

Condensed Interim Financial Statements for the Second Quarter and Six Months Ended 30 June 2023

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY AND SIX MONTHS RESULTS

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
		Second quarter ended			Six months ended			Second quarter ended			Six months ended		
		30 June 2023	30 June 2022	% change	30 June 2023	30 June 2022	% change	30 June 2023	30 June 2022	% change	30 June 2023	30 June 2022	% change
Revenue	4	838,565	780,882	7.4%	1,636,923	1,519,364	7.7%	838,565	780,882	7.4%	1,636,923	1,519,364	7.7%
Cost of sales		(625,619)	(629,206)	(0.6%)	(1,271,965)	(1,261,893)	0.8%	(625,619)	(629,206)	(0.6%)	(1,271,965)	(1,261,893)	0.8%
Gross profit		212,946	151,676	40.4%	364,958	257,471	41.7%	212,946	151,676	40.4%	364,958	257,471	41.7%
Other operating income	5	6,730	3,176	111.9%	9,324	6,233	49.6%	6,730	3,176	111.9%	9,324	6,233	49.6%
Selling and distribution expenses		(19,465)	(15,037)	29.4%	(32,923)	(25,206)	30.6%	(19,465)	(15,037)	29.4%	(32,923)	(25,206)	30.6%
Administrative expenses		(21,485)	(21,654)	(0.8%)	(42,254)	(41,163)	2.7%	(21,485)	(21,654)	(0.8%)	(42,254)	(41,163)	2.7%
Foreign exchange (loss)/ gain		(45,839)	(43,907)	4.4%	(34,024)	(41,331)	(17.7%)	534	772	(30.8%)	373	(88)	(523.9%)
Other operating expenses		(230)	(328)	(29.9%)	(259)	(422)	(38.6%)	(230)	(328)	(29.9%)	(259)	(422)	(38.6%)
Finance costs		(68,317)	(65,204)	4.8%	(138,900)	(119,562)	16.2%	(45,733)	(46,299)	(1.2%)	(96,322)	(82,344)	17.0%
Share of profit of associate		1,035	594	74.2%	1,708	1,527	11.9%	1,035	594	74.2%	1,708	1,527	11.9%
Fair value changes on convertible bonds		3,383	87,865	(96.1%)	(3,782)	121,394	(103.1%)	-	-	-	-	-	-
Profit before income tax	6	68,758	97,181	(29.2%)	123,848	158,941	(22.1%)	134,332	72,900	84.3%	204,605	116,008	76.4%
Income tax expense	7	(26,319)	(12,423)	111.9%	(42,212)	(24,404)	73.0%	(26,319)	(12,423)	111.9%	(42,212)	(24,404)	73.0%
Profit for the period		42,439	84,758	(49.9%)	81,636	134,537	(39.3%)	108,013	60,477	78.6%	162,393	91,604	77.3%
Other comprehensive income													
<i>Items that may be reclassified subsequently to profit or loss</i>													
Exchange difference on translation of foreign operation		-	362	(100.0%)	-	358	(100.0%)	-	362	(100.0%)	-	358	(100.0%)
Net fair value gain/(loss) on investments in debt instruments classified as at FVTOCI		-	126	(100.0%)	-	(269)	(100.0%)	-	126	(100.0%)	-	(269)	(100.0%)
Total comprehensive income for the period		42,439	85,246	(50.2%)	81,636	134,626	(39.4%)	108,013	60,965	77.2%	162,393	91,693	77.1%

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)					Actual (WITHOUT financial effects of Convertible Bonds)						
		Second quarter ended			Six months ended		Second quarter ended			Six months ended			
		30 June 2023	30 June 2022	% change	30 June 2023	30 June 2022	% change	30 June 2023	30 June 2022	% change	30 June 2023	30 June 2022	% change
<u>Profit for the period attributable to:</u>													
Equity holders of the Company		17,272	74,342	(76.8%)	45,929	115,435	(60.2%)	82,846	50,061	65.5%	126,686	72,502	74.7%
Non-controlling interests		25,167	10,416	141.6%	35,707	19,102	86.9%	25,167	10,416	141.6%	35,707	19,102	86.9%
Profit for the period		42,439	84,758	(49.9%)	81,636	134,537	(39.3%)	108,013	60,477	78.6%	162,393	91,604	77.3%
<u>Total comprehensive income for the period attributable to:</u>													
Equity holders of the Company		17,272	74,803	(76.9%)	45,929	115,540	(60.2%)	82,846	50,522	64.0%	126,686	72,607	74.5%
Non-controlling interests		25,167	10,443	141.0%	35,707	19,086	87.1%	25,167	10,443	141.0%	35,707	19,086	87.1%
Total comprehensive income for the period		42,439	85,246	(50.2%)	81,636	134,626	(39.4%)	108,013	60,965	77.2%	162,393	91,693	77.1%

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 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS					
Current assets:					
Cash and cash equivalents		628,343	585,268	7,056	10,141
Pledged bank deposits		148,361	128,742	-	-
Trade receivables and contract assets	10	699,408	638,123	-	-
Other receivables, deposits and prepayments		365,685	349,409	297,423	294,471
Inventories	11	192,139	175,315	-	-
Financial assets at fair value through other comprehensive income	12	52,078	50,458	-	-
Total current assets		2,086,014	1,927,315	304,479	304,612
Non-current assets:					
Property, plant and equipment		558,475	632,439	-	-
Right-of-use assets		234,207	237,483	-	-
Other receivables, deposits and prepayments		71,665	44,722	129,660	129,660
Financial assets at fair value through other comprehensive income	12	2,445	2,445	-	-
Subsidiaries and Associates		55,595	53,887	914,379	914,379
Intangible assets		4,352,033	4,322,808	-	-
Deferred tax assets		27,519	31,932	-	-
Goodwill	13	415,582	415,582	-	-
Total non-current assets		5,717,521	5,741,298	1,044,039	1,044,039
Total assets		7,803,535	7,668,613	1,348,518	1,348,651
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables and contract liabilities		497,155	496,082	-	-
Other payables		474,400	648,741	453,858	431,104
Lease liabilities		1,689	1,646	-	-
Borrowings	14	1,199,204	918,485	-	-
Convertible bonds	15	-	892,707	-	892,707
Income tax payable		29,971	6,763	-	-
Total current liabilities		2,202,419	2,964,424	453,858	1,323,811
Non-current liabilities:					
Deferred tax liabilities		224,755	225,666	-	-
Borrowings	14	2,285,065	2,424,490	-	-
Convertible bonds	12,15	962,010	-	962,010	-
Lease liabilities		3,329	4,184	-	-
Total non-current liabilities		3,475,159	2,654,340	962,010	-
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		262,846	239,681	-	-
Share option reserve		319	319	319	319
Foreign currency translation reserve		-	-	-	-
Revaluation reserve		(1,706)	(1,706)	-	-
Retained earnings (Accumulated losses)		1,137,951	1,120,715	(438,984)	(346,794)
Equity attributable to equity holders of the Company		1,770,725	1,730,324	(67,350)	24,840
Non-controlling interests		355,232	319,525	-	-
Total equity		2,125,957	2,049,849	(67,350)	24,840
Total liabilities and equity		7,803,535	7,668,613	1,348,518	1,348,651

