

SUNPOWER GROUP LTD

Condensed Interim Financial Statements for the Second Quarter and Six Months ended 30 June 2025

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 FINANCIAL STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR SECOND QUARTER AND SIX MONTHS ENDED 30 JUNE 2025

(RMB'000)	Note	Second quarter ended			Six months ended		
		30 Jun 2025	30 Jun 2024	% Change	30 Jun 2025	30 Jun 2024	% Change
Revenue	4	808,783	911,116	-11.2%	1,601,922	1,736,965	-7.8%
Cost of sales		(566,553)	(650,984)	-13.0%	(1,132,436)	(1,267,874)	-10.7%
Gross profit		242,230	260,132	-6.9%	469,486	469,091	0.1%
Other operating income	5	9,634	(822)	N.m.	12,174	21,176	-42.5%
Selling and distribution expenses		(22,613)	(21,621)	4.6%	(40,100)	(38,526)	4.1%
Administrative expenses		(26,113)	(24,556)	6.3%	(50,543)	(45,202)	11.8%
Foreign exchange losses		(18,913)	(5,020)	276.8%	(16,481)	(5,892)	179.7%
Other operating expenses		(1,843)	(11,362)	-83.8%	(13,177)	(12,298)	7.1%
Finance costs		(49,766)	(66,390)	-25.0%	(107,052)	(136,577)	-21.6%
Share of profit of associate		2,007	1,845	8.8%	3,656	3,767	-2.9%
Profit before income tax	6	134,623	132,206	1.8%	257,963	255,539	0.9%
Income tax expense	7	(32,682)	(29,742)	9.9%	(58,876)	(57,893)	1.7%
Profit for the period		101,941	102,464	-0.5%	199,087	197,646	0.7%
<u>Profit for the period attributable to:</u>							
Equity holders of the Company		65,779	65,900	-0.2%	138,010	121,896	13.2%
Non-controlling interests		36,162	36,564	-1.1%	61,077	75,750	-19.4%
Profit for the period		101,941	102,464	-0.5%	199,087	197,646	0.7%
<u>Total comprehensive income for the period attributable to:</u>							
Equity holders of the Company		65,779	65,900	-0.2%	138,010	121,896	13.2%
Non-controlling interests		36,162	36,564	-1.1%	61,077	75,750	-19.4%
Total comprehensive income for the period		101,941	102,464	-0.5%	199,087	197,646	0.7%

*N.m. denotes not meaningful

Supplement information:

Financial effects of Convertible Bonds ("CBs") consist of unrealised foreign exchange translation and amortised interest costs of Convertible Bonds. The table below shows the financial effects of the CBs and the profit for the period without the financial effects of the CBs.

(RMB'000)	Second quarter ended			Six months ended		
	30 Jun 2025	30 Jun 2024	% Change	30 Jun 2025	30 Jun 2024	% Change
Finance costs	10,790	23,970	-55.0%	26,830	47,764	-43.8%
Foreign exchange loss	20,615	4,476	360.6%	18,262	5,702	220.3%
Financial effects of CBs	31,405	28,446	10.4%	45,092	53,466	-15.7%
<u>Profit for the period (without the financial effect of CBs) attributable to:</u>						
Equity holders of the Company	97,184	94,346	3.0%	183,102	175,362	4.4%
Non-controlling interests	36,162	36,564	-1.1%	61,077	75,750	-19.4%
Profit for the period	133,346	130,910	1.9%	244,179	251,112	-2.8%

1(a)(ii) Other information:

Please refer to the 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 STATEMENT OF FINANCIAL POSITION

(RMB'000)	Note	Group		Company	
		As at 30 Jun 2025	As at 31 Dec 2024	As at 30 Jun 2025	As at 31 Dec 2024
ASSETS					
Current assets					
Cash and cash equivalents		692,674	1,193,847	2,500	398,726
Pledged deposits		204,143	212,961	-	-
Trade receivables	10	938,209	878,985	-	-
Other receivables, deposits and prepayments		212,814	191,826	358,722	173,656
Inventories	11	118,992	167,011	-	-
Financial assets at fair value through other comprehensive income	12	61,203	69,187	-	-
Total current assets		<u>2,228,035</u>	<u>2,713,817</u>	<u>361,222</u>	<u>572,382</u>
Non-current assets					
Property, plant and equipment		486,094	498,195	-	-
Other receivables, deposits and prepayments		94,485	83,648	-	-
Financial assets at fair value through other comprehensive income	12	2,577	2,577	-	-
Right-of-use assets		220,464	223,275	-	-
Subsidiaries		-	-	914,379	914,379
Associates		69,127	65,471	-	-
Intangible assets		4,154,960	4,228,770	-	-
Deferred tax assets		78,715	75,948	-	-
Goodwill	13	415,582	415,582	-	-
Total non-current assets		<u>5,522,004</u>	<u>5,593,466</u>	<u>914,379</u>	<u>914,379</u>
Total assets		<u>7,750,039</u>	<u>8,307,283</u>	<u>1,275,601</u>	<u>1,486,761</u>
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables, other payables and contract liabilities		650,775	774,274	655,648	587,290
Borrowings	14	1,506,623	1,653,812	-	-
Lease liabilities		1,097	1,293	-	-
Convertible bonds	15	-	1,080,311	-	1,080,311
Income tax payable		32,354	27,697	-	-
Total current liabilities		<u>2,190,849</u>	<u>3,537,387</u>	<u>655,648</u>	<u>1,667,601</u>
Non-current liabilities					
Deferred tax liabilities		215,132	216,996	-	-
Borrowings		2,050,135	2,008,960	-	-
Convertible bonds	15	551,762	-	551,762	-
Lease liabilities		-	444	-	-
Total non-current liabilities		<u>2,817,029</u>	<u>2,226,400</u>	<u>551,762</u>	<u>-</u>
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		402,914	366,056	-	-
Share option reserves		-	319	-	319
Revaluation reserves		(1,694)	(1,694)	-	-
Conversion option reserves	15	897	-	897	-
Retained earnings / (Accumulated losses)		1,379,455	1,278,303	(304,021)	(552,474)
Equity / (Deficit) attributable to equity holders of the Company		2,152,887	2,014,299	68,191	(180,840)
Non-controlling interests		589,274	529,197	-	-
Total equity / (deficit)		<u>2,742,161</u>	<u>2,543,496</u>	<u>68,191</u>	<u>(180,840)</u>
Total liabilities and equity		<u>7,750,039</u>	<u>8,307,283</u>	<u>1,275,601</u>	<u>1,486,761</u>

