

Condensed Interim Financial Statements for the Second Quarter and Six Months Ended 30 June 2024

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 2024

(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 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change
Revenue	4	911,116	838,565	8.7%	1,736,965	1,636,923	6.1%	911,116	838,565	8.7%	1,736,965	1,636,923	6.1%
Cost of sales		(650,984)	(625,619)	4.1%	(1,267,874)	(1,271,965)	(0.3%)	(650,984)	(625,619)	4.1%	(1,267,874)	(1,271,965)	(0.3%)
Gross profit		260,132	212,946	22.2%	469,091	364,958	28.5%	260,132	212,946	22.2%	469,091	364,958	28.5%
Other operating income	5	(822)	6,730	n.m.	21,176	9,324	127.1%	(822)	6,730	n.m.	21,176	9,324	127.1%
Selling and distribution expenses		(21,621)	(19,465)	11.1%	(38,526)	(32,923)	17.0%	(21,621)	(19,465)	11.1%	(38,526)	(32,923)	17.0%
Administrative expenses		(24,556)	(21,485)	14.3%	(45,202)	(42,254)	7.0%	(24,556)	(21,485)	14.3%	(45,202)	(42,254)	7.0%
Foreign exchange (loss)/gain		(5,020)	(45,839)	(89.0%)	(5,892)	(34,024)	(82.7%)	(544)	534	(201.9%)	(190)	373	(150.9%)
Other operating expenses		(11,362)	(230)	n.m.	(12,298)	(259)	n.m.	(11,362)	(230)	n.m.	(12,298)	(259)	n.m.
Finance costs		(66,390)	(68,317)	(2.8%)	(136,577)	(138,900)	(1.7%)	(42,420)	(45,733)	(7.2%)	(88,813)	(96,322)	(7.8%)
Share of profit of associate		1,845	1,035	78.3%	3,767	1,708	120.6%	1,845	1,035	78.3%	3,767	1,708	120.6%
Fair value changes on convertible bonds		-	3,383	(100.0%)	-	(3,782)	(100.0%)	-	-	-	-	-	-
Profit before income tax	6	132,206	68,758	92.3%	255,539	123,848	106.3%	160,652	134,332	19.6%	309,005	204,605	51.0%
Income tax expense	7	(29,742)	(26,319)	13.0%	(57,893)	(42,212)	37.1%	(29,742)	(26,319)	13.0%	(57,893)	(42,212)	37.1%
Profit for the period		102,464	42,439	141.4%	197,646	81,636	142.1%	130,910	108,013	21.2%	251,112	162,393	54.6%
Total comprehensive income for the period		102,464	42,439	141.4%	197,646	81,636	142.1%	130,910	108,013	21.2%	251,112	162,393	54.6%

(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 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change
<u>Profit for the period attributable to:</u>													
Equity holders of the Company		65,900	17,272	281.5%	121,896	45,929	165.4%	94,346	82,846	13.9%	175,362	126,686	38.4%
Non-controlling interests		36,564	25,167	45.3%	75,750	35,707	112.1%	36,564	25,167	45.3%	75,750	35,707	112.1%
Profit for the period		102,464	42,439	141.4%	197,646	81,636	142.1%	130,910	108,013	21.2%	251,112	162,393	54.6%
<u>Total comprehensive income for the period attributable to:</u>													
Equity holders of the Company		65,900	17,272	281.5%	121,896	45,929	165.4%	94,346	82,846	13.9%	175,362	126,686	38.4%
Non-controlling interests		36,564	25,167	45.3%	75,750	35,707	112.1%	36,564	25,167	45.3%	75,750	35,707	112.1%
Total comprehensive income for the period		102,464	42,439	141.4%	197,646	81,636	142.1%	130,910	108,013	21.2%	251,112	162,393	54.6%