		Actual (WITHOUT financial effects of Convertible Bonds)			
		Group		Company	
(RMB'000)	Note	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)	As at 30 June 2023 (Unaudited)	As at 31 December 2022 (Audited)
ASSETS					
Current assets:					
		628,343	585,268	7,056	10,141
		148,361	128,742	-	-
	10	699,408	638,123	-	-
		365,685	349,409	297,423	294,471
	11	192,139	175,315	-	-
	12	52,078	50,458	-	-
		2,086,014	1,927,315	304,479	304,612
Non-current assets:					
		558,475	632,439	-	-
		234,207	237,483	-	-
		71,665	44,722	129,660	129,660
	12	2,445	2,445	-	-
		55,595	53,887	914,379	914,379
		4,352,033	4,322,808	-	-
		27,519	31,932	-	-
	13	415,582	415,582	-	-
		5,717,521	5,741,298	1,044,039	1,044,039
		7,803,535	7,668,613	1,348,518	1,348,651
LIABILITIES AND EQUITY					
Current liabilities:					
		497,155	496,082	-	-
		463,439	626,679	442,903	409,048
		1,689	1,646	-	-
	14	1,199,204	918,485	-	-
	15	-	761,944	-	761,944
		29,971	6,763	-	-
		2,191,458	2,811,599	442,903	1,170,992
Non-current liabilities:					
		224,755	225,666	-	-
	14	2,285,065	2,424,490	-	-
	12,15	739,389	-	739,389	-
		3,329	4,184	-	-
		3,252,538	2,654,340	739,389	-
Capital and reserves:					
		57,662	57,662	57,662	57,662
		313,653	313,653	313,653	313,653
		262,846	239,681	-	-
		319	319	319	319
		-	-	-	-
		(1,706)	(1,706)	-	-
		1,371,533	1,273,540	(205,408)	(193,975)
		2,004,307	1,883,149	166,226	177,659
		355,232	319,525	-	-
		2,359,539	2,202,674	166,226	177,659
		7,803,535	7,668,613	1,348,518	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 SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2023

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)			
		Second quarter ended		Six months ended	
		30 June 2023	30 June 2022	30 June 2023	30 June 2022
Operating activities					
Profit before income tax	6	68,758	97,181	123,848	158,941
Adjustments for:					
Depreciation of property, plant and equipment		15,372	13,088	30,489	25,817
Depreciation of right-of-use assets		1,506	697	3,277	2,395
Amortisation of intangible assets		43,427	34,490	85,805	66,783
Interest expense		68,317	65,204	138,900	119,562
Exchange difference arising on foreign currency translation		(534)	(860)	(373)	-
Share of profit of associate		(1,035)	(594)	(1,708)	(1,527)
Loss on disposal of property, plant and equipment		-	20	-	29
Interest income		(1,340)	(500)	(2,523)	(1,099)
(Reversal of)/ Impairment loss on trade and other receivables subject to ECL, net		124	(86)	124	(131)
Exchange loss on convertible bonds		46,373	44,679	34,397	41,243
Fair value (gain)/loss on convertible bonds		(3,383)	(87,865)	3,782	(121,394)
Operating cash flows before movements in working capital		237,585	165,454	416,018	290,619
Trade receivables and contract assets		(1,135)	7,932	(62,189)	(103,826)
Financial assets at fair value through other comprehensive income		33,162	2,644	(1,619)	(32,706)
Other receivables, deposits and prepayments		55,454	139,228	1,507	112,524
Inventories		(96,585)	(21,025)	(16,824)	41,602
Trade payables, other payables and contract liabilities		46,440	5,278	(48,915)	(16,179)
Cash generated from operations		274,921	299,511	287,978	292,034
Income tax paid		(20,757)	(9,836)	(34,544)	(38,056)
Interest paid		(39,647)	(32,797)	(83,626)	(64,004)
Interest received		1,340	501	2,523	1,099
Net cash generated from operating activities		215,857	257,379	172,331	191,073
Investing activities					
Purchase of property, plant and equipment		(4,403)	(7,655)	(12,112)	(24,265)
Prepayment for build-operate-transfer ("BOT") projects		(2,448)	-	(26,306)	(42,996)
Acquisition of intangible assets		(117,477)	(60,015)	(180,997)	(183,878)
Proceeds from disposal of property, plant and equipment		-	856	-	940
Payment of deferred consideration relating to acquisition of subsidiary		-	(4,101)	-	(7,183)
Investment in associate		-	(21,478)	-	(31,478)
Proceeds from disposal of subsidiary		-	-	1,400	-
Net cash used in investing activities		(124,328)	(92,393)	(218,015)	(288,860)
Financing activities					
Proceeds from new borrowings		204,500	842,550	630,883	1,114,619
Repayment of borrowings		(257,497)	(576,584)	(486,046)	(705,832)
Pledged bank deposits		98	(159,316)	(19,619)	(159,316)
Payment of dividends		(5,528)	-	(5,528)	-
Interest paid		(4,398)	(5,814)	(31,304)	(23,522)
Net cash (used in)/generated from financing activities		(62,825)	100,836	88,386	225,949
Net increase in cash and cash equivalents		28,704	265,822	42,702	128,162
Cash and cash equivalents at beginning of period		599,105	259,875	585,268	398,399
Effects of foreign exchange rate changes		534	776	373	(88)
Cash and cash equivalents at end of period		628,343	526,473	628,343	526,473