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

Please refer to the 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 2025

RMB'000	Second quarter ended		Six months ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
Operating activities				
Profit before income tax	134,623	132,206	257,963	255,539
Adjustments for:				
Depreciation of property, plant and equipment ("PPE")	11,162	14,185	22,285	30,355
Depreciation of right-of-use asset	1,362	1,924	3,124	5,723
Amortisation of intangible assets	54,548	48,818	107,453	96,054
Amortisation of contract cost	60	-	119	-
Interest expense	49,766	66,390	107,052	136,577
Exchange differences arising on foreign currency translation	(1,702)	544	(1,781)	190
Share of profit of associate	(2,007)	(1,845)	(3,656)	(3,767)
Impairment loss on PPE	-	633	-	633
Net (gain)/loss on disposal of property, plant and equipment	(6)	75	6	182
Interest income	(1,758)	(1,223)	(2,924)	(2,579)
Impairment loss on trade and other receivables subject to Expected Credit Losses ("ECL"), net	1,758	14,693	12,956	9,579
Exchange loss on convertible bonds	20,615	4,476	18,262	5,702
Operating cash flows before movements in working capital	268,421	280,876	520,859	534,188
Trade receivables	(26,927)	(41,445)	(62,106)	(112,212)
Financial assets at fair value through other comprehensive income	23,531	(33,343)	7,916	(46,896)
Other receivables and prepayments	4,598	12,190	(32,747)	3,418
Inventories	(16,467)	(98,601)	48,019	(21,363)
Trade payables, other payables and contract liabilities	(30,133)	(491)	(96,190)	(96,433)
Cash generated from operations	223,023	119,186	385,751	260,702
Income tax paid	(25,296)	(25,134)	(57,525)	(52,970)
Interest paid	(38,202)	(46,069)	(79,649)	(83,716)
Interest received	1,758	1,223	2,924	2,579
Net cash from operating activities	161,283	49,206	251,501	126,595
Investing activities				
Purchase of property, plant and equipment	(5,691)	(7,760)	(8,560)	(14,824)
Prepayment for build-operate-transfer ("BOT") projects	(1,760)	(44,596)	(3,502)	(56,018)
Acquisition of intangible assets	(30,151)	(17,546)	(51,232)	(36,026)
Net cash used in investing activities	(37,602)	(69,902)	(63,294)	(106,868)
Financing activities				
Proceeds from new borrowings	214,749	231,953	979,164	620,374
Pledged bank deposits	2,449	5,509	8,818	3,554
Repayment of borrowings	(412,948)	(358,589)	(1,085,178)	(739,452)
Repayment of lease liabilities	(678)	(632)	(678)	(632)
Proceeds from issuance of rights issue	539,963	-	539,963	-
Payment of other financing activity expenses	(3,549)	-	(6,699)	-
Payment of convertible bonds	(515,877)	-	(1,108,462)	-
Payment of dividend to non-controlling interest of a subsidiary	(1,000)	-	(1,000)	-
Interest paid	(2,275)	(3,431)	(15,308)	(30,174)
Net cash used in financing activities	(179,166)	(125,190)	(689,380)	(146,330)
Net decrease in cash and cash equivalents	(55,485)	(145,886)	(501,173)	(126,603)
Cash and cash equivalents at beginning of period	748,159	682,373	1,193,847	663,090
Cash and cash equivalents at end of period	692,674	536,487	692,674	536,487

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 SIX MONTHS ENDED 30 JUNE 2025

	Share capital RMB'000	Share premium RMB'000	General reserves RMB'000	Share option reserve RMB'000	Revaluation reserve RMB'000	Conversion option reserve RMB'000	Retained earnings RMB'000	Equity attributable to equity holders of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
Group										
Balance as at 1 January 2024	57,662	313,653	288,101	319	(1,834)	-	1,242,539	1,900,440	412,229	2,312,669
<u>Total comprehensive income for the year</u>										
Profit for the year	-	-	-	-	-	-	119,437	119,437	124,975	244,412
Other comprehensive loss for the year	-	-	-	-	140	-	-	140	(17)	123
Total	57,662	313,653	288,101	319	(1,694)	-	1,361,976	2,020,017	537,187	2,557,204
<u>Transactions with owners, recognised directly in equity</u>										
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(2,000)	(2,000)
Transfer to general reserves	-	-	83,673	-	-	-	(83,673)	-	-	-
Acquisition of non-controlling interests	-	-	(5,718)	-	-	-	-	(5,718)	(5,990)	(11,708)
Total	-	-	77,955	-	-	-	(83,673)	(5,718)	(7,990)	(13,708)
Balance as at 31 December 2024	57,662	313,653	366,056	319	(1,694)	-	1,278,303	2,014,299	529,197	2,543,496
<u>Total comprehensive income for the period of January to March 2025</u>										
Profit for January to March 2025	-	-	-	-	-	-	72,231	72,231	24,915	97,146
Total	-	-	-	-	-	-	72,231	72,231	24,915	97,146
<u>Transactions with owners, recognised directly in equity</u>										
Transfer to general reserves	-	-	10,475	-	-	-	(10,475)	-	-	-
Total	-	-	10,475	-	-	-	(10,475)	-	-	-
Balance as at 31 March 2025	57,662	313,653	376,531	319	(1,694)	-	1,340,059	2,086,530	554,112	2,640,642

	Share capital	Share premium	General reserves	Share option reserve	Revaluation reserve	Conversion option 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
Group										
Balance as at 31 March 2025	57,662	313,653	376,531	319	(1,694)	-	1,340,059	2,086,530	554,112	2,640,642
<u>Total comprehensive income for the period of April to June 2025</u>										
Profit for April to June 2025	-	-	-	-	-	-	65,779	65,779	36,162	101,941
Total	-	-	-	-	-	-	65,779	65,779	36,162	101,941
<u>Transactions with owners, recognised directly in equity</u>										
Dividend paid to non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	(1,000)	(1,000)
Transfer to general reserves	-	-	26,383	-	-	-	(26,383)	-	-	-
Equity component of convertible bonds	-	-	-	-	-	897	-	897	-	897
Employee share option expenses	-	-	-	(319)	-	-	-	(319)	-	(319)
Total	-	-	26,383	(319)	-	897	(26,383)	578	(1,000)	(422)
Balance as at 30 June 2025	57,662	313,653	402,914	-	(1,694)	897	1,379,455	2,152,887	589,274	2,742,161

Company**Balance as at 1 January 2024**

Loss for the year, representing total comprehensive loss for the year

Balance as at 31 December 2024

Loss for January to March 2025

Balance as at 31 March 2025

Profit for the period, representing total comprehensive profit for April to June 2025

Transactions with owners, recognised directly in equity

Equity component of convertible bonds

Employee share option expenses

Total

Balance as at 30 June 2025

Share capital	Share premium	Share option reserve	Conversion option reserve	Retained earnings	Equity / (Deficit) attributable to equity holders of the Company	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
57,662	313,653	319	-	(491,912)	(120,278)	(120,278)
-	-	-	-	(60,562)	(60,562)	(60,562)
57,662	313,653	319	-	(552,474)	(180,840)	(180,840)
-	-	-	-	(17,911)	(17,911)	(17,911)
57,662	313,653	319	-	(570,385)	(198,751)	(198,751)
-	-	-	-	266,364	266,364	266,364
-	-	-	897	-	897	897
-	-	(319)	-	-	(319)	(319)
-	-	(319)	897	-	578	578
57,662	313,653	-	897	(304,021)	68,191	68,191

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 mainboard of 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 2025 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 2024.