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 2024 (Unaudited)	As at 31 December 2023 (Audited)	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
ASSETS					
Current assets:					
Cash and cash equivalents		536,487	663,090	5,288	995
Pledged bank deposits		81,092	84,676	-	-
Trade receivables	10	919,661	813,033	-	-
Other receivables, deposits and prepayments		245,991	249,575	336,558	427,083
Inventories	11	159,391	138,028	-	-
Financial assets at fair value through other comprehensive income	12	78,748	36,259	-	-
Total current assets		2,021,370	1,984,661	341,846	428,078
Non-current assets:					
Property, plant and equipment		502,234	517,628	-	-
Right-of-use assets		227,386	230,229	-	-
Other receivables, deposits and prepayments		74,240	50,117	-	-
Financial assets at fair value through other comprehensive income	12	2,142	2,142	-	-
Subsidiaries		-	-	914,379	914,379
Associates		62,716	58,949	-	-
Intangible assets		4,272,867	4,335,777	-	-
Deferred tax assets		39,962	34,010	-	-
Goodwill	13	415,582	415,582	-	-
Total non-current assets		5,597,129	5,644,434	914,379	914,379
Total assets		7,618,499	7,629,095	1,256,225	1,342,457
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables, other payables and contract liabilities		549,091	712,896	358,223	488,890
Lease liabilities		1,264	1,235	-	-
Borrowings	14	1,276,357	1,191,484	-	-
Convertible bonds	15	1,015,756	-	1,015,756	-
Income tax payable		41,270	25,927	-	-
Total current liabilities		2,883,738	1,931,542	1,373,979	488,890
Non-current liabilities:					
Deferred tax liabilities		216,917	217,460	-	-
Borrowings	14	2,005,753	2,191,842	-	-
Convertible bonds	15	-	973,845	-	973,845
Lease liabilities		1,776	1,737	-	-
Total non-current liabilities		2,224,446	3,384,884	-	973,845
Capital and reserves:					
Share capital		57,662	57,662	57,662	57,662
Share premium		313,653	313,653	313,653	313,653
General reserves		327,844	288,101	-	-
Share option reserve		319	319	319	319
Foreign currency translation reserve		-	-	-	-
Revaluation reserve		(1,834)	(1,834)	-	-
Accumulated earnings/(losses)		1,324,692	1,242,539	(489,388)	(491,912)
Equity attributable to equity holders of the Company		2,022,336	1,900,440	(117,754)	(120,278)
Non-controlling interests		487,979	412,229	-	-
Total equity		2,510,315	2,312,669	(117,754)	(120,278)
Total liabilities and equity		7,618,499	7,629,095	1,256,225	1,342,457

		Actual (WITHOUT financial effects of Convertible Bonds)			
		Group		Company	
(RMB'000)	Note	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)	As at 30 June 2024 (Unaudited)	As at 31 December 2023 (Audited)
ASSETS					
Current assets:					
Cash and cash equivalents		536,487	663,090	5,288	995
Pledged bank deposits		81,092	84,676	-	-
Trade receivables	10	919,661	813,033	-	-
Other receivables, deposits and prepayments		245,991	249,575	336,558	427,083
Inventories	11	159,391	138,028	-	-
Financial assets at fair value through other comprehensive income	12	78,748	36,259	-	-
Total current assets		2,021,370	1,984,661	341,846	428,078
Non-current assets:					
Property, plant and equipment		502,234	517,628	-	-
Right-of-use assets		227,386	230,229	-	-
Other receivables, deposits and prepayments		74,240	50,117	-	-
Financial assets at fair value through other comprehensive income	12	2,142	2,142	-	-
Subsidiaries		-	-	914,379	914,379
Associates		62,716	58,949	-	-
Intangible assets		4,272,867	4,335,777	-	-
Deferred tax assets		39,962	34,010	-	-
Goodwill	13	415,582	415,582	-	-
Total non-current assets		5,597,129	5,644,434	914,379	914,379
Total assets		7,618,499	7,629,095	1,256,225	1,342,457
LIABILITIES AND EQUITY					
Current liabilities:					
Trade payables, other payables and contract liabilities		538,340	690,334	347,479	466,335
Lease liabilities		1,264	1,235	-	-
Borrowings	14	1,276,357	1,191,484	-	-
Convertible bonds	15	716,024	-	716,024	-
Income tax payable		41,270	25,927	-	-
Total current liabilities		2,573,255	1,908,980	1,063,503	466,335
Non-current liabilities:					
Deferred tax liabilities		216,917	217,460	-	-
Borrowings	14	2,005,753	2,191,842	-	-
Convertible bonds	15	-	739,390	-	739,390
Lease liabilities		1,776	1,737	-	-
Total non-current liabilities		2,224,446	3,150,429	-	739,390
Capital and reserves:					
Share capital		57,662	57,662	57,662	57,662
Share premium		313,653	313,653	313,653	313,653
General reserves		327,844	288,101	-	-
Share option reserve		319	319	319	319
Foreign currency translation reserve		-	-	-	-
Revaluation reserve		(1,834)	(1,834)	-	-
Accumulated earnings/(losses)		1,635,175	1,499,556	(178,912)	(234,902)
Equity attributable to equity holders of the Company		2,332,819	2,157,457	192,722	136,732
Non-controlling interests		487,979	412,229	-	-
Total equity		2,820,798	2,569,686	192,722	136,732
Total liabilities and equity		7,618,499	7,629,095	1,256,225	1,342,457