		Actual (WITHOUT financial effects of Convertible Bonds)			
		Second quarter ended		Six months ended	
(RMB'000)	Note	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Operating activities					
Profit before income tax	6	134,332	72,900	204,605	116,008
Adjustments for:					
Depreciation of property, plant and equipment		15,372	13,088	30,489	25,817
Depreciation of right-of-use assets		1,506	697	3,277	2,395
Amortisation of intangible assets		43,427	34,490	85,805	66,783
Interest expense		45,733	46,299	96,322	82,344
Exchange difference arising on foreign currency translation		(534)	(860)	(373)	-
Share of profit of associate		(1,035)	(594)	(1,708)	(1,527)
Loss on disposal of property, plant and equipment		-	20	-	29
Interest income		(1,340)	(500)	(2,523)	(1,099)
(Reversal of)/ Impairment loss on trade and other receivables subject to ECL, net		124	(86)	124	(131)
Operating cash flows before movements in working capital		237,585	165,454	416,018	290,619
Trade receivables and contract assets		(1,135)	7,932	(62,189)	(103,826)
Financial assets at fair value through other comprehensive income		33,162	2,644	(1,619)	(32,706)
Other receivables, deposits and prepayments		55,454	139,228	1,507	112,524
Inventories		(96,585)	(21,025)	(16,824)	41,602
Trade payables, other payables and contract liabilities		46,440	5,278	(48,915)	(16,179)
Cash generated from operations		274,921	299,511	287,978	292,034
Income tax paid		(20,757)	(9,836)	(34,544)	(38,056)
Interest paid		(39,647)	(32,797)	(83,626)	(64,004)
Interest received		1,340	501	2,523	1,099
Net cash generated from operating activities		215,857	257,379	172,331	191,073
Investing activities					
Purchase of property, plant and equipment		(4,403)	(7,655)	(12,112)	(24,265)
Prepayment for build-operate-transfer ("BOT") projects		(2,448)	-	(26,306)	(42,996)
Acquisition of intangible assets		(117,477)	(60,015)	(180,997)	(183,878)
Proceeds from disposal of property, plant and equipment		-	856	-	940
Payment of deferred consideration relating to acquisition of subsidiary		-	(4,101)	-	(7,183)
Investment in associate		-	(21,478)	-	(31,478)
Proceeds from disposal of subsidiary		-	-	1,400	-
Net cash used in investing activities		(124,328)	(92,393)	(218,015)	(288,860)
Financing activities					
Proceeds from new borrowings		204,500	842,550	630,883	1,114,619
Repayment of borrowings		(257,497)	(576,584)	(486,046)	(705,832)
Pledged bank deposits		98	(159,316)	(19,619)	(159,316)
Payment of dividends		(5,528)	-	(5,528)	-
Interest paid		(4,398)	(5,814)	(31,304)	(23,522)
Net cash (used in)/generated from financing activities		(62,825)	100,836	88,386	225,949
Net increase in cash and cash equivalents		28,704	265,822	42,702	128,162
Cash and cash equivalents at beginning of period		599,105	259,875	585,268	398,399
Effects of foreign exchange rate changes		534	776	373	(88)
Cash and cash equivalents at end of period		628,343	526,473	628,343	526,473

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 SIX MONTHS ENDED 30 JUNE 2023

Actual (WITH financial effects of Convertible Bonds)										
Group	Share capital	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	313,653	186,153	319	(190)	(1,209)	1,035,444	1,591,832	271,999	1,863,831
<u>Total comprehensive income/(loss) for the year</u>										
Profit for the year	-	-	-	-	-	-	138,799	138,799	47,997	186,796
Other comprehensive profit/(loss) for the year	-	-	-	-	190	(497)	-	(307)	(32)	(339)
Total	-	-	-	-	190	(497)	138,799	138,492	47,965	186,457
<u>Transaction with owners, recognized directly in equity</u>										
Transfer to general reserves	-	-	53,528	-	-	-	(53,528)	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	(439)	(439)
Total	-	-	53,528	-	-	-	(53,528)	-	(439)	(439)
Balance as at December 31, 2022	57,662	313,653	239,681	319	-	(1,706)	1,120,715	1,730,324	319,525	2,049,849
<u>Total comprehensive income for January to March 2023</u>										
Profit for January to March 2023	-	-	-	-	-	-	28,657	28,657	10,540	39,197
Total	-	-	-	-	-	-	28,657	28,657	10,540	39,197
<u>Transactions with owners, recognised directly in equity</u>										
Transfer to general reserves	-	-	7,055	-	-	-	(7,055)	-	-	-
Total	-	-	7,055	-	-	-	(7,055)	-	-	-
Balance as at March 31, 2023	57,662	313,653	246,736	319	-	(1,706)	1,142,317	1,758,981	330,065	2,089,046
<u>Total comprehensive income for April to June 2023</u>										
Profit for April to June 2023	-	-	-	-	-	-	17,272	17,272	25,167	42,439
Total	-	-	-	-	-	-	17,272	17,272	25,167	42,439
<u>Transactions with owners, recognised directly in equity</u>										
Dividend paid	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)
Transfer to general reserves	-	-	16,110	-	-	-	(16,110)	-	-	-
Total	-	-	16,110	-	-	-	(21,638)	(5,528)	-	(5,528)
Balance as at June 30, 2023	57,662	313,653	262,846	319	-	(1,706)	1,137,951	1,770,725	355,232	2,125,957

