

SUNPOWER GROUP LTD.

Unaudited Interim Financial Statements for the First Quarter Ended 31 March 2022

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY RESULTS

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2022

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
		First quarter ended		% change	First quarter ended		% change
		31 March 2022	31 March 2021		31 March 2022	31 March 2021	
Continuing operations							
Revenue		738,481	423,639	74.3	738,481	423,639	74.3
Cost of sales		(632,686)	(338,543)	86.9	(632,686)	(338,543)	86.9
Gross profit		105,795	85,096	24.3	105,795	85,096	24.3
Other operating income	1	3,057	2,813	8.7	3,057	2,813	8.7
Selling and distribution expenses		(10,169)	(6,042)	68.3	(10,169)	(6,042)	68.3
Administrative expenses		(19,509)	(9,869)	97.7	(19,509)	(9,869)	97.7
Foreign exchange gain/(loss)		2,576	(4,924)	(152.3)	(860)	(205)	319.5
Other operating expenses		(94)	(1,415)	(93.4)	(94)	(1,415)	(93.4)
Finance costs		(54,358)	(67,745)	(19.8)	(36,045)	(31,577)	14.1
Share of profit of associate		933	440	112.0	933	440	112.0
Fair value changes on convertible bonds		33,529	66,330	(49.5)	-	-	n.m.
Profit before income tax before income tax from continuing operations	2	61,760	64,684	(4.5)	43,108	39,241	9.9
Income tax expense		(11,981)	(12,110)	(1.1)	(11,981)	(12,110)	(1.1)
Profit for the period from continuing operations		49,779	52,574	(5.3)	31,127	27,131	14.7
Discontinued operations							
Profit for the period from discontinued operations, net of tax	3	-	33,518	(100.0)	-	33,518	(100.0)
Profit for the period		49,779	86,092	(42.2)	31,127	60,649	(48.7)
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss</i>							
Exchange difference on translation of foreign operation		(4)	15	(126.7)	(4)	15	(126.7)
Net fair value loss on investments in debt instruments classified as at FVTOCI		(411)	(529)	(22.3)	(411)	(529)	(22.3)
Total comprehensive income for the period		49,364	85,578	(42.3)	30,712	60,135	(48.9)

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
	First quarter ended		% change	First quarter ended		% change
	31 March 2022	31 March 2021		31 March 2022	31 March 2021	
<u>Profit for the period attributable to:</u>						
Equity holders of the Company	41,093	85,187	(51.8)	22,441	59,744	(62.4)
Non-controlling interests	8,686	905	859.8	8,686	905	859.8
Profit for the period	49,779	86,092	(42.2)	31,127	60,649	(48.7)
<u>Total comprehensive income for the period attributable to:</u>						
Equity holders of the Company	40,643	84,613	(52.0)	21,991	59,170	(62.8)
Non-controlling interests	8,721	965	803.7	8,721	965	803.7
Total comprehensive income for the period	49,364	85,578	(42.3)	30,712	60,135	(48.9)

n.m.. denotes not meaningful

Explanatory Note for WITHOUT financial effects of Convertible Bonds:

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

1(a)(ii) Other information:

Note 1: Other Operating Income

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
	First quarter ended			First quarter ended		
	31 March 2022	31 March 2021	% change	31 March 2022	31 March 2021	% change
Continuing operations						
Government grants	1,980	927	113.6	1,980	927	113.6
Interest income	598	366	63.4	598	366	63.4
Government rebates	230	1,133	(79.7)	230	1,133	(79.7)
Reversal of impairment loss on trade and other receivables, subject to ECL	81	11	636.4	81	11	636.4
Others	168	376	(55.3)	168	376	(55.3)
Total	3,057	2,813	8.7	3,057	2,813	8.7
Discontinued operations						
Government grants	-	1,296	(100.0)	-	1,296	(100.0)
Interest income	-	1,007	(100.0)	-	1,007	(100.0)
Government rebates	-	(8)	(100.0)	-	(8)	(100.0)
Reversal of impairment loss on trade and other receivables, subject to ECL	-	10,486	(100.0)	-	10,486	(100.0)
Others	-	878	(100.0)	-	878	(100.0)
Total	-	13,659	(100.0)	-	13,659	(100.0)

n.m. denotes not meaningful

Note: There is no difference for other operating income with and without financial effects of Convertible Bonds for the first quarter ended 31 March 2022.

Note 2: Profit Before Income Tax

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
	First quarter ended			First quarter ended		
	31 March 2022	31 March 2021	% change	31 March 2022	31 March 2021	% change
<u>Continuing operations</u>						
Depreciation of property, plant and equipment	12,729	15,463	(17.7)	12,729	15,463	(17.7)
Depreciation of right-of-use assets	1,698	2,435	(30.3)	1,698	2,435	(30.3)
Amortisation of intangible assets	32,293	26,938	19.9	32,293	26,938	19.9
Impairment loss on trade and other receivables subject to ECL	36	1,225	(97.1)	36	1,225	(97.1)
Reversal of impairment allowance on trade and non-trade receivables	(81)	(11)	636.4	(81)	(11)	636.4
Loss on disposal of property, plant and equipment	9	23	(60.9)	9	23	(60.9)
Foreign exchange (gain)/loss - net	(2,576)	4,924	(152.3)	860	205	319.5
Finance costs	54,358	67,745	(19.8)	36,045	31,577	14.1
Fair value changes on convertible bonds	(33,529)	(66,330)	(49.5)	-	-	n.m.
<u>Discontinued operations</u>						
Depreciation of property, plant and equipment	-	8,240	(100.0)	-	8,240	(100.0)
Depreciation of right-of-use assets	-	491	(100.0)	-	491	(100.0)
Amortisation of intangible assets	-	84	(100.0)	-	84	(100.0)
Impairment loss on trade and other receivables subject to ECL	-	6,408	(100.0)	-	6,408	(100.0)
Reversal of impairment loss on trade and other receivables subject to ECL	-	(10,486)	(100.0)	-	(10,486)	(100.0)
Loss on disposal of property, plant and equipment	-	156	(100.0)	-	156	(100.0)
Foreign exchange (gain) - net	-	(697)	(100.0)	-	(697)	(100.0)
Finance cost	-	6,032	(100.0)	-	6,032	(100.0)

n.m. denotes not meaningful

Note 3: Results from Discontinued Operations

The Group had on 16 April 2021 completed the disposal of the entire M&S business to Nanjing Sunpower Holdings Co., Ltd. (the "Purchaser") at the consideration of RMB 2.29 billion (the "Disposal"). As there are no major transactions between 16 April 2021 and 30 April 2021, the accounting cut-off date for the Disposal is taken as 30 April 2021. Results of the disposed M&S business are shown as follows:

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			Actual (WITHOUT financial effects of Convertible Bonds)		
	First quarter ended		% change	First quarter ended		% change
	31 March 2022	31 March 2021		31 March 2022	31 March 2021	
Revenue	-	465,248	(100.0)	-	465,248	(100.0)
Cost of sales	-	(356,889)	(100.0)	-	(356,889)	(100.0)
Gross profit	-	108,359	(100.0)	-	108,359	(100.0)
Other operating income	-	13,658	(100.0)	-	13,658	(100.0)
Selling and distribution expenses	-	(11,610)	(100.0)	-	(11,610)	(100.0)
Administrative expenses	-	(58,968)	(100.0)	-	(58,968)	(100.0)
Foreign exchange gain	-	697	(100.0)	-	697	(100.0)
Other operating expenses	-	(7,746)	(100.0)	-	(7,746)	(100.0)
Finance costs	-	(6,032)	(100.0)	-	(6,032)	(100.0)
Profit before income tax from discontinued operations	-	38,358	(100.0)	-	38,358	(100.0)
Income tax expense	-	(4,840)	(100.0)	-	(4,840)	(100.0)
Profit for the period from discontinued operations, net of tax	-	33,518	(100.0)	-	33,518	(100.0)

n.m. denotes not meaningful

Note: There is no difference for other operating income with and without financial effects of Convertible Bonds for the first quarter ended 31 March 2022.

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

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)			
	Group		Company	
	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	259,875	398,399	26,968	39,795
Pledged bank deposits	60,790	60,790	-	-
Trade receivables and contract assets	534,703	422,864	-	-
Other receivables, deposits and prepayments	421,482	359,804	340,369	303,106
Inventories	60,078	122,706	-	-
Financial assets at fair value through other comprehensive income	37,813	3,010	-	-
Total current assets	1,374,741	1,367,573	367,350	342,901
Non-current assets:				
Property, plant and equipment	585,705	647,163	-	-
Right-of-use assets	244,979	246,713	-	-
Other receivables, deposits and prepayments	101,953	58,956	83,660	83,660
Financial assets at fair value through other comprehensive income	2,683	2,683	-	-
Subsidiaries	-	-	914,379	914,379
Associates	31,695	20,761	-	-
Intangible assets	4,059,942	3,820,994	-	-
Deferred tax assets	26,053	24,301	-	-
Goodwill	415,582	415,582	-	-
Total non-current assets	5,468,592	5,237,153	998,039	998,039
Total assets	6,843,333	6,604,726	1,365,389	1,340,940
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables and contract liabilities	348,534	358,475	-	-
Other payables	584,843	490,896	423,111	389,803
Lease liabilities	1,585	1,652	-	-
Borrowings	682,008	594,006	-	-
Income tax payable	16,272	31,445	-	-
Total current liabilities	1,633,242	1,476,474	423,111	389,803
Non-current liabilities:				
Deferred tax liabilities	220,048	219,498	-	-
Borrowings	2,197,546	2,142,726	-	-
Convertible bonds	885,917	909,727	885,917	909,727
Lease liabilities	6,421	5,506	-	-
Total non-current liabilities	3,309,932	3,277,457	885,917	909,727
Capital and reserves:				
Share capital	57,662	57,662	57,662	57,662
Share premium	313,652	313,653	313,652	313,653
General reserves	190,014	187,724	-	-
Share option reserve	319	319	319	319
Foreign currency translation reserve	(194)	(190)	-	-
Revaluation reserve	(1,577)	(1,209)	-	-
Retained earnings (Accumulated losses)	1,067,469	1,028,666	(315,272)	(330,224)
Equity attributable to equity holders of the Company	1,627,345	1,586,624	56,361	41,410
Non-controlling interests	272,814	264,171	-	-
Total equity	1,900,159	1,850,795	56,361	41,410
Total liabilities and equity	6,843,333	6,604,726	1,365,389	1,340,940

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds)			
	Group		Company	
	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)	As at 31 March 2022 (Unaudited)	As at 31 December 2021 (Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	259,875	398,399	26,968	39,795
Pledged bank deposits	60,790	60,790	-	-
Trade receivables and contract assets	534,703	422,864	-	-
Other receivables, deposits and prepayments	421,482	359,804	340,369	303,106
Inventories	60,078	122,706	-	-
Financial assets at fair value through other comprehensive income	37,813	3,010	-	-
Total current assets	1,374,741	1,367,572	367,350	342,901
Non-current assets:				
Property, plant and equipment	585,705	647,163	-	-
Right-of-use assets	244,979	246,713	-	-
Other receivables, deposits and prepayments	101,953	58,956	83,660	83,660
Financial assets at fair value through other comprehensive income	2,683	2,683	-	-
Subsidiaries	-	-	914,379	914,379
Associates	31,695	20,761	-	-
Intangible assets	4,059,942	3,820,994	-	-
Deferred tax assets	26,053	24,301	-	-
Goodwill	415,582	415,582	-	-
Total non-current assets	5,468,592	5,237,153	998,039	998,039
Total assets	6,843,333	6,604,726	1,365,389	1,340,940
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables and contract liabilities	348,534	358,475	-	-
Other payables	572,391	472,324	410,659	371,231
Lease liabilities	1,585	1,652	-	-
Borrowings	682,008	594,006	-	-
Income tax payable	16,272	31,445	-	-
Total current liabilities	1,620,790	1,457,902	410,659	371,231
Non-current liabilities:				
Deferred tax liabilities	220,048	219,498	-	-
Borrowings	2,197,546	2,142,726	-	-
Convertible bonds	761,943	773,221	761,943	773,221
Finance leases	6,421	5,506	-	-
Total non-current liabilities	3,185,958	3,140,951	761,943	773,221
Capital and reserves:				
Share capital	57,662	57,662	57,662	57,662
Share premium	313,652	313,652	313,652	313,653
General reserves	190,014	187,724	-	-
Share option reserve	319	319	319	319
Foreign currency translation reserve	(194)	(190)	-	-
Revaluation reserve	(1,577)	(1,209)	-	-
Retained earnings (Accumulated losses)	1,203,895	1,183,744	(178,846)	(175,146)
Equity attributable to equity holders of the Company	1,763,771	1,741,702	192,787	196,488
Non-controlling interests	272,814	264,171	-	-
Total equity	2,036,585	2,005,873	192,787	196,488
Total liabilities and equity	6,843,333	6,604,726	1,365,389	1,340,940