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 2024

(RMB'000)	Note	Actual (WITH financial effects of Convertible Bonds)			
		Second quarter ended		Six months ended	
		30 June 2024	30 June 2023	30 June 2024	30 June 2023
Operating activities					
Profit before income tax	6	132,206	68,758	255,539	123,848
Adjustments for:					
Depreciation of property, plant and equipment		14,185	15,372	30,355	30,489
Depreciation of right-of-use assets		1,924	1,506	5,723	3,277
Amortisation of intangible assets		48,818	43,427	96,054	85,805
Interest expense		66,390	68,317	136,577	138,900
Exchange difference arising on foreign currency translation		544	(534)	190	(373)
Share of profit of associate		(1,845)	(1,035)	(3,767)	(1,708)
Impairment allowance on property, plant and equipment		633	-	633	-
Loss on disposal of property, plant and equipment		75	-	182	-
Interest income		(1,223)	(1,340)	(2,579)	(2,523)
Impairment loss on trade and other receivables subject to ECL, net		14,693	124	9,579	124
Exchange loss on convertible bonds		4,476	46,373	5,702	34,397
Fair value (gain)/loss on convertible bonds		-	(3,383)	-	3,782
Operating cash flows before movements in working capital		280,876	237,585	534,188	416,018
Trade receivables		(41,445)	(1,135)	(112,212)	(62,189)
Financial assets at fair value through other comprehensive income		(33,343)	33,162	(46,896)	(1,619)
Other receivables and prepayments		12,190	55,454	3,418	1,507
Inventories		(98,601)	(96,585)	(21,363)	(16,824)
Trade payables, other payables and contract liabilities		(491)	46,440	(96,433)	(48,915)
Cash generated from operations		119,186	274,921	260,702	287,978
Income tax paid		(25,134)	(20,757)	(52,970)	(34,544)
Interest paid		(46,069)	(39,647)	(83,716)	(83,626)
Interest received		1,223	1,340	2,579	2,523
Net cash generated from operating activities		49,206	215,857	126,595	172,331
Investing activities					
Purchase of property, plant and equipment		(7,760)	(4,403)	(14,824)	(12,112)
Prepayment for build-operate-transfer ("BOT") projects		(44,596)	(2,448)	(56,018)	(26,306)
Acquisition of intangible assets		(17,546)	(117,477)	(36,026)	(180,997)
Proceeds from disposal of subsidiary		-	-	-	1,400
Net cash used in investing activities		(69,902)	(124,328)	(106,868)	(218,015)
Financing activities					
Proceeds from new borrowings		231,953	204,500	620,374	630,883
Repayment of borrowings		(358,589)	(257,497)	(739,452)	(486,046)
Pledged bank deposits		5,509	98	3,554	(19,619)
Payment of dividends		-	(5,528)	-	(5,528)
Repayment of lease liabilities		(632)	-	(632)	-
Interest paid		(3,431)	(4,398)	(30,174)	(31,304)
Net cash (used in)/generated from financing activities		(125,190)	(62,825)	(146,330)	88,386
Net (decrease)/increase in cash and cash equivalents		(145,886)	28,704	(126,603)	42,702
Cash and cash equivalents at beginning of period		682,373	599,105	663,090	585,268
Effects of foreign exchange rate changes		-	534	-	373
Cash and cash equivalents at end of period		536,487	628,343	536,487	628,343