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Group</u>	Share capital	Share premium	General reserves	Share option reserve	Foreign currency translation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	313,653	186,153	319	(190)	(1,209)	1,190,528	1,746,916	271,999	2,018,915
<u>Total comprehensive income/(loss) for the year</u>										
Profit for the year	-	-	-	-	-	-	136,540	136,540	47,997	184,537
Other comprehensive profit/(loss) for the year	-	-	-	-	190	(497)	-	(307)	(32)	(339)
Total	-	-	-	-	190	(497)	136,540	136,233	47,965	184,198
<u>Transaction with owners, recognized directly in equity</u>										
Transfer to general reserves	-	-	53,528	-	-	-	(53,528)	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	-	-	(439)	(439)
Total	-	-	53,528	-	-	-	(53,528)	-	(439)	(439)
Balance as at December 31, 2022	57,662	313,653	239,681	319	-	(1,706)	1,273,540	1,883,149	319,525	2,202,674
<u>Total comprehensive income for January to March 2023</u>										
Profit for January to March 2023	-	-	-	-	-	-	43,840	43,840	10,540	54,380
Total	-	-	-	-	-	-	43,840	43,840	10,540	54,380
<u>Transactions with owners, recognised directly in equity</u>										
Transfer to general reserves	-	-	7,055	-	-	-	(7,055)	-	-	-
Total	-	-	7,055	-	-	-	(7,055)	-	-	-
Balance as at March 31, 2023	57,662	313,653	246,736	319	-	(1,706)	1,310,325	1,926,989	330,065	2,257,054
<u>Total comprehensive income for April to June 2023</u>										
Profit for April to June 2023	-	-	-	-	-	-	82,846	82,846	25,167	108,013
Total	-	-	-	-	-	-	82,846	82,846	25,167	108,013
<u>Transactions with owners, recognised directly in equity</u>										
Dividend paid	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)
Transfer to general reserves	-	-	16,110	-	-	-	(16,110)	-	-	-
Total	-	-	16,110	-	-	-	(21,638)	(5,528)	-	(5,528)
Balance as at June 30, 2023	57,662	313,653	262,846	319	-	(1,706)	1,371,533	2,004,307	355,232	2,359,539

Actual (WITH financial effects of Convertible Bonds)

<u>Company</u>	Share capital	Share premium	Share option reserve	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	313,653	319	(330,224)	41,410	41,410
Loss for the year, representing total comprehensive loss for the year	-	-	-	(16,570)	(16,570)	(16,570)
Total	-	-	-	(16,570)	(16,570)	(16,570)
Balance as at December 31, 2022	57,662	313,653	319	(346,794)	24,840	24,840
Loss for the period, representing total comprehensive income for January to March 2023	-	-	-	(18,279)	(18,279)	(18,279)
Balance as at March 31, 2023	57,662	313,653	319	(365,073)	6,561	6,561
Loss for the period, representing total comprehensive income for April to June 2023	-	-	-	(68,383)	(68,383)	(68,383)
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(5,528)	(5,528)	(5,528)
Total	-	-	-	(5,528)	(5,528)	(5,528)
Balance as at June 30, 2023	57,662	313,653	319	(438,984)	(67,350)	(67,350)

Actual (WITHOUT financial effects of Convertible Bonds)

<u>Company</u>	Share capital	Share premium	Share option reserve	Retained earnings	Equity attributable to equity holders of the Company	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2022	57,662	313,653	319	(175,140)	196,494	196,494
Loss for the year, representing total comprehensive loss for the year	-	-	-	(18,835)	(18,835)	(18,835)
Total	-	-	-	(18,835)	(18,835)	(18,835)
Balance as at December 31, 2022	57,662	313,653	319	(193,975)	177,659	177,659
Loss for the period, representing total comprehensive income for January to March 2023	-	-	-	(3,096)	(3,096)	(3,096)
Balance as at March 31, 2023	57,662	313,653	319	(197,071)	174,563	174,563
Loss for the period, representing total comprehensive income for April to June 2023	-	-	-	(2,809)	(2,809)	(2,809)
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(5,528)	(5,528)	(5,528)
Total	-	-	-	(5,528)	(5,528)	(5,528)
Balance as at June 30, 2023	57,662	313,653	319	(205,408)	166,226	166,226

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 second quarter and six months ended 30 June 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 second quarter and six months ended 30 June 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	
	30 June 2023	30 June 2022
	RMB'000	RMB'000
Types of goods or service:		
Provision of utilities	1,562,407	1,339,726
Sales of goods	39,989	19,417
Revenue from service concession arrangements	34,527	160,221
Total revenue	1,636,923	1,519,364
Timing of revenue recognition:		
<u>At a point of time:</u>		
Provision of utilities	1,562,407	1,339,726
Sales of goods	39,989	19,417
<u>Over time:</u>		
Revenue from service concession arrangements	34,527	160,221
Total revenue	1,636,923	1,519,364
Geographical information:		
PRC	1,636,923	1,519,364
Total revenue	1,636,923	1,519,364

5. Other Operating Income

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
	Second quarter ended			Six months ended			Second quarter ended			Six months ended		
	30 June	30 June	%	30 June	30 June	%	30 June	30 June	%	30 June	30 June	%
	2023	2022	change	2023	2022	change	2023	2022	change	2023	2022	change
Government grants	5,281	1,877	181.4%	6,542	3,858	69.6%	5,281	1,877	181.4%	6,542	3,858	69.6%
Reversal of impairment loss for trade receivable subject to ECL	-	86	(100.0%)	-	167	(100.0%)	-	86	(100.0%)	-	167	(100.0%)
Interest income	1,340	500	168.0%	2,523	1,099	129.6%	1,340	500	168.0%	2,523	1,099	129.6%
Government rebates	-	219	(100.0%)	24	449	(94.7%)	-	219	(100.0%)	24	449	(94.7%)
Gain on disposal of plant and equipment	-	29	(100.0%)	-	29	(100.0%)	-	29	(100.0%)	-	29	(100.0%)
Others	109	465	(77.0%)	235	631	(63.0%)	109	465	(77.0%)	235	631	(63.0%)
Total	6,730	3,176	111.9%	9,324	6,233	49.6%	6,730	3,176	111.9%	9,324	6,233	49.6%