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

Amount repayable in one year or less, or on demand

(RMB'000)	As at 31 March 2022		As at 31 December 2021	
	Secured	Unsecured	Secured	Unsecured
Borrowings	283,814	398,194	263,731	330,276

Amount repayable after one year

(RMB'000)	As at 31 March 2022		As at 31 December 2021	
	Secured	Unsecured	Secured	Unsecured
Borrowings	2,197,546	-	1,882,726	260,000

Details of any collaterals:

<u>Collaterals</u>	As at 31 March 2022 (RMB'000)	As at 31 December 2021 (RMB'000)
Secured by building and land use rights of the subsidiary	1,515,782	1,252,779
Pledge of shareholding	965,578	893,678
Guaranteed by the company	12,694	321,776
Guaranteed by the subsidiary	385,500	268,500

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2022

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)	
	First quarter ended	
	31 March 2022	31 March 2021
Operating activities		
Profit before income tax	61,760	103,042
Adjustments for:		
Depreciation of property, plant and equipment	12,729	23,703
Depreciation of right-of-use assets	1,698	2,926
Amortisation of intangible assets	32,293	27,022
Exchange differences arising on foreign currency translation	860	(492)
Share of profit of associate	(933)	(440)
Loss on disposal of property, plant and equipment	9	179
Interest income	(599)	(1,373)
Interest expense	54,358	73,777
Impairment loss on trade and other receivables subject to ECL, net	(45)	(2,864)
Exchange (gain)/loss on convertible bonds	(3,436)	4,719
Fair value gain on convertible bonds	(33,529)	(66,330)
Operating cash flows before movements in working capital	125,165	163,869
Trade receivables and contract assets	(111,758)	124,812
Financial assets at fair value through other comprehensive income	(35,350)	(53,189)
Other receivables and prepayments	(26,704)	(247,312)
Inventories	62,627	(127,233)
Trade payables, other payables and contract liabilities	(21,457)	391,057
Cash generated from operations	(7,477)	252,004
Income tax paid	(28,220)	(23,816)
Interest received	598	1,373
Interest paid	(31,207)	(27,011)
Net cash from operating activities	(66,306)	202,550
Investing activities		
Purchase of property, plant and equipment	(16,610)	(35,528)
Prepayment for build-operate-transfer ("BOT") projects	(42,996)	(76,193)
Acquisition of intangible assets	(123,863)	(409,988)
Acquisition of subsidiaries *	(3,082)	(6,848)
Proceeds from disposal of property, plant and equipment	84	2,286
Investment in associate	(10,000)	-
Net cash used in investing activities	(196,467)	(526,271)
Financing activities		
Proceeds from new borrowings	272,069	1,884,370
Repayment of borrowings	(129,248)	(1,099,052)
Repayment of lease liabilities	-	(931)
Proceeds from exercise of share options	-	1,945
Interest paid	(17,708)	(28,590)
Pledged bank deposits	-	(20,150)
Net cash from financing activities	125,113	737,592
Net (decrease)/increase in cash and cash equivalents	(137,660)	413,871
Cash and cash equivalents at beginning of period	398,399	534,491
Effects of foreign exchange rate changes	(864)	15
Cash and cash equivalents at end of period	259,875	948,377

(RMB'000)	Actual (WITHOUT financial effects of Convertible Bonds)	
	First quarter ended	
	31 March 2022	31 March 2021
Operating activities		
Profit before income tax	43,108	77,599
Adjustments for:		
Depreciation of property, plant and equipment	12,729	23,703
Depreciation of right-of-use assets	1,698	2,926
Amortisation of intangible assets	32,293	27,022
Exchange differences arising on foreign currency translation	860	(492)
Share of profit of associate	(933)	(440)
Loss on disposal of property, plant and equipment	9	179
Interest income	(599)	(1,373)
Interest expense	36,045	37,609
Impairment loss on trade and other receivables subject to ECL, net	(45)	(2,864)
Operating cash flows before movements in working capital	125,165	163,869
Trade receivables and contract assets	(111,758)	124,812
Financial assets at fair value through other comprehensive income	(35,350)	(53,189)
Other receivables, deposits and prepayments	(26,704)	(247,312)
Inventories	62,627	(127,233)
Trade payables, other payables and contract liabilities	(21,457)	391,057
Cash generated from operations	(7,477)	252,004
Income tax paid	(28,220)	(23,816)
Interest received	598	1,373
Interest paid	(31,207)	(27,011)
Net cash from/ (used in) operating activities	(66,306)	202,550
Investing activities		
Purchase of property, plant and equipment	(16,610)	(35,528)
Prepayment for build-operate-transfer ("BOT") projects	(42,996)	(76,193)
Acquisition of intangible assets	(123,863)	(409,988)
Acquisition of subsidiaries *	(3,082)	(6,848)
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Investment in associate	(10,000)	-
Net cash used in investing activities	(196,467)	(526,271)
Financing activities		
Proceeds from new borrowings	272,069	1,884,370
Repayment of borrowings	(129,248)	(1,099,052)
Repayment of lease liabilities	-	(931)
Proceeds from exercise of share options	-	1,945
Interest paid	(17,708)	(28,590)
Pledged bank deposits	-	(20,150)
Net cash from financing activities	125,113	737,592
Net increase/ (decrease) in cash and cash equivalents	(137,660)	413,871
Cash and cash equivalents at beginning of period	398,399	534,491
Effects of foreign exchange rate changes	(864)	15
Cash and cash equivalents at end of period	259,875	948,377

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

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

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2022

Actual (WITH financial effects of Convertible Bonds)											
Group	Share capital	Treasury shares	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2021	57,251	(4,690)	309,061	295,978	1,346	(149)	363	1,011,993	1,671,153	313,318	1,984,471
<u>Total comprehensive income for the year</u>											
Profit for the year	-	-	-	-	-	-	-	831,342	831,342	12,013	843,355
Other comprehensive income for the year	-	-	-	-	-	(41)	(737)	-	(778)	35	(743)
Total	-	-	-	-	-	(41)	(737)	831,342	830,564	12,048	842,612
<u>Transactions with owners, recognised directly in equity</u>											
Dividend paid	-	-	-	-	-	-	-	(936,609)	(936,609)	-	(936,609)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	(3,026)	(3,026)
Transfer to general reserves	-	-	-	42,641	-	-	-	(42,641)	-	-	-
Acquisition of non-controlling interest of a subsidiary	-	-	-	12,851	-	-	-	-	12,851	(13,483)	(632)
Disposal of discontinued operations	-	-	-	(163,746)	-	-	(835)	164,581	-	(44,686)	(44,686)
Placement of treasury shares	161	4,690	(331)	-	-	-	-	-	4,520	-	4,520
Employee share option expenses	250	-	4,922	-	(1,027)	-	-	-	4,145	-	4,145
Total	411	4,690	4,591	(108,254)	(1,027)	-	(835)	(814,669)	(915,093)	(61,195)	(976,288)
Balance as at December 31, 2021	57,662	-	313,652	187,724	319	(190)	(1,209)	1,028,666	1,586,624	264,171	1,850,795
<u>Total comprehensive income for January to March 2022</u>											
Profit for January to March 2022	-	-	-	-	-	-	-	41,093	41,093	8,686	49,779
Other comprehensive loss for January to March 2022	-	-	-	-	-	(4)	(368)	-	(372)	(43)	(415)
Total	-	-	-	-	-	(4)	(368)	41,093	40,721	8,643	49,364
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	2,290	-	-	-	(2,290)	-	-	-
Total	-	-	-	2,290	-	-	-	(2,290)	-	-	-
Balance as at March 31, 2022	57,662	-	313,652	190,014	319	(194)	(1,577)	1,067,469	1,627,345	272,814	1,900,159