		Actual (WITHOUT financial effects of Convertible Bonds)			
		Second quarter ended		Six months ended	
(RMB'000)	Note	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Operating activities					
Profit before income tax	6	160,652	134,332	309,005	204,605
Adjustments for:					
Depreciation of property, plant and equipment		14,185	15,372	30,355	30,489
Depreciation of right-of-use assets		1,924	1,506	5,723	3,277
Amortisation of intangible assets		48,818	43,427	96,054	85,805
Interest expense		42,420	45,733	88,813	96,322
Exchange difference arising on foreign currency translation		544	(534)	190	(373)
Share of profit of associate		(1,845)	(1,035)	(3,767)	(1,708)
Impairment allowance on property, plant and equipment		633	-	633	-
Loss on disposal of property, plant and equipment		75	-	182	-
Interest income		(1,223)	(1,340)	(2,579)	(2,523)
Impairment loss on trade and other receivables subject to ECL, net		14,693	124	9,579	124
Operating cash flows before movements in working capital		280,876	237,585	534,188	416,018
Trade receivables		(41,445)	(1,135)	(112,212)	(62,189)
Financial assets at fair value through other comprehensive income		(33,343)	33,162	(46,896)	(1,619)
Other receivables and prepayments		12,190	55,454	3,418	1,507
Inventories		(98,601)	(96,585)	(21,363)	(16,824)
Trade payables, other payables and contract liabilities		(491)	46,440	(96,433)	(48,915)
Cash generated from operations		119,186	274,921	260,702	287,978
Income tax paid		(25,134)	(20,757)	(52,970)	(34,544)
Interest paid		(46,069)	(39,647)	(83,716)	(83,626)
Interest received		1,223	1,340	2,579	2,523
Net cash generated from operating activities		49,206	215,857	126,595	172,331
Investing activities					
Purchase of property, plant and equipment		(7,760)	(4,403)	(14,824)	(12,112)
Prepayment for build-operate-transfer ("BOT") projects		(44,596)	(2,448)	(56,018)	(26,306)
Acquisition of intangible assets		(17,546)	(117,477)	(36,026)	(180,997)
Proceeds from disposal of subsidiary		-	-	-	1,400
Net cash used in investing activities		(69,902)	(124,328)	(106,868)	(218,015)
Financing activities					
Proceeds from new borrowings		231,953	204,500	620,374	630,883
Repayment of borrowings		(358,589)	(257,497)	(739,452)	(486,046)
Pledged bank deposits		5,509	98	3,554	(19,619)
Payment of dividends		-	(5,528)	-	(5,528)
Repayment of lease liabilities		(632)	-	(632)	-
Interest paid		(3,431)	(4,398)	(30,174)	(31,304)
Net cash (used in)/generated from financing activities		(125,190)	(62,825)	(146,330)	88,386
Net (decrease)/increase in cash and cash equivalents		(145,886)	28,704	(126,603)	42,702
Cash and cash equivalents at beginning of period		682,373	599,105	663,090	585,268
Effects of foreign exchange rate changes		-	534	-	373
Cash and cash equivalents at end of period		536,487	628,343	536,487	628,343