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 2024.

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 2025, 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 2026

- Amendments to SFRS(I) 9 and SFRS(I) 7: *Amendments to the Classification and Measurement of Financial Instruments*
- Annual Improvements to SFRS(I)s – Volume 11
- Amendments to SFRS(I) 9 and SFRS(I) 7: *Contracts Referencing Nature-dependent Electricity*

Effective for annual periods beginning on or after 1 January 2027

- Amendments to SFRS(I) 18: *Presentation and Disclosure in Financial Statements*

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*

2. Basis of Preparation (Continued)

2.1. Adoption of New and Revised Financial Standards (Continued)

SFRS(I) 18 Presentation and Disclosures in Financial Statements

SFRS(I) 18 replaces SFRS(I) 1-1, carrying forward many of the requirements in SFRS(I) 1-1 unchanged and complementing them with new requirements. In addition, some SFRS(I) 1-1 paragraphs have been moved to SFRS(I) 1-8 and SFRS(I) 7.

Furthermore, minor amendments to SFRS(I) 1-7 and SFRS(I) 1-33 Earnings per Share have been made. SFRS(I) 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss;
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements;
- Improve aggregation and disaggregation presented in the financial statements and disclosed in the notes.

The Group and the Company is required to apply SFRS(I) 18 for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The amendments to SFRS(I) 1-7 and SFRS(I) 1-33, as well as the revised SFRS(I) 1-8 and SFRS(I) 7, become effective when the Group and the Company applies SFRS(I) 18. SFRS(I) 18 requires retrospective application with specific transition provisions.

Management anticipates that the adoption of the above new or revised SFRS(I) and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company 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 2024.

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.

2. Basis of Preparation (Continued)

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:

(a) Service concession arrangements

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

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

Management has evaluated all aspects of the above estimates and considered that the estimates of intangible assets and 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.

(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.

2. Basis of Preparation (Continued)

2.2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (Continued)

(d) Fair value measurement of convertible bonds

Due to the amendment agreement as disclosed in Note 15 to the financial statements, the bond has been assessed to be substantially modified and hence it will be accounted for as an extinguishment of the original liability and recognition of the new liability and the convertible feature will be classified as equity. The initial carrying amount of the convertible bonds is allocated to its equity and liability components, the equity component is assigned the residual amount after deducting the fair value of the liability component from the fair value of the instrument as a whole.

Management engaged a third-party qualified valuer to perform the valuation and works closely with the valuer to determine the appropriate valuation techniques and inputs for the valuation. In estimating the fair value of the entire convertible bonds and debt host, 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.

Management is of the view that the fair value of the revised CB approximates the carrying amount of the previous CB as the revised terms are negotiated with third party bondholders based on market terms. The Group had not adjusted for the fair value of the conversion feature as management is of the view that it is not material. The carrying amount of the convertible bonds are disclosed in Note 15 to the financial statements.

Convertible Bonds (the "Rights Issue of CB") were issued on 3 April 2025. In accordance with SFRS(I), the Rights Issue of CB is classified as a compound financial instrument and was split into its liability and equity components upon initial recognition. On the issuance date, management has assessed that the fair value of the Rights Issue of CB to approximate the consideration received from the issuance and engaged a third-party valuer to value the fair value of the debt host liability component. Management works closely with the valuer to determine the appropriate valuation techniques and inputs for the valuation. The fair value of the debt host liability component is deducted from the fair value of the Rights Issue of CB as a whole, with the resulting residual amount being recognised as the equity component. The liability component is measured at amortised cost using the effective interest method, with the amortised interest charges recognised in the statement of profit or loss. The equity component, representing the conversion feature, is recognised in equity at initial recognition and is not subsequently remeasured.

(e) 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 balanced perspective.

4. Disaggregation of Revenue

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

	Six months ended	
	30 Jun 2025	30 Jun 2024
	RMB'000	RMB'000
Types of goods or service:		
Provision of utilities	1,540,027	1,621,980
Sales of goods	31,671	33,132
Revenue from service concession arrangements	30,224	81,853
Total revenue	1,601,922	1,736,965
Timing of revenue recognition:		
<u>At the point of time:</u>		
Provision of utilities	1,540,027	1,621,980
Sales of goods	31,671	33,132
<u>Over time:</u>		
Revenue from service concession arrangements	30,224	81,853
Total revenue	1,601,922	1,736,965
Geographical information:		
PRC	1,601,922	1,736,965
Total revenue	1,601,922	1,736,965

5. Other Operating Income

(RMB'000)	Second quarter ended			Six months ended		
	30 Jun 2025	30 Jun 2024	% Change	30 Jun 2025	30 Jun 2024	% Change
Government grants	1,234	2,753	-55.2%	2,240	3,903	-42.6%
Reclassification of impairment loss to other operating expenses for trade receivable subject to ECL	-	(5,114)	-100.0%	-	-	0.0%
Interest income	1,758	1,223	43.7%	2,924	2,579	13.4%
Government rebates	-	122	-100.0%	165	153	7.8%
Gain on carbon emission quota	6,604	-	0.0%	6,604	13,979	-52.8%
Others	38	194	-80.4%	241	562	-57.2%
Total	9,634	(822)	N.m.	12,174	21,176	-42.5%

6. Profit Before Income Tax

(RMB'000)	Second quarter ended			Six months ended		
	30 Jun 2025	30 Jun 2024	% Change	30 Jun 2025	30 Jun 2024	% Change
Amortisation of intangible assets	54,548	48,818	11.7%	107,453	96,054	11.9%
Depreciation of right-of-use assets	1,362	1,924	-29.2%	3,124	5,723	-45.4%
Amortisation of contract cost	60	-	0.0%	119	-	0.0%
Depreciation of PPE	11,162	14,185	-21.3%	22,285	30,355	-26.6%
Impairment allowance on PPE	-	633	-100.0%	-	633	-100.0%
Impairment loss on trade and other receivables subject to ECL, net	1,758	14,693	-88.0%	12,956	9,579	35.3%
(Gain)/Loss on disposal of property, plant and equipment and intangible assets	(6)	75	-108.0%	6	182	-96.7%
Foreign exchange loss - net	18,913	5,020	276.8%	16,481	5,892	179.7%
Finance costs	49,766	66,390	-25.0%	107,052	136,577	-21.6%

*N.m. denotes not meaningful

7. Income Tax Expense

Income tax recognised in profit or loss:

	Six months ended	
	30 Jun 2025	30 Jun 2024
	RMB'000	RMB'000
Tax expenses comprises:		
Current tax expense	63,507	64,388
Deferred tax	(4,631)	(6,495)
Total tax expenses	58,876	57,893

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.