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Group</u>	Share capital	Treasury shares	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2021	57,251	(4,690)	309,061	295,978	1,346	(149)	363	1,562,590	2,221,750	313,318	2,535,068
<u>Total comprehensive income for the year</u>											
Profit for the year	-	-	-	-	-	-	-	435,823	435,823	12,013	447,836
Other comprehensive income for the year	-	-	-	-	-	(41)	(737)	-	(778)	35	(743)
Total	-	-	-	-	-	(41)	(737)	435,823	435,045	12,048	447,093
<u>Transactions with owners, recognised directly in equity</u>											
Dividend paid	-	-	-	-	-	-	-	(936,609)	(936,609)	-	(936,609)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	(3,026)	(3,026)
Transfer to general reserves	-	-	-	42,641	-	-	-	(42,641)	-	-	-
Acquisition of non-controlling interests	-	-	-	12,851	-	-	-	-	12,851	(13,483)	(632)
Disposal of discontinued operations	-	-	-	(163,746)	-	-	(835)	164,581	-	(44,686)	(44,686)
Placement of treasury shares	161	4,690	(331)	-	-	-	-	-	4,520	-	4,520
Employee share option expenses	250	-	4,922	-	(1,027)	-	-	-	4,145	-	4,145
Total	411	4,690	4,591	(108,254)	(1,027)	-	(835)	(814,669)	(915,093)	(61,195)	(976,288)
Balance as at December 31, 2021	57,662	-	313,652	187,724	319	(190)	(1,209)	1,183,744	1,741,702	264,171	2,005,873
<u>Total comprehensive income for January to March 2022</u>											
Profit for January to March 2022	-	-	-	-	-	-	-	22,441	22,441	8,686	31,127
Other comprehensive loss for January to March 2022	-	-	-	-	-	(4)	(368)	-	(372)	(43)	(415)
Total	-	-	-	-	-	(4)	(368)	22,441	22,069	8,643	30,712
<u>Transactions with owners, recognised directly in equity</u>											
Transfer to general reserves	-	-	-	2,290	-	-	-	(2,290)	-	-	-
Total	-	-	-	2,290	-	-	-	(2,290)	-	-	-
Balance as at March 31, 2022	57,662	-	313,652	190,014	319	(194)	(1,577)	1,203,895	1,763,771	272,814	2,036,585

Actual (WITH financial effects of Convertible Bonds)

<u>Company</u>	Share capital	Treasury shares	Share premium	Share option reserve	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2021	57,251	(4,690)	309,061	1,346	(699,520)	(336,552)	(336,552)
Profit for the year, representing total comprehensive loss for the year	-	-	-	-	1,305,905	1,305,905	1,305,905
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	250	-	4,922	(1,027)	-	4,145	4,145
Placement of treasury shares	161	4,690	(331)	-	-	4,520	4,520
Dividends paid	-	-	-	-	(936,609)	(936,609)	(936,609)
Total	411	4,690	4,591	(1,027)	(936,609)	(927,944)	(927,944)
Balance as at December 31, 2021	57,662	-	313,652	319	(330,224)	41,409	41,409
Profit for the period, representing total comprehensive income for January to March 2022	-	-	-	-	14,952	14,952	14,952
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	-	-	-	-	-	-	-
Placement of treasury shares	-	-	-	-	-	-	-
Disposal of discontinued operation	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Balance as at March 31, 2022	57,662	-	313,652	319	(315,272)	56,361	56,361

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Company</u>	Share capital	Treasury shares	Share premium	Share option reserve	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2021	57,251	(4,690)	309,061	1,346	(148,923)	214,045	214,045
Profit for the year, representing total comprehensive profit for the year	-	-	-	-	910,386	910,386	910,386
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	250	-	4,922	(1,027)	-	4,145	4,145
Placement of treasury shares	161	4,690	(331)	-	-	4,520	4,520
Dividend paid	-	-	-	-	(936,609)	(936,609)	(936,609)
Total	411	4,690	4,591	(1,027)	(936,609)	(927,944)	(927,944)
Balance as at December 31, 2021	57,662	-	313,652	319	(175,146)	196,487	196,487
Loss for the period, representing total comprehensive loss for January to March 2022	-	-	-	-	(3,700)	(3,700)	(3,700)
<u>Transactions with owners, recognised directly in equity</u>							
Employee share option expenses	-	-	-	-	-	-	-
Placement of treasury shares	-	-	-	-	-	-	-
Disposal of discontinued operation	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Balance as at March 31, 2022	57,662	-	313,652	319	(178,846)	192,787	192,787

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

	GROUP AND COMPANY	
	As at 31 March 2022	As at 31 March 2021
	<u>Number of ordinary shares</u>	
<u>Issued and fully paid up:</u>		
At the beginning of the financial year	795,686,142	791,848,142
Add: Exercise of share options during first quarter	-	2,500,000
At the end of the period	795,686,142	794,348,142
Total number of treasury shares (Note A)	-	2,542,000
Total number of issued shares excluding treasury shares	795,686,142	791,806,142
Total number of issued shares	795,686,142	794,348,142

Note A

The number of shares held as treasury shares by the Company represents 0% (31 March 2021: 0.3%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company as at 31 March 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 CB1s and CB2s which was initially on 3 March 2023, is elected by the Bondholders to be the 15th Business Day after the date on which the Issuer’s audited financial statements for 2022 are issued (for further details, please refer to the circular to shareholders that was released on 31 March 2021).