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 2024

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 1 January 2023	57,662	313,653	239,681	319	-	(1,706)	1,120,715	1,730,324	319,525	2,049,849
<u>Total comprehensive income/ for the year</u>										
Profit for the year	-	-	-	-	-	-	175,772	175,772	92,710	268,482
Other comprehensive loss for the year	-	-	-	-	-	(128)	-	(128)	(6)	(134)
Total	-	-	-	-	-	(128)	175,772	175,644	92,704	268,348
<u>Transaction with owners, recognized directly in equity</u>										
Dividend paid	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)
Transfer to general reserves	-	-	47,737	-	-	-	(47,737)	-	-	-
Disposal of subsidiary	-	-	683	-	-	-	(683)	-	-	-
Total	-	-	48,420	-	-	-	(53,948)	(5,528)	-	(5,528)
Balance as at 31 December 2023	57,662	313,653	288,101	319	-	(1,834)	1,242,539	1,900,440	412,229	2,312,669
<u>Total comprehensive income from 1 January to 31 March 2024</u>										
Profit from 1 January to 31 March 2024	-	-	-	-	-	-	55,996	55,996	39,186	95,182
Total	-	-	-	-	-	-	55,996	55,996	39,186	95,182
<u>Transactions with owners, recognised directly in equity</u>										
Transfer to general reserves	-	-	11,974	-	-	-	(11,974)	-	-	-
Total	-	-	11,974	-	-	-	(11,974)	-	-	-
Balance as at 31 March 2024	57,662	313,653	300,075	319	-	(1,834)	1,286,561	1,956,436	451,415	2,407,851
<u>Total comprehensive income from 1 April to 30 June 2024</u>										
Profit from 1 April to 30 June 2024	-	-	-	-	-	-	65,900	65,900	36,564	102,464
Total	-	-	-	-	-	-	65,900	65,900	36,564	102,464
<u>Transactions with owners, recognised directly in equity</u>										
Transfer to general reserves	-	-	27,769	-	-	-	(27,769)	-	-	-
Total	-	-	27,769	-	-	-	(27,769)	-	-	-
Balance as at 30 June 2024	57,662	313,653	327,844	319	-	(1,834)	1,324,692	2,022,336	487,979	2,510,315

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 1 January 2023	57,662	313,653	239,681	319	-	(1,706)	1,273,540	1,883,149	319,525	2,202,674
<u>Total comprehensive income for the year</u>										
Profit for the year	-	-	-	-	-	-	279,964	279,964	92,710	372,674
Other comprehensive loss for the year	-	-	-	-	-	(128)	-	(128)	(6)	(134)
Total	-	-	-	-	-	(128)	279,964	279,836	92,704	372,540
<u>Transaction with owners, recognized directly in equity</u>										
Dividend paid	-	-	-	-	-	-	(5,528)	(5,528)	-	(5,528)
Transfer to general reserves	-	-	47,737	-	-	-	(47,737)	-	-	-
Disposal of subsidiary	-	-	683	-	-	-	(683)	-	-	-
Total	-	-	48,420	-	-	-	(53,948)	(5,528)	-	(5,528)
Balance as at 31 December 2023	57,662	313,653	288,101	319	-	(1,834)	1,499,556	2,157,457	412,229	2,569,686
<u>Total comprehensive income from 1 January to 31 March 2024</u>										
Profit from 1 January to 31 March 2024	-	-	-	-	-	-	81,016	81,016	39,186	120,202
Total	-	-	-	-	-	-	81,016	81,016	39,186	120,202
<u>Transactions with owners, recognised directly in equity</u>										
Transfer to general reserves	-	-	11,974	-	-	-	(11,974)	-	-	-
Total	-	-	11,974	-	-	-	(11,974)	-	-	-
Balance as at 31 March 2024	57,662	313,653	300,075	319	-	(1,834)	1,568,598	2,238,473	451,415	2,689,888
<u>Total comprehensive income from 1 April to 30 June 2024</u>										
Profit from 1 April to 30 June 2024	-	-	-	-	-	-	94,346	94,346	36,564	130,910
Total	-	-	-	-	-	-	94,346	94,346	36,564	130,910
<u>Transactions with owners, recognised directly in equity</u>										
Transfer to general reserves	-	-	27,769	-	-	-	(27,769)	-	-	-
Total	-	-	27,769	-	-	-	(27,769)	-	-	-
Balance as at 30 June 2024	57,662	313,653	327,844	319	-	(1,834)	1,635,175	2,332,819	487,979	2,820,798