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

6. Profit/(Loss) Before Income Tax

(RMB'000)	Actual (WITH financial effects of Convertible Bonds)						Actual (WITHOUT financial effects of Convertible Bonds)					
	Second quarter ended			Six months ended			Second quarter ended			Six months ended		
	30 June	30 June	%	30 June	30 June	%	30 June	30 June	%	30 June	30 June	%
	2023	2022	change	2023	2022	change	2023	2022	change	2023	2022	change
Depreciation of property, plant and equipment	15,372	13,088	17.5%	30,489	25,817	18.1%	15,372	13,088	17.5%	30,489	25,817	18.1%
Depreciation of right-of-use assets	1,506	697	116.1%	3,277	2,395	36.8%	1,506	697	116.1%	3,277	2,395	36.8%
Amortisation of intangible assets	43,427	34,490	25.9%	85,805	66,783	28.5%	43,427	34,490	25.9%	85,805	66,783	28.5%
Impairment loss on trade and other receivables subject to ECL	124	-	-	124	36	244.4%	124	-	-	124	36	244.4%
Reversal of impairment loss on trade and other receivables subject to ECL	-	(86)	(100.0%)	-	(167)	(100.0%)	-	(86)	(100.0%)	-	(167)	(100.0%)
Loss on disposal of property, plant and equipment and intangible assets	-	20	100.0%	-	29	100.0%	-	20	100.0%	-	29	100.0%
Foreign exchange loss/(gain) – net	45,839	43,907	4.4%	34,024	41,331	(17.7%)	(534)	(772)	(30.8%)	(373)	88	(523.9%)
Finance costs	68,317	65,204	4.8%	138,900	119,562	16.2%	45,733	46,299	(1.2%)	96,322	82,344	17.0%
Fair value changes on convertible bonds	(3,383)	(87,865)	(96.1%)	3,782	(121,394)	(103.1%)	-	-	-	-	-	-

7. Income Tax Expense

Income tax recognized in profit or loss:

(RMB'000)	Six months ended	
	30 June 2023	30 June 2022
Tax expense comprises:		
Current tax expense	38,710	26,181
Deferred tax	3,502	(1,777)
Total tax expense	42,212	24,404

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	
	30 June 2023	30 June 2022
	RMB'000	RMB'000
Rental expense	984	1,143
Purchase construction services	13,083	208,248
Provision of catering services in staff canteen	2,601	2,080
Equipment procurement	-	2,069

9. Dividends

	Six months ended	
	30 June 2023	30 June 2022
	RMB'000	RMB'000
Ordinary dividend paid:		
First and final tax-exempt 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 and Contract Assets

	Group	
	As at 30 June 2023	As at 30 June 2022
	RMB'000	RMB'000
Outside parties	701,183	638,994
Related parties (Note 8)	-	780
Loss allowance	(1,775)	(1,651)
Total	699,408	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 and Contract Assets (Cont'd)

	Group						Total
	< 6	7 – 12	1 – 2	2 – 3	3 – 4	> 4	
	months	months	years	years	years	years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 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	558,454	55,642	67,463	16,219	2,892	513	701,183
Lifetime ECL	-	-	(434)	(522)	(434)	(385)	(1,775)
							699,408
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	-	124	124
Balance as at June 30, 2023	268	1,507	1,775

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 30 June 2023	As at 31 December 2022
	RMB'000	RMB'000
Raw materials and consumables	192,139	175,315

Inventories are stated net of allowance.

	Group	
	As at 30 June 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	508	1,759

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 30 June 2023	As at 31 December 2022	
	RMB'000	RMB'000	
Financial assets at fair value through other comprehensive income - unquoted equity shares	2,445	2,445	Level 3
Financial assets at fair value through other comprehensive income - notes receivables	52,078	50,458	Level 3
Financial liabilities at fair value through profit or loss - convertible bonds - derivative liability component	3,782	-	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 30 June 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 30 June 2023 was lower than the recoverable amount.

14. Borrowings

Amount repayable in one year or less, or on demand

(RMB'000)	As at 30 June 2023		As at 31 December 2022	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>1,199,204</u>	<u>-</u>	<u>918,485</u>	<u>-</u>

Amount repayable after one year

(RMB'000)	As at 30 June 2023		As at 31 December 2022	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>2,285,065</u>	<u>-</u>	<u>2,424,490</u>	<u>-</u>

Details of any collaterals:

<u>Collaterals</u>	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Secured by building, land use rights, and service concession arrangement and equipment, pledged bank deposit of the subsidiary	2,694,422	2,780,128
Guaranteed by the subsidiary	515,000	288,000
Guaranteed by the company	<u>274,847</u>	<u>274,847</u>

15. Convertible Bonds

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.

	Group and Company	
	30 June	31 December
	2023	2022
	RMB'000	RMB'000
Debt host liability component, at amortised cost	958,228	892,707
Derivative liability component, at fair value	3,782	-
Total	<u>962,010</u>	<u>892,707</u>

15. Convertible Bonds (Cont'd)

	Group and Company	
	As at 30 June 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)	44,744	15,622
Cumulative interest accrued	550,153	512,727
Fair value gain on CB	(400,512)	(404,025)
Total	925,899	855,838
Less: Interest payables in accruals	(10,031)	(19,424)
Less: Interest paid to bondholders	(101,442)	(82,357)
Debt host and derivative liability component at end of period/ year	814,426	754,057

	Group and Company	
	As at 30 June 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)	7,253	1,978
Cumulative interest accrued	70,540	65,388
Fair value gain on CB	(38,603)	(38,872)
Total	162,475	151,779
Less: Interest payables in accruals	(1,685)	(3,393)
Less: Interest paid to bondholders	(13,206)	(9,736)
Debt host and derivative liability component at end of period/ year	147,584	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 period reported.

There were no outstanding treasury shares held as at 30 June 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") hold US\$ 60 million and US\$ 50 million Convertible Bonds of the Company, respectively.

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

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

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

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

Assuming that all the outstanding CB1s and CB2s have been converted using the fixed conversion price of S\$ 0.50 and S\$ 0.60 respectively and that all the share options granted have been exercised as at 30 June 2023, the maximum number of shares that may be issued as at 30 June 2023 is 359,379,000 ordinary shares (30 June 2022: 359,379,000 ordinary shares). The fully diluted shares (including treasury shares) as at 30 June 2023 and 30 June 2022 were 1,155,065,142 ordinary shares respectively.