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

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

Assuming that all the outstanding CB1s and CB2s have been converted at S\$ 0.50 and S\$ 0.60 respectively and that all the share options granted have been exercised as at 31 March 2022, the maximum number of shares that may be issued as at 31 March 2022 is 359,379,000 ordinary shares (31 March 2021: 360,717,000 ordinary shares). The fully diluted shares (including treasury shares) as at 31 March 2022 and 31 March 2021 were 1,155,065,142 ordinary shares respectively.

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

	As at 31 March 2022	As at 31 March 2021
Total number of issued shares	795,686,142	794,348,142
Less: Total number of treasury shares	-	(2,542,000)
Total number of issued shares excluding treasury shares	795,686,142	791,806,142

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

Not applicable.

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

Not applicable.

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

These figures have neither been audited nor reviewed.

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

Not applicable.

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

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

Not applicable.

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

Not applicable.

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

The Group has consistently applied the same accounting policies and methods of computation for the current reporting period compared with the audited financial statements for the year ended 31 December 2021.

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

None.

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

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

	Actual (WITH financial effects of Convertible Bonds)		Actual (WITHOUT financial effects of Convertible Bonds)	
	First quarter ended 31 March 2022	31 March 2021	First quarter ended 31 March 2022	31 March 2021
<u>From continuing and discontinued operations:</u>				
Net profit attributable to equity holders of the Group (RMB'000)	41,093	85,187	22,441	59,744
Weighted average number of ordinary shares outstanding ('000)	795,686	790,314	795,686	790,314
Earnings per share - basic (RMB cent)	5.16	10.78	2.82	7.56
<u>From continuing operations:</u>				
Net profit attributable to equity holders of the Group (RMB'000)	41,093	51,503	22,441	26,060
Weighted average number of ordinary shares outstanding ('000)	795,686	790,314	795,686	790,314
Earnings per share - basic (RMB cent)	5.16	6.52	2.82	3.30

Basic earnings per share for the first quarter ended 31 March 2022 and 31 March 2021 have been calculated based on the weighted average number of ordinary issued share capital of 795,686,142 and 790,313,698 ordinary shares respectively.

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

	Actual (WITH financial effects of Convertible Bonds)		Actual (WITHOUT financial effects of Convertible Bonds)	
	First quarter ended 31 March 2022	31 March 2021	First quarter ended 31 March 2022	31 March 2021
<u>From continuing and discontinued operations:</u>				
Net profit attributable to equity holders of the Group (RMB'000)	22,441	59,744	22,441	59,744
Weighted average number of ordinary shares outstanding ('000)	1,154,532	1,150,152	796,344	791,964
Earnings per share - <i>diluted</i> (RMB cents)	1.94	5.19	2.82	7.54
<u>From continuing operations:</u>				
Net profit attributable to equity holders of the Group (RMB'000)	22,441	26,060	22,441	26,060
Weighted average number of ordinary shares outstanding ('000)	1,154,532	1,150,152	796,344	791,964
Earnings per share - <i>diluted</i> (RMB cents)	1.94	2.27	2.82	3.29

Diluted earnings per share for the above periods have been calculated by excluding treasury shares and assuming the outstanding convertibles have been converted at S\$ 0.50 and S\$ 0.60 based on exercise prices of convertible bonds issued on 3 March 2017 and 15 October 2018 respectively, and that the share options granted have been exercised as at 31 March 2022. The warrants issued along with the CB2s have expired on 31 December 2020.

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

	Group			
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	238.81	232.60	255.95	252.09

	Company			
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	7.08	5.20	24.23	24.69

The net asset value per share for 31 March 2022 and 31 December 2021 have been computed based on shareholders' equity as at these dates and the existing share capital of 795,686,142 ordinary shares as at 31 March 2022 and 31 December 2021 respectively.

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

Review of the Group's performance for the first quarter ended 31 March 2022 ("1Q2022") as compared to that of the first quarter ended 31 March 2021 ("1Q2021")

Based on actual financial performance WITH financial effects of Convertible Bonds

Revenue

The Group's revenue from continuing operations increased by approximately RMB 314.8 million or 74.3% from RMB 423.6 million in 1Q2021 to RMB 738.5 million in 1Q2022. The increase was mainly contributed by:

- The rise in sales price of steam;
- The contributions to some new customers for existing plant such as Shantou project;
- Two boilers with higher capacity started operation in addition to the biomass boiler of Xintai project;
- The steam supply to Sanli of Changrun project; and
- The construction service revenue from service concession arrangements of RMB89.8M in accordance with IFRIC 12 Service Concession Arrangements.

Gross Profit

The Group's gross profit from continuing operations increased by approximately RMB 20.7 million or 24.3% which was in line with the growth of revenue from RMB 85.1 million in 1Q2021 to RMB 105.8 million in 1Q2022.

Profit before Income Tax from Continuing Operations

Profit before tax from continuing operations decreased by RMB 2.9 million or 4.5% from RMB 64.7 million in 1Q2021 to RMB 61.8 million in 1Q2022. The decrease was mainly attributable to the following factors:

- (a) Decrease in fair value gain on Convertible Bonds of RMB 32.8 million from RMB 66.3 million in 1Q2021 to RMB 33.5 million in 1Q2022, due mainly to less decrease in share price during the financial quarter from 1 January 2022 to 31 March 2022 as compared to the decrease in share price during the financial quarter from 1 January 2021 to 31 March 2021.
- (b) Increase in administrative expenses of RMB 9.6 million was in line with the daily operation of GI business since the disposal of M&S business.

The above-mentioned factor was offset by:

- (a) Decrease in finance costs of RMB 13.4 million mainly due to the decrease in amortized interest costs of Convertible Bonds resulting from extension of maturity date;
- (b) Decrease in foreign exchange loss of RMB 7.5 million was mainly due to the fact that RMB appreciated against US dollar for the USD Convertible Bonds while RMB depreciated against US dollar the same period last year; and

Income Tax Expense for Continuing Operations

The income tax expense decreased by RMB 0.1 million or 1.1% from RMB 12.1 million in 1Q2021 to RMB 12.0 million in 1Q2022.

Profit for the Financial Period - Continuing Operations

As a result of the above, the net profit from continuing operations decreased by RMB 2.8 million or 5.3% from RMB 52.6 million in 1Q2021 to RMB 49.8 million in 1Q2022. Excluding the gain from financial effects of the Convertible Bonds of RMB 18.7 million, the net profit from continuing operations for 1Q2022 was RMB 31.1 million.

Profit for the Financial Period – Discontinued Operations

On 16 April 2021, the Group had completed the disposal of the entire M&S business to the Purchaser. As there are no major transactions between 16 April 2021 and 30 April 2021, the accounting cut-off date for the Disposal is taken as 30 April 2021. Hence, the results of operations for M&S business in 1Q2022 was nil.

