.	<p>Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. (Jiangning branch)</p> <p><u>AND</u></p> <p>Sunpower Technology (Jiangsu) Co., Ltd.</p> <p><u>AND</u></p> <p>Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.</p> <p><u>AND</u></p> <p>Jiangsu Sunpower Technology Co., Ltd.</p> <p><u>AND</u></p> <p>Nanjing Shengnuo Heat Pipe Co.,Ltd.</p>	Associate of controlling shareholders	Fee received for providing catering services in staff canteen	4,466	-

Voluntary Disclosure - Non-IPT for the full year ended 31 December 2023 as these contracts entered with respective parties were signed prior to 30 April 2021 (Disposal of MS segment):

Name of Entity At Risk	Name of non-Interested Person	Nature of Relationship	Nature of Transaction	Aggregate value of all non-interested person transactions for the full year ended 31 December 2023 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000
Hebei Changrun Environmental Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Construction fee paid for heating engineering project	3,235
	Shandong Yangguang Engineering Design Institute Co., Ltd.		Construction fee paid for steam pipe network project	208
Xinjiang Sunpower Clean Energy Co., Ltd.	Shandong Yangguang Engineering Design Institute Co., Ltd.	Associate of controlling shareholders	Construction fee paid for EPC contract	13,803
Xintai Zhengda Thermoelectric Co., Ltd.	Shandong Yangguang Engineering Design Institute Co., Ltd.	Associate of controlling shareholders	Construction fee paid for EPC contract	567

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

Not applicable.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in [Appendix 7.7](#)) under [Rules 720\(1\)](#).

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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Please refer to Note 4 of Notes to Condensed Interim Financial Statements.

- 17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Note 8 of Notes to Condensed Interim Financial Statements.

- 18. A breakdown of sales**

	Group		% change
	2023	2022	
	RMB'000	RMB'000	
(a) Sales reported for first half year	1,636,923	1,519,364	7.7%
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	81,636	134,537	(39.3)%
(c) Sales reported for second half year	1,766,141	1,929,242	(8.5)%
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	186,846	52,259	257.5%

- 19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

(a) Ordinary

	FY2023		FY2022	
	S\$	RMB	S\$	RMB
Final dividends paid per share	N/A	N/A	0.2442	1.1771
Number of shares	795,686,142	795,686,142	795,686,142	795,686,142
Total	N/A	N/A	194,306,556	936,609,000

(b) Preference

Not applicable.

(c) Total

Please refer to paragraph 19(a).

- 20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(10) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company wishes to advise that none of the persons occupying managerial positions in the Company or any of its principal subsidiaries are related to a director, chief executive officer or substantial shareholder of the Company.

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

Ma Ming
Executive Director and Chief Executive Officer

Yang Zheng
Lead Independent Director

BY ORDER OF THE BOARD

Ma Ming
Executive Director and Chief Executive Officer

28 February 2024