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

	As at 30 June 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)			
	Second Quarter ended		Six months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net profit attributable to equity holders of the Group (RMB'000)	17,272	74,342	45,929	115,435
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per share – <i>basic</i> (RMB cents)	2.17	9.34	5.77	14.51
	Actual (WITHOUT financial effects of Convertible Bonds)			
	Second Quarter ended		Six months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net profit attributable to equity holders of the Group (RMB'000)	82,846	50,061	126,686	72,502
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per share – <i>basic</i> (RMB cents)	10.41	6.29	15.92	9.11

Basic earnings per share for second quarter and six months ended 30 June 2023 and 30 June 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)			
	Second Quarter ended		Six months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net profit attributable to equity holders of the Group (RMB'000)	17,272	50,061	45,929	72,502
Weighted average number of ordinary shares outstanding ('000)	795,861	1,154,394	795,861	1,154,394
Earnings per share – <i>diluted</i> (RMB cents)	2.17	4.34	5.77	6.28
	Actual (WITHOUT financial effects of Convertible Bonds)			
	Second Quarter ended		Six months ended	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
Net profit attributable to equity holders of the Group (RMB'000)	82,846	50,061	126,686	72,502
Weighted average number of ordinary shares outstanding ('000)	795,861	796,206	795,861	796,206
Earnings per share – <i>diluted</i> (RMB cents)	10.41	6.29	15.92	9.11

Diluted earnings per share for the above periods have been calculated by assuming the outstanding convertibles have been converted at S\$ 0.50 and S\$ 0.60 based on exercise prices of convertible bonds issued on 3 March 2017 and 15 October 2018 respectively, and that all share options granted have been exercised as at 30 June 2023. The warrants issued along with the CB2s have expired on 31 December 2020.

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

	Group			
	30 June 2023	31 December 2022	30 June 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)	267.19	257.62	296.54	276.83

	Company			
	30 June 2023	31 December 2022	30 June 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)	(8.46)	3.12	20.89	22.33

The net asset value per share for 30 June 2023 and 31 December 2022 have been computed based on shareholders' equity as at these dates and the existing share capital of 795,686,142 ordinary shares as at 30 June 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 second quarter ended 30 June 2023 ("2Q2023") as compared to that of the second quarter ended 30 June 2022 ("2Q2022")

Based on actual financial performance WITH financial effects of Convertible Bonds

Revenue

The Group's revenue is mainly from provision of utilities. The revenue increased by approximately RMB 57.7 million or 7.4% from RMB 780.9 million in 2Q2022 to RMB 838.6 million in 2Q2023, which were mainly contributed by:

- Increased demand for industrial steam and thus resulting in a ramp-up of existing projects.

The above-mentioned factor were offset 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 2Q2023.

Gross Profit

Gross profit increased from RMB 151.7 million in 2Q2022 to RMB 212.9 million in 2Q2023 by approximately RMB 61.3 million or 40.4%, mainly due to the growth in demand and further improvement in production efficiency.

Profit Before Income Tax

Profit before tax decreased by approximately RMB 28.4 million or 29.2% from RMB 97.2 million in 2Q2022 to RMB 68.8 million in 2Q2023. The decrease was mainly attributable to the following factors:

- (a) Decrease in fair value gain on Convertible Bonds of RMB 84.5 million or 96.1% from RMB 87.9 million in 2Q2022 to RMB 3.4 million in 2Q2023. This was due to (i) the fair value of derivative liabilities of the Convertible Bonds as at 31 December 2022 being zero 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 announcement released on 27 March 2023. The change in maturity date and the slower decline in share price based on valuation performed as at 30 June 2023 compared to that of 30 June 2022 resulted in a smaller decrease in derivative liabilities as at 30 June 2023 and consequently, the fair value gain in 2Q2023 was less than that of 2Q2022,
- (b) Increase in selling and distribution expenses of RMB 4.5 million from RMB 15.0 million in 2Q2022 to RMB 19.5 million in 2Q2023, due to the increase in sales commission in 2Q2023 resulting from the increase in sales volume, and
- (c) Increase in finance costs of RMB 3.1 million as a result of increase in financing activities.

Income Tax Expense

The income tax expense increased by RMB 13.9 million or 111.9% from RMB 12.4 million in 2Q2022 to RMB 26.3 million in 2Q2023, 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 decreased by RMB 57.0 million or 76.8% from RMB 74.3 million in 2Q2022 to RMB 17.3 million in 2Q2023.

- (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 158.7 million or 8.2% from RMB 1,927.3 million as at 31 December 2022 to RMB 2,086.0 million as at 30 June 2023. The increase was mainly due to:

- (a) Increase in cash and cash equivalents of RMB 43.1 million, mainly due to the cash generated from operating and financing activities, which was offset by the usage of funds for Build-Operate-Transfer ("BOT") and GI projects;
- (b) Increase in pledged bank deposits of RMB 19.6 million as more collaterals were required for the credit facilities granted;
- (c) Increase in trade receivables and contract assets of RMB 61.3 million mainly due to the increase in receivables of biomass power subsidies of Group's biomass GI projects.

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

Approximately 78.1% and 32.1% of the trade receivables at 31 December 2022 and 30 June 2023 respectively were collected as at 31 July 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

- (d) Increase in inventories of approximately RMB 16.8 million mainly due to additional stocks kept on hand as at 30 June 2023 for production.

The Group's total non-current assets decreased by RMB 23.8 million or 0.4% from RMB 5,741.3 million as at 31 December 2022 to RMB 5,717.5 million as at 30 June 2023. The decrease was mainly due to:

- (a) Decrease in property, plant and equipment of RMB 74.0 million mainly due to the construction in progress relating to service concession arrangement transferred to intangible assets and depreciation expenses incurred;

The above-mentioned factors were offset by:

- (a) Increase in intangible assets of RMB 29.2 million mainly due to the construction in progress relating to service concession arrangement transferred from property, plant and equipment and increase in construction progress relating to Xinjiang project; and
- (b) Increase in other receivables, deposits and prepayments of RMB 26.9 million due primarily to the increase in prepayments for construction of Xinyuan project.

The Group's total current liabilities decreased by RMB 762.0 million or 25.7% from RMB 2,964.4 million as at 31 December 2022 to RMB 2,202.4 million as at 30 June 2023, mainly due to the following:

- (a) Reclassification of Convertible bonds from current liabilities to non-current liabilities; and
- (b) Decrease in other payables of RMB 174.3 million mainly resulting from the payment of construction payables for BOT projects and salaries payable.