Total Profit for the Financial Period

As a result of the above, the Group's net profit attributable to shareholders decreased by RMB 36.3 million or 42.2% from RMB 86.1 million in 1Q2021 to RMB 49.8 million in 1Q2022.

(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 7.2 million or 0.5% from RMB 1,367.6 million as at 31 December 2021 to RMB 1,374.7 million as at 31 March 2022. The increase was mainly due to:

- (a) Increase in trade receivables and contract assets of RMB 111.8 million mainly due to receivables from certain customers yet to be collected.

Approximately 35.2% and 19.1% of the trade receivables at 31 December 2021 and 31 March 2022 respectively were collected as at 30 April 2022. Most of the trade receivables are due from customers that are state-owned enterprises or listed companies. Overall, the Group's customers are credit worthy. Loss allowances for trade receivables and contract assets are based on the expected credit loss model estimated by reference to past default experience of debtors, including historical and forward-looking information.

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

- (b) Increase in other receivables, deposits and prepayments of RMB 61.7 million mainly due to the increase in prepayment for inventories and subsidies receivable from government in respect of BOT projects from Shantou and Xinjiang project, etc.; and
- (c) Increase in financial assets at fair value through other comprehensive income of RMB 34.8 million resulting mainly from addition in notes receivables held by the GI business.

The above increase were outweighed by the following:

- (a) Decrease in cash and cash equivalents of RMB 138.5 million, mainly due to the usage of funds for Build-Operate-Transfer ("BOT") and GI projects; and
- (b) Decrease in inventories of RMB 62.6 million due primarily to consumption of raw materials.

The Group's total non-current assets increased by RMB 231.4 million or 4.4% from RMB 5,237.2 million as at 31 December 2021 to RMB 5,468.6 million as at 31 March 2022. The increase was mainly due to:

- (a) Increase in other receivables, deposits and prepayments of RMB 43.0 million due primarily to the increase in prepayments for BOT projects;
- (b) Increase in intangible assets of RMB 238.9 million due to service concession arrangements relating to Shantou phase 2 and Xinjiang projects on hand as at 31 March 2022; and
- (c) Increase in Subsidiary and Associates of RMB 10.9 million due primarily to investment on a joint venture to supply industrial steam using general solid waste.

The above-mentioned factors were offset by:

- (a) Decrease in property, plant and equipment of RMB 61.5 million due mainly to the depreciation expenses incurred and construction in progress relating to service concession arrangement transferred to intangible assets account.

The Group's total current liabilities increased by RMB 156.8 million or 10.6% from RMB 1,476.5 million as at 31 December 2021 to RMB 1,633.2 million as at 31 March 2022, mainly due to the following:

- (a) Increase in short-term borrowings of RMB 88.0 million due to replenishment of working capital for GI business; and
- (b) Increase in other payables of RMB 93.9 million mainly results from construction payables for BOT projects.

The above-mentioned factors were offset by:

- (a) Decrease in income tax payable of RMB 15.2 million; and
- (b) Decrease in trade payables and contract liabilities of RMB 9.9 million primarily as a result of increase in note payables to third parties of RMB 23.8 million, offset by an aggregate decrease in customer advances and payable to third parties of RMB 33.8 million.

The Group's total non-current liabilities increased by approximately RMB 32.5 million or 1.0% from RMB 3,277.5 million as at 31 December 2021 to RMB 3,309.9 million as at 31 March 2022. The increase was due to:

- (a) Increase in long-term borrowings of RMB 54.8 million due primarily to the financing of the Shantou and Tongshan projects.

The above-mentioned factor was offset by:

- (a) Decrease in fair value of Convertible Bonds of RMB 23.8 million in 1Q2022. *Please refer to Section 8 Financial Effects of Convertible Bonds.*

Review of the Group's cash flow statement

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

Net cash used in operating activities amounted to approximately RMB 66.3 million in 1Q2022, primarily due to the following factors:

- (a) Increased working capital requirements due to the increase in trade receivables of RMB 111.8 million, increase in financial assets at fair value through other comprehensive income of RMB 35.4 million, increase in other receivables and prepayments of RMB 26.7 million, decrease in inventories of RMB 62.6 million, decrease in trade payables of RMB 9.2 million and decrease in other payables of RMB 12.2 million; and

(b) Interest and tax paid of RMB 59.4 million in aggregate.

Net cash used in investing activities amounted to RMB 196.5 million mainly due to the acquisition of intangible assets of RMB 123.9 million, purchase of property, plant and equipment of RMB 16.6 million, prepayment for BOT projects of RMB 43.0 million and investment in associate of RMB 10.0 million.

Net cash generating from financing activities amounted to RMB 125.1 million due to proceeds from bank loans of RMB 272.1 million, offset by repayment of bank loans of RMB 129.2 million and interest paid of RMB 17.7 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.

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 2022, 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	Registered capital	US\$ 0.1 million (approximately RMB 0.5 million)
Shandong Yangguang Institute	Purchase consideration of the acquisition	US\$ 4.3 million (approximately RMB 28.0 million)
Xinyuan Thermal Power	Purchase consideration of the acquisition	US\$ 13.1 million (approximately RMB 85.0 million)
Xintai Zhengda Thermoelectric	Purchase consideration of the acquisition and construction of new facilities	US\$ 22.0 million (approximately RMB 145.0 million)
Yongxing Thermal Power	Purchase consideration of the acquisition	US\$ 50.2 million (approximately RMB 325.5 million)
General	Administrative and general expenses for business expansion of Green Investment related business	US\$ 9.9 million (approximately RMB 64.6 million)
Total Convertible Bonds Proceeds utilised		US\$ 123.8 million (approximately RMB 805.7 million)

*Note:

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

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

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

Use of Proceeds from Disposal of M&S Business

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

On 21 May 2021 and 2 July 2021, the Company announced that it has received the Tranche 1 and Tranche 2 Consideration of RMB 1,603.0 million and RMB 687.0 million respectively, for an aggregate amount of RMB 2,290.0 million. After accounting for the expenses incurred by the Company in connection with the disposal, including capital gains tax and stamp duties, of RMB 208.9 million and project adviser fees of RMB 59.0 million, the net proceeds from the proposed disposal of the M&S were RMB 2,022.1 million.