	Six months ended	
	30 Jun 2025	30 Jun 2024
	RMB'000	RMB'000
Significant related party transactions:		
Rental expense	788	700
Purchase construction services	10,817	(1,102)
Purchase design services	245	-
Purchase of catering services in staff canteen	182	293

9. Dividends

No dividends were declared or paid during the six months ended 30 June 2025 (2024: nil).

10. Trade Receivables and Contract Assets

	Group	
	As at 30 Jun 2025	As at 31 Dec 2024
	RMB'000	RMB'000
Outside parties	1,136,849	1,074,421
Related parties	30	-
Loss allowance	(198,670)	(195,436)
Total	938,209	878,985

The credit period for trade receivables is 90 – 180 days (2024: 90 – 180 days). These receivables are not secured by any collateral or credit enhancements. No interest is charged on the overdue trade receivables.

Loss allowance for trade receivables and contract assets has always been measured at an amount equal to lifetime expected credit losses ("ECL"). In 2024, the Group separated the ECL of trade receivables by two categories between traditional business (such as steam, heating and power generation), and power subsidy from biomass generation, as the risk profiles and business model differ. As the recovery rule of biomass subsidy differs from the receivables attributable to the Group's traditional business (the settlement of the biomass power subsidies being mainly based on the prevailing national policies set by the Ministry of Finance of the PRC without a contractual payment plan), the Group adopted different estimating rates for ECL allowance for the biomass subsidy receivables generated by the Group's business of biomass power.

The ECL on trade receivables from traditional business 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.

The ECL on biomass subsidy receivables are estimated with reference to the probability of default and loss given default benchmarks obtained from public credit rating agencies. The Group monitors changes in credit risk by tracking published external credit ratings, and reviews the rationality of biomass power subsidy ECL provision ratio regularly according to the recovery status.

10. Trade Receivables and Contract Assets (Continued)

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 has been written off is subject to enforcement activities.

The following table details the risk profile of biomass subsidy receivable, trade receivables from traditional business 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.

	GROUP						
	< 6 MONTHS RMB'000	7 - 12 MONTHS RMB'000	1 - 2 YEARS RMB'000	2 - 3 YEARS RMB'000	3 - 4 YEARS RMB'000	> 4 YEARS RMB'000	TOTAL RMB'000
As at 30 June 2025							
Biomass subsidy receivable:							
Expected credit loss rate	4%	4%	4%	4%	4%	4%	
Estimated total gross carrying amount at default	77,349	69,506	136,242	123,822	70,968	46,954	524,841
Lifetime ECL	(3,094)	(2,780)	(5,450)	(92,188)	(70,968)	(22,895)	<u>(197,375)</u>
							327,466
Others:							
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	542,880	23,070	43,958	1,008	-	1,122	612,038
Lifetime ECL	-	-	(110)	(63)	-	(1,122)	<u>(1,295)</u>
							610,743
Total:							
Estimated total gross carrying amount at default	620,229	92,576	180,200	124,830	70,968	48,076	1,136,879
Lifetime ECL	(3,094)	(2,780)	(5,560)	(92,251)	(70,968)	(24,017)	<u>(198,670)</u>
							<u>938,209</u>
As at 31 December 2024							
Biomass subsidy receivable:							
Expected credit loss rate	4%	4%	4%	4%	4%	4%	
Estimated total gross carrying amount at default	69,506	63,583	143,143	103,290	43,630	24,340	447,492
Lifetime ECL	(2,780)	(2,543)	(41,756)	(103,290)	(42,937)	(974)	<u>(194,280)</u>
							253,212
Others:							
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	579,738	32,525	13,544	-	-	1,122	626,929
Lifetime ECL	-	-	(34)	-	-	(1,122)	<u>(1,156)</u>
							625,773
Total:							
Estimated total gross carrying amount at default	649,244	96,108	156,687	103,290	43,630	25,462	1,074,421
Lifetime ECL	(2,780)	(2,543)	(41,790)	(103,290)	(42,937)	(2,096)	<u>(195,436)</u>
							<u>878,985</u>

10. Trade Receivables and Contract Assets (Continued)

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

GROUP	LIFETIME ECL CREDIT-IMPAIRED		TOTAL RMB'000
	INDIVIDUALLY ASSESSED RMB'000	COLLECTIVELY ASSESSED RMB'000	
Balance as at 1 January 2024	268	7,924	8,192
Change in loss allowance due to existing trade receivables originated	184,851	-	184,851
Change in loss allowance due to the recovery of trade receivables	-	(6,532)	(6,532)
Change in loss allowance due to deteriorating trade receivables aging bucket, net of those derecognised due to settlement	-	9,193	9,193
Write-off of bad debts	(268)	-	(268)
Balance as at 31 December 2024	184,851	10,585	195,436
Change in loss allowance due to deteriorating trade receivables aging bucket, net of those derecognised due to settlement	-	3,234	3,234
Balance as at 30 June 2025	184,851	13,819	198,670

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 Jun 2025 RMB'000	As at 31 Dec 2024 RMB'000
Raw materials	118,992	167,011

Inventories are stated net of allowance.

	Group	
	As at 30 Jun 2025 RMB'000	As at 31 Dec 2024 RMB'000
Movements in allowance for inventories:		
At beginning of year	508	508
Write-off of allowance	-	-
Total	508	508

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 Jun 2025 RMB'000	As at 31 Dec 2024 RMB'000	
Financial assets at fair value through other comprehensive income - unquoted equity shares	2,577	2,577	Level 3
Financial assets at fair value through other comprehensive income - notes receivables	61,203	69,187	Level 3

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 Jun 2025 RMB'000	As at 31 Dec 2024 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 2025 was lower than the recoverable amount.