The above-mentioned factors were offset by:

- (a) Increase in short-term borrowings of RMB 280.7 million due to replenishment of working capital for GI business.

The Group's total non-current liabilities increased by approximately RMB 820.8 million or 30.9% from RMB 2,654.3 million as at 31 December 2022 to RMB 3,475.1 million as at 30 June 2023. The increase was due to:

- (a) Reclassification of Convertible bonds amounted RMB 962.0 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 139.4 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 215.9 million in 2Q2023, primarily due to the following factors:

- (a) Increased working capital requirements due to the decrease in trade receivables of RMB 1.1 million, increase in financial assets at fair value through other comprehensive income of RMB 33.2 million, increase in other receivables and prepayments of RMB 55.4 million, decrease in inventories of RMB 96.6 million and increase in trade payables and contract liabilities of RMB 46.4 million; and
- (b) Interest and tax paid of RMB 60.4 million in aggregate.

Net cash used in investing activities amounted to RMB 124.3 million mainly due to the purchase of property, plant and equipment of RMB 4.4 million, prepayment on BOT projects of RMB 2.4 million and expenditure on intangible assets of RMB 117.5million.

Net cash used in financing activities amounted to RMB 62.8 million due to repayment of bank loans of RMB 257.4 million, payment of dividends of RMB 5.5 million and interest paid of 4.4 million, offset by new borrowings from banks of RMB 204.5 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 “2020 Amendment Agreement”) to amend certain terms of the purchase agreements of the CBs. The 2020 Amendment Agreement confirmed 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 proposed 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 confirmed that the conversion price will remain at S\$ 0.50 for CB1 and S\$ 0.60 for CB2, and extended the maturity date of the CBs 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 July 2023, 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 2023	Use of Proceeds (RMB'000)
Proposed Special Dividend	(925,144) ⁽¹⁾
Bondholder's Special Dividend	(403,316) ⁽¹⁾⁽²⁾
Capital expenditure on existing projects	(501,465)
Feedstock procurement for operation	(79,943)
Construction costs due	(114,585)
Subtotal of net disposal proceeds used	(2,024,453)
Use of Proceeds balance	Nil

Note:

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

As of 31 July 2023, the Net Proceeds have been fully used as per the table above.

Use of Proceeds from Placement of Treasury Shares

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

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

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

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

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

As at 31 July 2023, the Net Proceeds have been fully used for procurement of raw materials required for operation of GI plants.

Financial Effects of Convertible Bonds

Convertible Bonds were issued on 3 March 2017 and 15 October 2018 with the carrying amount of the Convertible Bonds currently stated at fair value as at 31 March 2017 and 15 October 2018 respectively. In accordance with SFRS(I), the financial effects on profit or loss associated with the issuance of compound financial instruments are as follows: (i) fair value change arising from fair valuation relating to the conversion option and (ii) amortised interest charge relating to the amortised cost liability component of the Convertible Bonds. The fair value change is an accounting treatment arising from the compliance with the accounting standards and has no cash flow effect and no financial impact on the performance targets in relation to the Convertible Bonds as stipulated in the Convertible Bonds Agreement stated in the circular dated 13 February 2017 and 21 August 2018 respectively.

The fair value change of the Convertible Bonds and the related financial effects to the statement of profit or loss and other statements have no operational effects to the financial performance of the Group. Financial effects of Convertible Bonds consist of unrealised foreign exchange translation, amortised interest expense (inclusive of interest charges) and fair value gain/(loss) of Convertible Bonds. Excluding the financial effects of the Convertible Bonds, total net profit attributable to equity holders of the Company increased by RMB 30.3 million or 60.6% from net profit of RMB 50.1 million in 2Q2022 to net profit of RMB 80.4 million in 2Q2023.

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

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

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

The GI business achieved a significant YoY improvement in its financial performance in 1H 2023. Total steam sales volume rose 9.5% YoY to 4.97 million tons in 1H 2023 due to the continued ramp-up of the existing GI projects, such as Changrun Project, Xintai Project and Shantou Project, bolstered by continued strong demand for clean industrial steam.

GI recurring revenue³ rose 17.9% YoY to RMB1,602.4 million, with the growth mainly attributed to the higher industrial steam sales volume and the continued execution of the price adjustment mechanism that links feedstock cost to industrial steam price.

The profitability of the GI business improved in 1H 2023 on the back of the continued ramp-up of the GI projects in response to the strong demand for clean industrial steam, the execution of the price adjustment mechanism and the refined management of the GI projects. GI recurring EBITDA⁴ rose 44.4% YoY to RMB440.1 million while GI recurring PATMI⁵ rose 65.8% YoY to RMB144.2 million as profit margins continued to improve. The GI business recorded an operating cash inflow of RMB199.0 million, compared to RMB216.4 million in 1H 2022.

Sunpower's GI business has bounced back from the challenges of the COVID-19 pandemic, geopolitical conflicts and other relevant events that impacted the GI business. The continued growth in steam sales volume and recurring revenue and improvement in profitability is a testament to the underlying resilience of its business model and the strong foundation laid by management's comprehensive measures.

With the economy and society gradually returning to normal, domestic demand has steadily rebounded⁶ as evidenced by the higher sales of consumer goods, rebound in sales of big-ticket items⁷ and the strong recovery of domestic tourism and movie box office sales.⁸ However, the growth momentum in exports and imports was reported to have recently declined.⁹ As for the feedstock price, it is currently in a broadly declining trend, after a phase of high volatility in May to June and relative stability in January to April.^{10 11}

³ GI recurring revenue refers to recurring revenue generated by the GI business, including commission fees recognised in accordance with *SFRS(I) INT15*. It excludes one-time contributions from services for BOT projects including EPC services that are performed by the Group's internal project management department, recognised under *IFRIC 12 Service Concession Arrangements*.

⁴ GI recurring EBITDA refers to the recurring Earnings before Interest, Tax, Depreciation and Amortisation of the GI Business. It excludes one-time contributions from services for BOT projects, including EPC services, that are provided by the Group's internal project management department, recognised under *IFRIC 12 Service Concession Arrangements*; as well as expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and remuneration of the employees at the group level, etc., which reflects the operating results of the GI business.