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

As of 30 April 2022	Use of Proceeds (RMB'000)
Proposed Special Dividends	(925,144) ⁽¹⁾
Bondholder's Special Dividends	(403,316) ⁽¹⁾⁽²⁾
Changrun Project - used for the acquisition of a 25-year exclusive right to supply steam to Sanli	(100,000)
Progress payment for construction of Shanxi Xinjiang Project	(113,831)
Progress payment for construction of Tongshan Project	(45,533)
Progress payment for construction of Xintai new plant	(127,300)
Pipeline construction for Xintai, Changrun Projects	(37,157)
Feedstock procurement for operation	(75,867)
Construction costs due	(114,585)
Subtotal of net disposal proceeds used	(1,942,733)
Use of Proceeds balance	81,721

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.

Use of Proceeds from Placement of Treasury Shares

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

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

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

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

As at 30 April 2022, the Net Proceeds have been fully used for procurement of raw materials required for operation of GI plants.

Financial Effects of Convertible Bonds

Convertible Bonds were issued on 3 March 2017 and 15 October 2018 with the carrying amount of the Convertible Bonds currently stated at fair value as at 31 March 2017 and 15 October 2018 respectively. In accordance with SFRS(I), the financial effects on profit or loss associated with the issuance of compound financial instruments are as follows: (i) fair value change arising from

fair valuation relating to the conversion option and (ii) amortised interest charge relating to the amortised cost liability component of the Convertible Bonds. The fair value change is an accounting treatment arising from the compliance with the accounting standards and has no cash flow effect and no financial impact on the performance targets in relation to the Convertible Bonds as stipulated in the Convertible Bonds Agreement stated in the circular dated 13 February 2017 and 21 August 2018 respectively.

The fair value change of the Convertible Bonds and the related financial effects to the statement of profit or loss and other statements have no operational effects to the financial performance of the Group. Financial effects of Convertible Bonds consist of unrealised foreign exchange translation, amortised interest expense (inclusive of interest charges) and fair value gain/(loss) of Convertible Bonds. Excluding the financial effects of the Convertible Bonds, total net profit attributable to equity holders of the Company decreased by RMB 37.3 million or 62.4% from RMB 59.7 million in 1Q2021 to RMB 22.4 million in 1Q2022, while the net profit from continuing operations attributable to equity holders of the Company decreased by RMB 3.6 million or 13.9% from RMB 26.1 million in 1Q2021 to RMB 22.4 million in 1Q2022.

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.

Total steam sales volume grew 22.6% YoY to 2.16 million tons in 1Q 2022 due to the continued ramp-up of the GI projects including Shantou Project, bolstered by strong demand from end-customers.

GI recurring revenue¹ grew 53.1% YoY to RMB648.7 million. The significant growth was mainly attributable to the ramp-up of steam sales volume and an increase in steam price achieved through the utilisation of the price formation mechanism that links feedstock cost to steam price.

GI recurring EBITDA¹ grew 15.7% YoY to RMB133.5 million, while GI recurring PATMI² grew 6.4% YoY to RMB28.7 million. The results were achieved despite challenges that mainly included the rising and volatile trend of feedstock price as a result of the geopolitical issues and the resurgence of the pandemic in certain areas in China.

Group revenue from continuing operations rose 74.3% YoY to RMB738.5 million in 1Q 2022 due to the continued ramp-up of the GI business and contributions from internal EPC services for BOT projects that are provided by the Group's internal project management department, recognised in accordance with IFRIC 12 Service Concession Arrangements. Profit/(Loss) for the

¹ GI recurring revenue refers to recurring revenue generated by the GI business. It excludes one-time contributions from internal EPC services for BOT projects that are provided by the Group's internal project management department, recognised in accordance with *IFRIC 12 Service Concession Arrangements*.

¹ GI recurring EBITDA refers to the recurring Earnings before Interest, Tax, Depreciation and Amortisation of the GI Business. It excludes gains or costs incurred by way of the Manufacturing & Services (M&S) business disposal such as excess cash dividends, gain on disposal, withholding tax, etc.; one-time contributions from internal EPC services for BOT projects 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.

² GI recurring PATMI refers to the recurring Profit After Tax and Minority Interests of the GI Business. It excludes gains or costs incurred by way of the M&S disposal such as excess cash dividends, gain on disposal, withholding tax, etc.; one-time revenue contributions from internal EPC services for BOT projects 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 the employees at the group level, etc., which reflects the profit of the GI business attributable to the Group.

period from continuing operations, without financial effects of Convertible Bonds and Warrants, was RMB31.1 million³ in 1Q 2022, up 14.7% YoY from 1Q 2021.

According to news reports, the pandemic in China has re-surfaced since 1Q 2022, and containment measures such as lockdowns have resulted in the operations of downstream enterprises being affected.⁴ The government has strengthened the implementation of its dynamic clearance policy in order to swiftly and precisely control the pandemic before it gains momentum.⁵

As disclosed on 26 April 2022, the pandemic resurgence in some areas in China had resulted in the normal operations of some customers and some projects of the Company being temporarily affected. The company is closely monitoring the situation and has proactively prepared and implemented contingency plans and measures. As at the date of this announcement, the GI projects that were temporarily affected have seen a recovery in their operations.

The prices of energy and other commodities have been pushed up due to geopolitical issues.⁶ Hence, the National Development and Reform Commission (NDRC) has stepped up its efforts to further stabilise feedstock prices and ensure energy security. On 5 March 2022, it said that it will boost the production of more modern mines and enhance reserve capacity, guarantee transportation and further improve pricing mechanisms.⁷

In addition, the People's Bank of China announced on 4 May 2022 that it will increase the special refinancing quota to support the clean and efficient utilisation of feedstock by RMB100 billion. This financial support instrument will be specially provided to support the development and use of feedstock and enhance the capacity of reserves.⁸

Barring unforeseen circumstances, the Group expects the business trends summarised below to benefit its business in FY2022. Please note that Sunpower's financial results⁹ should be viewed on a 12-month basis to arrive at a balanced perspective.

- (1) Continued ramp-up and enhancement of each existing GI plant, namely:
 - Continuous connection of new customers, following mandatory closures of small dirty boilers, mandatory location and/or relocation of new factories into industrial parks, expansion of coverage area, and/or organic growth of customers and industrial parks served by the Group's GI plants.
- (2) Additional contributions from expansion of existing plants and new plants, namely:
 - Expected production launch of Shantou Project Phase 2 in 2022.
 - Xintai Zhengda Project's new plant has been in operation.
 - Tongshan Project has commenced commercial production.
 - Shanxi Xinjiang Project which is expected to start operations in 2022.
- (3) Continued execution of holistic strategy to further enhance profitability, namely:
 - Leverage on the price formation mechanism that links feedstock costs to steam prices with greater flexibility and reduction of feedstock price volatility to achieve a new equilibrium in profitability.
 - Continue to deploy the Mitigation Measures which included but were not limited to raising steam prices with customers; diversifying the feedstock mix to include biomass, sludge and general solid waste; continued implementation of the cost-reduction strategy

³ "Profit/(Loss) for the period from continuing operations" in the "WITHOUT financial effects of Convertible Bonds and Warrants" column of the P&L statement, which adjusts "Profit/(Loss) for the period from continuing operations" in the "WITH financial effects of Convertible Bonds and Warrants" column for amortised interest expenses, fair value adjustments and foreign exchange gains or losses associated with the Convertible Bonds and Warrants.