14. Borrowings

Amount repayable in one year or less, or on demand

(RMB'000)	As at 30 Jun 2025		As at 31 Dec 2024	
	Secured	Unsecured	Secured	Unsecured
Borrowings	1,506,623	-	1,643,812	10,000

Amount repayable after one year

(RMB'000)	As at 30 Jun 2025		As at 31 Dec 2024	
	Secured	Unsecured	Secured	Unsecured
Borrowings	2,050,135	-	2,008,960	-

Details of any collaterals:

<u>Collaterals</u>	30 Jun 2025 RMB'000	31 Dec 2024 RMB'000
Secured by building, land use rights, and service concession arrangement and equipment, pledged bank deposit of the subsidiary	1,965,345	2,101,538
Guaranteed by the subsidiary	1,284,031	1,195,136
Secured by building, land use rights, and service concession arrangement and equipment of the subsidiary, and guaranteed by the Company	307,382	356,098

15. Convertible Bonds

	Group and Company	
	As at 30 Jun 2025 RMB'000	As at 31 Dec 2024 RMB'000
Debt host liability component, at amortised cost	551,762	1,080,311
Equity component, conversion option	897	-
Total	552,659	1,080,311

On 3 March 2017, the Company issued convertible bonds ("CB1") amounting to US\$110 million and these were convertible into new shares at an initial conversion price of S\$0.50 per share.

In 2018, the Company obtained shareholders' approval in respect of an aggregate principal amount of up to US\$70 million Tranche 2 convertible bond ("CB2") with an initial conversion price of S\$0.60 per share, together with warrants exercisable at an aggregate amount of US\$30 million.

On 15 October 2018, the Company issued US\$20 million of CB2. Both CB1 and CB2 would otherwise bear interest of 2.5% per annum until the maturity date. The Group was required to achieve performance targets calculated based on its audited adjusted profit after taxation and minority interest ("Adjusted PATMI") (excluding fair value gain and losses of the CB and non-recurring income from the sale of assets and businesses and other mutually agreed accounting adjustments) ("Performance Targets"), otherwise adjustments would be made to the conversion price accordingly.

On 30 December 2020, the Company entered into an addendum agreement to defer the maturity date of CB1 and CB2 to 3 March 2023 as well as to revise the Performance Targets to encompass the change in business structure after the disposal of the M&S Segment. The terms to the addendum agreement were effective on 18 June 2021 upon certain conditions, of which, were contingent upon the successful disposal of the M&S Segment. The disposal was approved by the shareholders on 16 April 2021.

Pursuant to the disposal of the M&S Segment, a proposed special dividend approved by the shareholders on 16 April 2021 was also made to both the shareholders and bondholders. RMB403,315,000 was paid to the bondholders during the year ended 31 December 2021.

In 2022, the maturity date of CB1 and CB2, which was initially on 3 March 2023, was elected by the bondholders to be the 15th Business Day after the date on which the Group's audited financial statements the financial year ended 31 December 2022 were issued.

15. Convertible Bonds (Continued)

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

Subject to certain conditions, this would give rise to a redemption balance of approximately US\$151.6 million on maturity date.

Due to the amendment agreement, terms of the bond were substantially modified and hence it would be accounted for as an extinguishment of the original liability and recognition of the new liability and the convertible feature would be classified as equity. As disclosed in Note 2.2 (d), management is of the view that the fair value of the revised convertible bond approximates the carrying amount of the previous convertible bond as the revised terms are negotiated with third party bondholders based on market terms. The Group had not adjusted for the fair value of the conversion feature as management is of the view that it is not material.

The Company effected payment of the First Tranche Partial Redemption Principal Amount of US\$46.4 million (RMB338.7 million), together with (i) accrued and unpaid interest on the First Tranche Partial Redemption Principal Amount of such Existing Bond and (ii) a premium of US\$7.6 million (RMB55.3 million) on 2 January 2025.

The Company effected payment of the Second Tranche Partial Redemption Principal Amount of US\$11.7 million (RMB85.4 million), together with (i) accrued and unpaid interest on the Second Tranche Partial Redemption Principal Amount of such Existing Bond and (ii) a premium of US\$2.05 million (RMB15 million) on 10 February 2025.

The Company effected payment of the Third Tranche Partial Redemption Principal Amount of US\$11.42 million (RMB82.9 million), together with (i) accrued and unpaid interest on the Third Tranche Partial Redemption Principal Amount of such Existing Bond and (ii) a premium of US\$2.08 million (RMB15.2 million) on 5 March 2025.

On 3 April 2025, the Company received S\$99.46 million (RMB 539.96 million) in gross proceeds from the issuance of renounceable non-written rights issue in aggregate principal amount of convertible bond convertible into 397.8 million new conversion shares, with 7% coupon interest rate per annum (the “Rights Issue of CB”). The convertible bonds will mature 5 years from the issue date of the Convertible Bonds. The net proceeds of approximately S\$94.83 million (approximately RMB515.88 million) from the Rights Issue of CB was used to fully repay the CB1 and CB2 on 7 April 2025.

	Group and Company	
	As at	As at
	30 Jun 2025	31 Dec 2024
	RMB'000	RMB'000
CB1		
Nominal value of CB issued	-	757,856
Less: Transaction Costs	-	(26,342)
Net value of CB issued	-	731,514
Foreign exchange loss	-	54,934
Cumulative interest accrued	-	679,425
Fair value gain on CB	-	(404,025)
Total	-	1,061,848
Less: Interest payables in accruals	-	(20,298)
Less: Interest paid to bondholders	-	(120,527)
Debt host liability component at end of period / year	-	921,023

15. Convertible Bonds (Continued)

	Group and Company	
	As at	As at
	30 Jun 2025	31 Dec 2024
	RMB'000	RMB'000
<u>CB2</u>		
Nominal value of CB issued	-	138,285
Less: Transaction Costs	-	(15,000)
Net value of CB issued	-	123,285
Foreign exchange loss	-	8,908
Cumulative interest accrued	-	86,195
Fair value gain on CB	-	(38,872)
Total	-	179,516
Less: Interest payables in accruals	-	(3,552)
Less: Interest paid to bondholders	-	(16,676)
Debt host liability component at end of period / year	-	159,288

	Group and Company	
	As at	As at
	30 Jun 2025	31 Dec 2024
	RMB'000	RMB'000
<u>Rights issue of CB</u>		
Nominal value of CB issued	539,963	-
Less: Transaction Costs	(5,748)	-
Less: Equity component	(897)	-
Net value of CB issued	533,318	-
Foreign exchange loss	18,262	-
Cumulative interest accrued	9,610	-
Total	561,190	-
Less: Interest payables in accruals	(9,428)	-
Less: Interest paid to bondholders	-	-
Debt host liability component at end of period / year	551,762	-

- 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 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 on.