⁵ GI recurring PATMI refers to the recurring Profit After Tax and Minority Interests of the GI Business which reflects the profit of the GI business attributable to the Group. It excludes one-time revenue contributions from services for BOT projects, including EPC services, that are provided by the Group's internal project management department, recognised under *IFRIC 12 Service Concession Arrangements*; and expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and employee remuneration at the group level, etc.

⁶ <https://baijiahao.baidu.com/s?id=1771663180102033105&wfr=spider&for=pc>

⁷ <http://finance.sina.com.cn/jjxw/2021-08-06/doc-ikqciyzk9798318.shtml>

⁸ <https://baijiahao.baidu.com/s?id=1771528698989735788&wfr=spider&for=pc>

⁹ <https://baijiahao.baidu.com/s?id=1772264573053275134&wfr=spider&for=pc>

¹⁰ https://sxcoal.substack.com/p/issue-15-chinas-thermal-and-coking?utm_source=post-email-title&publication_id=1242508&post_id=1142538

¹¹ <https://www.sunsirs.com/uk/prodetail-369.html>

The outlook for the Group remains encouraging as of August 2023 and demand for industrial steam is expected to grow further in 2023. The GI projects have realised a strong business performance and the Group intends to continue to improve the profitability and efficiency of the GI projects through the resilient business model and the disciplined and refined management.

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

Continued ramp-up and expansion of existing GI plants, namely:

- Continued ramp-up of 10 projects in operation, driven by the mandatory location and/or relocation of new factories into industrial parks, expansion of coverage area, and/or organic growth of customers and industrial parks. This includes the ramp-up of Phase 2 of certain projects, namely Shantou Project Phase 2 and Jining Project Phase 2.
- Expansion of capacity of certain existing plants, namely Yongxing Project's solid waste JV plant which is expected to commence operation in 2023, and Lianshui Project's planned addition of natural gas boilers.
- Shanxi Xinjiang Project is in trial operation and is expected to ramp up in future.

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

- Leverage the price adjustment mechanism that links feedstock costs to steam prices for more flexibility in adjusting steam prices.
- Focus on the refined management of GI projects and continue to deploy the Mitigation Measures¹² and differentiation strategies¹³.
- Explore new business opportunities in the medium to long term.

Pertaining to 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. During the extension period, Sunpower will focus on strategising and exploring alternative options to raise the required funds for redemption, including but not limited to seeking new investors, additional equity or debt fundraising, a strategic review of the Group's existing operations and financials, and monetisation of certain GI Projects.

¹² The Mitigation Measures include but are not limited to adjusting steam prices with customers; diversifying the feedstock mix to include biomass, sludge and general solid waste; continued implementation of the cost-reduction strategy of controlling unit material use; stocking up on feedstock when prices are conducive; optimisation of steam transmission efficiency; strengthening the ramp-up of GI plant utilisation by connecting to more customers; and further reinforcing the refined management of the plants.

¹³ Sunpower has been proactively implementing various differentiation strategies across its GI project portfolio to realise the medium to long term growth potential of each GI project, depending on the unique characteristics of each industrial park

11. If a decision regarding dividend has been made:

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

None.

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

None.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended by the Board of Directors of the Company for the second quarter ended 30 June 2023. It is not the Company's practise to declare dividends during the second 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 has obtained a general mandate from shareholders for IPTs. The IPT mandate shall continue in force until the conclusion of the next annual general meeting in the calendar year 2024. The IPTs for the second quarter ended 30 June 2023 are outlined as follows:

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	6M2023	
				Aggregate value of all interested person transactions for the six months ended 30 June 2023 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual for the six months ended 30 June 2023 (excluding transactions less than \$100,000) RMB'000
Jiangsu Sunpower Clean Energy Co., Ltd.	Jiangsu Sunpower Technology Co., Ltd.	Associate of controlling shareholders	Lease of office buildings	-	984

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	6M2023	
				Aggregate value of all interested person transactions for the six months ended 30 June 2023 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual for the six months ended 30 June 2023 (excluding transactions less than \$100,000) RMB'000
Jiangsu Sunpower Clean Energy Co., Ltd.	<p>Jiangsu Sunpower Pressure Vessels Equipment Manufacturing Co., Ltd. (Jiangning branch)</p> <p><u>AND</u></p> <p>Sunpower Technology (Jiangsu) Co., Ltd.</p> <p><u>AND</u></p> <p>Jiangsu Sunpower Pipe-Line Engineering Technology Co., Ltd.</p> <p><u>AND</u></p> <p>Jiangsu Sunpower Technology Co., Ltd.</p> <p><u>AND</u></p> <p>Nanjing Shengnuo Heat Pipe Co.,Ltd.</p>	Associate of controlling shareholders	Fee received for providing catering services in staff canteen	2,601	-

Voluntary Disclosure - Non-IPT for the six months ended 30 June 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 six months ended 30 June 2023 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000
Xinjiang Sunpower Clean Energy Co., Ltd.	Shandong Yangguang Engineering Design Institute Co., Ltd.	Associate of controlling shareholders	Construction fee paid for EPC contract	13,083

Note:

On 26 July 2022, Jiangsu Sunpower Pipe-line Engineering Technology Co., Ltd. (the "pipeline company") has been disposed by Sunpower Technology (Jiangsu) Co., Ltd. to unrelated third parties, which are not interested person of the Group. As a result, transactions entered between the Group and the pipeline company on and from 26 July 2022 are no longer interested person transactions within the meaning of Chapter 9 of the Listing Manual.

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

We do hereby confirm on behalf of the Board of Directors of the Company (“the Board”) that, to the best of our knowledge nothing has come to the attention of the Board which may render the condensed interim financial statements for the second quarter and six months ended 30 June 2023 to be false or misleading in any material aspect.

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

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

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

Ma Ming
Executive Director and Chief Executive Officer

Yang Zheng
Lead Independent Director

BY ORDER OF THE BOARD

Ma Ming
Executive Director and Chief Executive Officer

11 August 2023