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 1 January 2023	57,662	313,653	319	(346,794)	24,840	24,840
Loss for the year, representing total comprehensive loss for the year	-	-	-	(139,590)	(139,590)	(139,590)
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(5,528)	(5,528)	(5,528)
Total	-	-	-	(145,118)	(145,118)	(145,118)
Balance as at 31 December 2023	57,662	313,653	319	(491,912)	(120,278)	(120,278)
Profit for the period, representing total comprehensive income for January to March 2024	-	-	-	36,997	36,997	36,997
Balance as at 31 March 2024	57,662	313,653	319	(454,915)	(83,281)	(83,281)
Loss for the period, representing total comprehensive income for April to June 2024	-	-	-	(34,473)	(34,473)	(34,473)
Balance as at 30 June 2024	57,662	313,653	319	(489,388)	(117,754)	(117,754)

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 1 January 2023	57,662	313,653	319	(193,975)	177,659	177,659
Loss for the year, representing total comprehensive loss for the year	-	-	-	(35,399)	(35,399)	(35,399)
<u>Transactions with owners, recognised directly in equity</u>						
Dividend paid	-	-	-	(5,528)	(5,528)	(5,528)
Total	-	-	-	(40,927)	(40,927)	(40,927)
Balance as at 31 December 2023	57,662	313,653	319	(234,902)	136,732	136,732
Profit for the period, representing total comprehensive income for January to March 2024	-	-	-	62,017	62,017	62,017
Balance as at 31 March 2024	57,662	313,653	319	(172,885)	198,749	198,749
Loss for the period, representing total comprehensive income for April to June 2024	-	-	-	(6,027)	(6,027)	(6,027)
Balance as at 30 June 2024	57,662	313,653	319	(178,912)	192,722	192,722

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 2024 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 2023.

At the end of the reporting period, the Group’s current liabilities exceeded its current assets by RMB 862,368,000 due to the reclassification of convertible bonds (“CBs”) from non-current to current liabilities as the convertible bonds mature in April 2025. Had the convertible bonds remained non-current, the Group’s current assets would have exceeded its current liabilities by RMB153,388,000.

The Board of Directors believes the Group has sufficient operating cash inflow to meet its current liabilities as they come due, excluding the convertible bonds maturing in April 2025. The Group is currently in discussions with parties to explore various options for securing the necessary funds to repay the convertible bonds by their maturity date.

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 2023.

2. Basis of Preparation (Cont'd)

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 2024, 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 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 2023.

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) 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 from the fair value of the instrument as a whole the amount separately determined for the liability component.

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.

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 balances perspective.

4. Disaggregation of Revenue

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

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	RMB'000
Types of goods or service:		
Provision of utilities	1,621,980	1,562,407
Sales of goods	33,132	39,989
Revenue from service concession arrangements	81,853	34,527
Total revenue	1,736,965	1,636,923
Timing of revenue recognition:		
<u>At a point of time:</u>		
Provision of utilities	1,621,980	1,562,407
Sales of goods	33,132	39,989
<u>Over time:</u>		
Revenue from service concession arrangements	81,853	34,527
Total revenue	1,736,965	1,636,923
Geographical information:		
PRC	1,736,965	1,636,923
Total revenue	1,736,965	1,636,923