There were no outstanding treasury shares held as at 30 June 2025 and 31 December 2024.

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

On 3 April 2025, the Company received S\$99.46 million (RMB539.96 million) in gross proceeds from the issuance of renounceable non-written rights issue in aggregate principal amount of convertible bond convertible into 397.8 million new conversion shares, with 7% coupon interest rate per annum (the "Rights Issue of CB"). The convertible bonds will mature 5 years from the issue date of the Convertible Bonds. The net proceeds of approximately S\$94.83 million from the Rights Issue of CB was used to fully repay the CB1 and CB2 on 7 April 2025.

Assuming that all outstanding convertible bonds under the Rights Issue of CB have been converted using the fixed conversion price of S\$0.25 and that all share options granted have been exercised as at 30 June 2025, the number of shares that may be issued as at 30 June 2025 is 397,843,068 ordinary shares (30 June 2024: 359,379,000 ordinary shares). The fully diluted shares (including treasury shares) as at 30 June 2025 is 1,193,529,210 ordinary shares (30 June 2024: 1,155,065,142 ordinary shares).

- 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 30 Jun 2025	As at 31 Dec 2024
Total number of issued shares	795,686,142	795,686,142
Less: Total number of treasury shares	-	-
Total number of issued shares less treasury shares	<u>795,686,142</u>	<u>795,686,142</u>

- 1(d)(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.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 2024.

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

	Second quarter ended		Six months ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
Net profit attributable to equity holders of the Group (RMB'000)	65,779	65,900	138,010	121,896
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per shares – Basic (RMB cents)	8.27	8.28	17.34	15.32

Basic earnings per share for second quarter and six months ended 30 June 2025 and 30 June 2024 have been calculated based on the weighted average number of ordinary shares issued at 795,686,142 ordinary shares respectively.

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

	Second quarter ended		Six months ended	
	30 Jun 2025	30 Jun 2024	30 Jun 2025	30 Jun 2024
Net profit attributable to equity holders of the Group (RMB'000)	97,184	94,346	183,102	175,362
Weighted average number of ordinary shares outstanding ('000)	1,193,529	1,153,977	1,193,529	1,153,874
Earnings per shares – Diluted (RMB cents)	8.14	8.18	15.34	15.20

Diluted earnings per share for the above periods have been calculated by assuming the outstanding convertibles have been converted at S\$0.25 (2024: S\$0.50 and S\$0.60) based on exercise price of convertible bonds issued on 3 April 2025 (2024: 3 March 2017 and 15 October 2018 respectively), and that all share options granted have been exercised as at 30 June 2025.

7 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:

	Group		Company	
	30 Jun 2025	31 Dec 2024	30 Jun 2025	31 Dec 2024
Net asset / (liability) value per share (RMB cents)	344.63	319.66	8.57	(22.73)

The net asset / (liability) value per share for 30 June 2025 and 31 December 2024 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 2025 and 31 December 2024 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 second quarter ended 30 June 2025 ("2Q2025") as compared with that of the second quarter ended 30 June 2024 ("2Q2024")

Revenue

The Group's revenue is derived mainly from provision of utilities. Despite the prevailing macroeconomic pressures during 2Q2025, the demand for steam was in line with the same period last year. During this period, revenue has decreased by approximately RMB102.3 million or 11.2% from RMB 911.1 million in 2Q2024 to RMB808.8 million in 2Q2025, due mainly to the implementation of price adjustment mechanism as fuel costs decreased at the start of 2025. Besides, there was a decrease in the construction service revenue from service concession arrangements due to the reduced construction of BOT projects.

Gross Profit

Gross profit declined from RMB260.1 million in 2Q2024 to RMB242.2 million in 2Q2025, representing a decrease of RMB17.9 million or 6.9%. Since the beginning of 2024, fuel costs have exhibited a fluctuating downward trend, while the Company's steam price adjustments experienced a temporary lag and some projects have marked down their steam sales prices this period. Nevertheless, despite the narrowing of gross revenue, the healthy and effective operation of the price adjustment mechanism has supported the relatively stable unit sales profit of steam.

Profit before Income Tax

There was an increase in profit before income tax of RMB2.4 million, or 1.8%, from RMB132.2 million in 2Q2024 to RMB134.6 million in 2Q2025. This was due mainly to the following:

- (a) Reduction in finance costs of RMB16.6 million from RMB66.4 million in 2Q2024 to RMB49.8 million in 2Q2025 due mainly to the reduction of interest of Convertible Bonds as well as the effective implementation of reduction of financing costs of GI projects, including obtaining lower interest rate loans through structural adjustments and negotiating interest rate cuts with banks;
- (b) Increase in other operating income of RMB10.4 million from other operating loss of RMB0.8 million in 2Q2024 to RMB9.6 million in 2Q2025 due mainly to the proceeds from gain on carbon emission quota in 2Q2025 while there was an impairment loss for trade receivables recognised in 2Q2024; and
- (c) Drop in other operating expenses of RMB9.5 million from RMB11.4 million in 2Q2024 to RMB1.9 million in 2Q2025, due mainly to the lower impairment loss for trade receivables recognised as compared with the same period last year.

However, the above factors are offset by:

- (d) A decrease in gross profit of RMB 17.9 million as explained above;
- (e) Increase in foreign exchange loss of RMB13.9 million from RMB5.0 million in 2Q2024 to RMB18.9 million in 2Q2025 due mainly to the more depreciation of RMB against SGD for the SGD Convertible Bonds compared with the depreciation of RMB against USD for the USD Convertible Bonds the same period last year;
- (f) Increase in administrative expenses of RMB1.5 million from RMB24.6 million in 2Q2024 to RMB26.1 million in 2Q2025 as a result of salary costs from one off employee compensation payments related to Company's organisational rationalisation; and
- (g) Increase in selling and distribution expenses of RMB1.0 million from RMB21.6 million in 2Q2024 to RMB22.6 million in 2Q2025 due mainly to the ramp-up of the Shantou project.

Income tax expenses

The income tax expense has increased by RMB3.0 million from RMB29.7 million in 2Q2024 to RMB32.7 million in 2Q2025, which is in line with the profit growth.