⁴ <https://www.wsj.com/articles/manufacturers-grind-to-a-halt-in-china-as-lockdowns-expand-11649343420>

⁵ <http://www.chinadaily.com.cn/a/202204/07/WS624e1dd2a310fd2b29e55678.html>

⁶ <https://www.worldbank.org/en/news/press-release/2022/04/26/food-and-energy-price-shocks-from-ukraine-war>

⁷ <https://www.reuters.com/business/energy/china-boost-coal-output-reserves-ensure-power-supply-ndrc-2022-03-05/>

⁸ <https://baijiahao.baidu.com/s?id=1731959499327935701&wfr=spider&for=pc>

⁹ Under the terms of the Amendments to the Convertible Bond Purchase Agreements, the performance target for the financial year ended 31 December 2021 ("FY2021") has been replaced with a new performance target for the financial year ended 31 December 2022 ("FY2022"). Refer to the 31 March 2021 circular to shareholders for more details.

of controlling unit material use; stocking up on feedstock when prices are conducive; optimisation of steam transmission efficiency; strengthening the ramp-up of GI plant utilisation by connecting to more customers; and further reinforcing the refined management of the plants.

11. If a decision regarding dividend has been made:

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

None.

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

None.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended by the Board of Directors of the Company for the quarter ended 31 March 2022. It is not the Company's practice to declare dividends during the first quarter of the financial year.

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

The Group had obtained a general mandate from shareholders for IPTs at the Company's special general meeting held on 16 April 2021, which has expired at the Company's annual general meeting held on 28 April 2022. As disclosed in the Company's notice of special general meeting dated 6 May 2022, the Company is seeking the renewal of the general mandate at an upcoming special general meeting to be held on 27 May 2022. If approved by shareholders, the renewed general mandate will take effect from the date of the passing of the ordinary resolution as set out in the notice of special general meeting and will (unless revoked or varied by the Company in a general meeting) continue to be in force until the conclusion of the next annual general meeting of the Company in the calendar year 2023. The IPTs for the three months ended 31 March 2022, including IPTs conducted under the general mandate then in force, are outlined as follows:

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	3M2022	
				Aggregate value of all interested person transactions for the first quarter ended 31 March 2022 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual for the first quarter ended 31 March 2022 (excluding transactions less than \$100,000) RMB'000
Jiangsu Sunpower Clean Energy Co., Ltd.	Jiangsu Sunpower Technology Co., Ltd.	Associate of controlling shareholders	Lease of office buildings	N.A.	634
Hebei Changrun Environmental Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Equipment cost for utility facilities for EPC	N.A.	1,364

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	3M2022	
				Aggregate value of all interested person transactions for the first quarter ended 31 March 2022 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual for the first quarter ended 31 March 2022 (excluding transactions less than \$100,000) RMB'000
Jiangsu Sunpower Clean Energy Co., Ltd.	<p>Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. (Jiangning branch)</p> <p><u>AND</u></p> <p>Sunpower Technology (Jiangsu) Co., Ltd.</p> <p><u>AND</u></p> <p>Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.</p> <p><u>AND</u></p> <p>Jiangsu Sunpower Technology Co., Ltd.</p> <p><u>AND</u></p> <p>Nanjing Shengnuo Heat Pipe Co.,Ltd.</p>	Associate of controlling shareholders	Fee received for providing catering services in staff canteen	814	N.A.

Voluntary Disclosure - Non-IPT for the first quarter ended 31 March 2022 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 interested person transactions for the first quarter ended 31 March 2022 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
				RMB'000
Shantou Sunpower Keying Thermal Power Co., Ltd.	Shandong Yangguang Engineering Design Institute Co., Ltd.	Associate of controlling shareholders	Construction fee paid for Engineering, Procurement and Construction ("EPC") contract	34,221
Hebei Changrun Environmental Ltd.	Shandong Yangguang Engineering Design Institute Co., Ltd.	Associate of controlling shareholders	Development cost for heating pipe network extension project	1,248
Hebei Changrun Environmental Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Construction fee paid for EPC contract	526
Xinjiang Sunpower Clean Energy Co., Ltd.	Shandong Yangguang Engineering Design Institute Co., Ltd.	Associate of controlling shareholders	Construction fee paid for EPC contract	36,957
Xinjiang Sunpower Clean Energy Co., Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Construction fee paid for EPC contract	1,819
Xintai Zhengda Thermoelectric Co., Ltd.	Shandong Yangguang Engineering Design Institute Co., Ltd.	Associate of controlling shareholders	Equipment cost paid for EPC contract	1,173
Xintai Zhengda Thermoelectric Co., Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Equipment cost for utility facilities for EPC	48,355
Hebei Changrun Environmental Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Equipment cost for utility facilities for EPC	17,764
Qingdao Xinyuan Thermal Power Co., Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Equipment cost for utility facilities for EPC	34,982
Quanjiao Sunpower Clean Energy Co., Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Equipment cost for utility facilities for EPC	364

Name of Entity At Risk	Name of Non-Interested Person	Nature of Relationship	Nature of Transaction	Aggregate value of all interested person transactions for the first quarter ended 31 March 2022 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000
Lianshui Sunpower Clean Energy Co., Ltd.	Jiangsu Sunpower Technology Co., Ltd.	Associate of controlling shareholders	Equipment cost for utility facilities for EPC	82
Lianshui Sunpower Clean Energy Co., Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Equipment cost for utility facilities for EPC	868
Zhangjiagang Yongxing Thermal Power Co., Ltd.	Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.	Associate of controlling shareholders	Equipment cost for utility facilities for EPC	1,037

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

We do hereby confirm on behalf of the Board of Directors of the Company (“the Board”) that, to the best of our knowledge nothing has come to the attention of the Board which may render the unaudited financial statements for the first quarter ended 31 March 2022 to be false or misleading in any material aspect.

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

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

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

Ma Ming
Executive Director and Chief Executive Officer

Yang Zheng
Lead Independent Director

BY ORDER OF THE BOARD

Ma Ming
Executive Director and Chief Executive Officer

15 May 2022