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 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change
Government grants	2,753	5,281	(47.9%)	3,903	6,542	(40.3%)	2,753	5,281	(47.9%)	3,903	6,542	(40.3%)
Reversal of impairment loss for trade receivable subject to ECL	(5,114)	-	n.m.	-	-	-	(5,114)	-	n.m.	-	-	-
Interest income	1,223	1,340	(8.7%)	2,579	2,523	2.2%	1,223	1,340	(8.7%)	2,579	2,523	2.2%
Government rebates	122	-	n.m.	153	24	n.m.	122	-	n.m.	153	24	n.m.
Gain on carbon emission quota	-	-	-	13,979	-	n.m.	-	-	-	13,979	-	n.m.
Others	194	109	78.0%	562	235	139.1%	194	109	78.0%	562	235	139.1%
Total	(822)	6,730	(112.2%)	21,176	9,324	127.1%	(822)	6,730	(112.2%)	21,176	9,324	127.1%

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 2024

6. Profit 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 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change	30 June 2024	30 June 2023	% change
Depreciation of property, plant and equipment	14,185	15,372	(7.7%)	30,355	30,489	(0.4%)	14,185	15,372	(7.7%)	30,355	30,489	(0.4%)
Depreciation of right-of-use assets	1,924	1,506	27.8%	5,723	3,277	74.6%	1,924	1,506	27.8%	5,723	3,277	74.6%
Amortisation of intangible assets	48,818	43,427	12.4%	96,054	85,805	11.9%	48,818	43,427	12.4%	96,054	85,805	11.9%
Impairment allowance on property, plant and equipment	633	-	-	633	-	-	633	-	-	633	-	-
Impairment loss on trade and other receivables subject to ECL	14,693	124	n.m.	9,579	124	n.m.	14,693	124	n.m.	9,579	124	n.m.
Loss on disposal of property, plant and equipment and intangible assets	75	-	-	182	-	-	75	-	-	182	-	-
Foreign exchange loss/(gain) – net	5,020	45,839	(89.0%)	5,892	34,024	(82.7%)	544	(534)	(201.9%)	190	(373)	(150.9%)
Finance costs	66,390	68,317	(2.8%)	136,577	138,900	(1.7%)	42,420	45,733	(7.2%)	88,813	96,322	(7.8%)
Fair value changes on convertible bonds	-	(3,383)	(100.0%)	-	3,782	(100.0%)	-	-	-	-	-	-

7. Income Tax Expense

Income tax recognized in profit or loss:

(RMB'000)	Six months ended	
	30 June 2024	30 June 2023
Tax expense comprises:		
Current tax expense	64,388	38,710
Deferred tax	(6,495)	3,502
Total tax expense	57,893	42,212

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 2024	30 June 2023
	RMB'000	RMB'000
Rental expense	700	984
Purchase construction services	(1,102)	13,083
Purchase of catering services	293	-
Provision of catering services in staff canteen	-	2,601

9. Dividends

	Six months ended	
	30 June 2024	30 June 2023
	RMB'000	RMB'000
Ordinary dividend paid:		
First and final dividend of S\$0.0013 per ordinary share in respect on the financial year ended 31 December 2022	-	5,528
Total	-	5,528

10. Trade Receivables and Contract Assets

	Group	
	As at 30 June 2024	As at 30 June 2023
	RMB'000	RMB'000
Outside parties	933,556	821,165
Related parties (Note 8)	-	60
Loss allowance	(13,895)	(8,192)
Total	919,661	813,033

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.

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 in the next page details the risk profile of biomass subsidy receivable, trade receivables from traditional business and contract assets based on the Group’s provision matrix.