Profit for the Financial Period

As a result of the above, the Group's net profit attributable to equity holders has decreased slightly by RMB0.1 million or 0.2% from RMB65.9 million in 2Q2024 to RMB65.8 million in 2Q2025. Excluding the impact of financial effects of CB, the Group's net profit attributable to equity holders has increased slightly by RMB2.9 million or 3.0% from RMB94.3 million in 2Q2024 to RMB97.2 million in 2Q2025.

(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

The Group's total current assets have decreased by RMB485.8 million or 17.9% from RMB2,713.8 million as at 31 December 2024 to RMB2,228.0 million as at 30 June 2025. The decrease was attributable mainly to the following:

- (a) Drop in cash and cash equivalents of approximately RMB501.2 million, due mainly to repayment of convertible bonds of RMB1,108.5 million, net repayment of bank loans of RMB 106.0 million and acquisition of property, plant and equipment and intangible assets of RMB59.8 million, which is offset by net proceeds from operating activities of RMB251.5 million and issuance of rights issue of Convertible Bonds of RMB540.0 million;
- (b) Decrease in inventories of RMB48.0 million due primarily to consumption of raw materials; and
- (c) Decrease in pledged bank deposits of RMB8.8 million as less collaterals were required for the credit facilities granted at the end of the period.

However, the above factors are offset by:

- (d) Increase in trade receivables of RMB59.2 million due mainly to the increase in receivables of biomass power subsidies in respect of the Group's biomass GI projects.

The settlement of the biomass power subsidies is based mainly on the prevailing national policies set by the Ministry of Finance of the PRC and without a contractual payment plan. 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 after their inclusion into the subsidy catalogue. Delays in the payments of biomass subsidies occurred, therefore trade receivables continued to increase. As a result, almost all trade receivables aged over six months are comprised of such biomass power subsidies.

The new plant of Xintai Zhengda Project has been included in the Renewable Energy Power Generation Subsidy List and will receive feed-in tariff subsidies for the electricity generated by its biomass boiler in due course. As disclosed in "Supplementary Notice on Relevant Matters of Several Opinions on Promoting the Healthy Development of Non-hydro Renewable Energy Generation" dated September 2020: Biomass power generation projects will no longer enjoy central financial subsidy funds after 15 years from the date of grid connection or after 82,500 hours of reasonable utilisation throughout its lifecycle.

Tongshan Project's biomass power generation business obtained its grid connection permit in 2021 and has passed the confirmation of the provincial-level competent authorities. The project has passed the review and acceptance of the National Energy Administration (Jiangsu Supervision Office) and the Jiangsu Development & Reform Commission. It is now being reviewed by the National Renewable Energy Information Management Center.

On 28 July 2025, the Group received biomass subsidies for Xintai Project, amounting to RMB 135.2 million. As at 31 July 2025, the outstanding balance of biomass subsidies (net of loss allowance) for abovementioned two projects is RMB197.7 million, and the Group will continue to closely follow up on the status of trade receivable for biomass power generation business.

As for Shantou Project, which is 51%-owned by the Group, according to the concession agreement signed between the Shantou Chaonan Local Government and CES (a state-owned enterprise), CES is an authorised concessionaire. Shantou Project had previously signed a steam supply agreement with CES to undertake the supply of steam to over 100 downstream steam users in the Shantou Textile Circular Economy Industrial Park.

The Group had offered the downstream customers a payment grace period. And the management continues to diligently monitor the receivable turnover days.

Approximately 66.5% and 31.3% of the trade receivables at 31 December 2024 and 30 June 2025 respectively were collected as at 31 July 2025, which were calculated based on the gross carrying amount of trade receivables. 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

- (e) Increase in other receivables, deposits and prepayments of RMB 21.0 million due mainly to increase in prepayment for inventories.

The Group's total non-current assets fell by RMB71.5 million from RMB5,593.5 million as at 31 December 2024 to RMB5,522.0 million as at 30 June 2025. The following factors led to the decrease in non-current assets:

- (a) Decrease in intangible assets of RMB73.8 million due mainly to the amortisation expenses incurred; and
- (b) Decrease in property, plant and equipment of RMB12.1 million due mainly to the depreciation expenses incurred.

The above was offset by an increase in other receivables, deposits and prepayments of RMB10.8 million due primarily to the increase in prepayments for BOT projects.

The Group's total current liabilities decreased by RMB1,346.5 million or 38.1% from RMB3,537.4 million as at 31 December 2024 to RMB2,190.9 million as at 30 June 2025, due mainly to the following:

- (a) Decrease in convertible bonds of RMB1,080.3 million due to repayment of the convertible bonds on maturity;
- (b) Decrease in trade payables, other payables and contract liabilities of RMB123.5 million primarily as a result of payment of outstanding raw materials purchase and payment of construction payables for BOT projects as well as the payment of accrued coupon for CBs due; and
- (c) Decrease in short-term loans of RMB 147.2 million due to repayment of outstanding loans.

The Group's total non-current liabilities increased from RMB2,226.4 million as at 31 December 2024 to RMB2,817.0 million as at 30 June 2025, which is an increase of RMB590.6 million or 26.5%. The increase was attributable mainly to:

- (a) Recognition of convertible bonds of RMB551.8 million as a result of the issuance of the rights issue of Convertible bonds on 3 April 2025; and
- (b) Increase of long-term loans of RMB41.2 million due primarily to the continuing optimisation of debt structure in order to reduce short-term debt pressure.

Review of the Group's cash flow statement

Net cash generated from operating activities amounted to approximately RMB161.3 million in 2Q2025, due primarily to the following factors:

- (a) Increased working capital requirements due to the increase in trade receivables of RMB26.9 million, decrease in financial assets at fair value through other comprehensive income of RMB23.5 million, decrease in other receivables and prepayments of RMB4.6 million, increase in inventories of RMB16.5 million, and decrease in trade payables, other payables and contract liabilities of RMB30.1 million; and
- (b) Interest and tax paid of RMB63.5 million in aggregate.

Net cash used in investing activities amounted to RMB37.6 million due mainly to the acquisition of intangible assets of RMB30.2 million, purchase of property, plant and equipment of RMB5.7 million, and prepayment for Xinyuan project of RMB1.7 million.

Net cash used in financing activities amounted to RMB179.2 million due to repayment of convertible bonds of RMB515.9 million, bank loans of RMB412.9 million, and interest paid of RMB2.3 million, offset by proceeds from issuance of rights issue of RMB540.0 million, bank loans of RMB214.7 million and decrease in pledged deposit of RMB2.4 million.

Use of Proceeds from the Rights Issue of Convertible Bonds

On 3 April 2025, the Company received S\$99.46 million in gross proceeds from the Right Issue of Convertible Bonds (the "Rights Issue"). After deducting expenses of S\$1.06 million, the Company raised net proceeds of approximately S\$98.40 million from the Rights Issue ("Net Proceeds").

As disclosed in the "Use of Proceeds" section in the Offer Information Statement ("OIS") of the Right Issue dated 10 March 2025, the Company intends to use the Net Proceeds for the repayment of the Existing Bonds issued by the Company to the Existing Bondholders before the maturity date of the Existing Bonds.

In addition, as disclosed in the "Use of Proceeds" section of the OIS, in the event if there is excess Net Proceeds after the redemption of the Existing Bonds, the remaining amount of the Net Proceeds shall be retained by the Company for working capital purposes.

As at 31 July 2025, the Company has utilised all of the net proceeds from the Rights Issue as per the schedule below.

As of 31 July 2025	Use of Proceeds
Repayment of Existing Bonds	S\$94.83 million (approximately RMB515.88 million)
Payment for salaries and wages	S\$3.04 million (approximately RMB16.84 million)
Payment for intermediary service fees and office expenses	S\$0.53 million (approximately RMB3.00 million)
Total Net Proceeds used	S\$98.40 million (approximately RMB535.72 million)

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

Financial Effects of Convertible Bonds

Convertible Bonds ("the rights issue of CB") were issued on 3 April 2025. In accordance with SFRS(I), the rights issue of CB is classified as a compound financial instrument and was split into its liability and equity components upon initial recognition. The liability component is measured at amortised cost using the effective interest method, with the amortised interest charges recognised in the statement of profit or loss. The equity component, representing the conversion feature, is recognised in equity at initial recognition and is not subsequently remeasured.

The financial effects of the rights issue of CB to the statement of profit or loss and other statements have no operational effects to the financial performance of the Group. Financial effects of the rights issue of CB consist of unrealised foreign exchange translation and amortised interest expenses (inclusive of interest charges) of Convertible Bonds.

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.

China's National Development and Reform Commission ("NDRC") and National Energy Administration ("NEA") jointly published an official document on 21 May, 2025, promoting green electricity direct connection (绿电直连) initiatives. The policy enables the direct supply of renewable energy (wind, solar, and biomass) to end-users without grid intermediaries¹. This is expected to support the Group's expansion in electricity sales.

National Bureau of Statistics of China ("NBS"), in its economic outlook, indicated that despite external uncertainties and domestic structural adjustment pressures, the NBS's comprehensive assessment projects stable economic growth with solid fundamentals for China in the second half of 2025.²

The spot price of coal in the domestic market continued to be in the downward trend due to oversupply in 1H2025. For 2H2025, the coal market may stage a rebound due to higher power demand during summer peak periods and winter coal reserve; however, the rebound is expected to have limited upside and sustainability.³

Against this mixed macroeconomic backdrop, the Group remains committed to growing its Green Investments ("GI") business and actively seeking new drivers of growth.

In line with China's national strategy to promote commercialisation of Artificial Intelligence ("AI") and its call to develop new quality productivity and enhance energy efficiency through technological innovation, the Group is adopting a dual approach driven by "resources" and "technology" to transform from a traditional steam supplier into an intelligent energy services provider empowered by AI.

Looking ahead, the Group will focus on building AI-empowered thermal and steam pipeline networks, advancing AI-empowered combined heat and power ("CHP") projects, and expanding into renewable and alternative energy development such as intelligent geothermal energy solutions — contributing to a more sustainable and innovation-led industrial energy ecosystem.

¹ https://www.ndrc.gov.cn/xxgk/zcfb/tz/202505/t20250530_1398138.html

² https://www.gov.cn/zhengce/202507/content_7032118.htm

³ <https://news.bjx.com.cn/html/20250716/1451276.shtml>

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)

None.

(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 2025. It is not the Company's practice 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 does not have a general mandate from shareholders for IPTs. The Group has established a procedure for recording and reporting interested person transactions. All interested person transactions are subject to review by the Company's Independent Committee to ensure they are carried out on normal commercial terms.

However, there are transactions performed under agreements that were entered into during the period in which the Company's IPT general mandate was in force, which was first adopted on 16 April 2021 and renewed on 27 May 2022 before it expired on 28 April 2023. By the nature of certain of such contracts, these transactions may only accrue upon the satisfaction of certain milestones. Accordingly, such IPTs as approved under the prior IPT general mandate are presented as and when they are accrued.

The IPTs for the six months ended 30 June 2025 are outlined as follows:

Name of Entity at Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	Aggregate value of all interested person transactions for the six months ended 30 June 2025 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ¹	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 2025 (excluding transactions less than S\$100,000) ²
				RMB'000	RMB'000
Shantou Sunpower Keying Thermal Power Co., Ltd.	Shandong Yangguang Engineering Design Institute Co., Ltd.	Associate of controlling shareholders	Payment for construction engineering design	245	-
			Construction fee paid for Engineering, Procurement and Construction ("EPC") contract	10,817	-

Name of Entity at Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	Aggregate value of all interested person transactions for the six months ended 30 June 2025 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ¹ RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual for the six months ended 30 June 2025 (excluding transactions less than S\$100,000) ² RMB'000
Jiangsu Sunpower Clean Energy Co., Ltd.	Jiangsu Sunpower Technology Co., Ltd.	Associate of controlling shareholders	Lease of office buildings	-	671

Note:

(1) The transactions listed in this column pertain to transactions that are non-mandated.

(2) The transactions listed in this column pertain to transactions performed under agreements that were entered into during the period which the Company's IPT general mandate was in force, which was first adopted on 16 April 2021 and renewed on 27 May 2022 before it expired on 28 April 2023. By the nature of certain of these contracts, certain transactions may only accrue upon the satisfaction of certain milestones. Accordingly, such IPTs as approved under the prior IPT general mandate are presented as and when they are accrued.

In connection with the renounceable non-underwritten rights issue of 7.00% convertible bonds (the "Rights Issue") announced on 5 February 2025, certain participants, including Mr. Lin Yucheng, Ms. Pan Shuhong, and entities controlled by them (collectively, the "Undertaking Lin and Pan Entities"), as well as Mr. Guo Hong Xin and entities under his control (collectively, the "Undertaking Guo Entities"), are regarded as interested persons of Sunpower Group Limited. Additional details regarding the Rights Issue and the allotment outcomes are disclosed in the Company's announcements dated 5 February 2025 and 31 March 2025, accessible on the SGX-ST website at www.sgx.com.

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

We 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 2025 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 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.

Guo Hong Xin
Non-Executive Chairman

Yang Zheng
Lead Independent Director

BY ORDER OF THE BOARD

Guo Hong Xin
Non-Executive Chairman

8 August 2025