10. Trade Receivables and Contract Assets (Cont'd)

	Group						Total
	< 6 months	7 – 12 months	1 – 2 years	2 – 3 years	3 – 4 years	> 4 years	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 30 June 2024							
Biomass subsidy receivable:							
Expected credit loss rate	4%	4%	4%	4%	4%	4%	
Estimated total gross carrying amount at default	62,256	74,039	122,974	66,579	1,024	889	327,761
Lifetime ECL	(2,490)	(2,962)	(4,919)	(2,663)	(41)	(36)	(13,111)
							314,650
Trade receivables:							
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	589,812	14,051	1,151	-	268	513	605,795
Lifetime ECL	-	-	(3)	-	(268)	(513)	(784)
							605,011
Total trade receivables:							
Expected credit loss rate	0% - 4%	0% - 5%	0% - 12.50%	0% - 50%	0% - 75%	0% - 100%	
Estimated total gross carrying amount at default	652,068	88,090	124,125	66,579	1,292	1,402	933,556
Lifetime ECL	(2,490)	(2,962)	(4,922)	(2,663)	(309)	(549)	(13,895)
							919,661
As at 31 December 2023							
Biomass subsidy receivable:							
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	72,778	69,863	103,259	16,901	16,219	2,892	281,912
Lifetime ECL	-	-	(259)	(1,056)	(4,055)	(2,169)	(7,539)
							274,373
Trade receivables:							
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	535,118	3,216	198	268	-	513	539,313
Lifetime ECL	-	-	-	(268)	-	(385)	(653)
							538,660
Total trade receivables:							
Expected credit loss rate	0%	0% - 5%	0% - 12.50%	1.50% - 50%	12.50% - 75%	50% - 100%	
Estimated total gross carrying amount at default	607,896	73,079	103,457	17,169	16,219	3,405	821,225
Lifetime ECL	-	-	(259)	(1,324)	(4,055)	(2,554)	(8,192)
							813,033

10. Trade Receivables and Contract Assets (Cont'd)

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:

<u>Group</u>	Lifetime ECL credit-impaired		Total RMB'000
	Individually assessed RMB'000	Collectively assessed RMB'000	
Balance as at 1 January 2023	268	1,383	1,651
Change in loss allowance due to deteriorating trade receivable ageing bucket, net of those derecognised due to settlement	-	6,541	6,541
Balance as at 31 December 2023	268	7,924	8,192
Change in loss allowance due to existing trade receivables originated	513	-	513
Change in loss allowance due to the recovery of trade receivables	-	(6,148)	(6,148)
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement	-	11,338	11,338
Balance as at 30 June 2024	781	13,114	13,895

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 2024	As at 31 December 2023
	RMB'000	RMB'000
Raw materials and consumables	159,391	138,028

Inventories are stated net of allowance.

	Group	
	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
Movements in allowance for inventories:		
At beginning of year	508	1,759
Write-off of allowance	-	(1,251)
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 June 2024	As at 31 December 2023	
	RMB'000	RMB'000	
Financial assets at fair value through other comprehensive income - unquoted equity shares	2,142	2,142	Level 3
Financial assets at fair value through other comprehensive income - notes receivables	78,748	36,259	Level 3
Financial liabilities at fair value through profit or loss - convertible bonds - derivative liability component	-	-	Level 2

13. Goodwill

Goodwill is allocated to each cash generating units (“CGU”) identified that are expected to benefit from the business combination. The carrying amounts of goodwill of each CGU are as follows:

	Group	
	As at 30 June 2024	As at 31 December 2023
	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 2024 was lower than the recoverable amount.

14. Borrowings

Amount repayable in one year or less, or on demand

(RMB'000)	As at 30 June 2024		As at 31 December 2023	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>1,266,357</u>	<u>10,000</u>	<u>1,191,484</u>	<u>-</u>

Amount repayable after one year

(RMB'000)	As at 30 June 2024		As at 31 December 2023	
	Secured	Unsecured	Secured	Unsecured
Borrowings	<u>2,005,753</u>	<u>-</u>	<u>2,191,842</u>	<u>-</u>

Details of any collaterals:

<u>Collaterals</u>	30 June 2024	31 December 2023
	RMB'000	RMB'000
Secured by building, land use rights, and service concession arrangement and equipment, pledged bank deposit of the subsidiary	2,268,199	2,617,955
Guaranteed by the subsidiary	757,903	509,750
Guaranteed by the company	<u>246,008</u>	<u>255,621</u>

15. Convertible Bonds

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

Due to the amendment agreement, terms of the bond has been substantially modified and hence it will be accounted for as an extinguishment of the original liability and recognition of the new liability and the convertible feature will be classified as equity. Management is of the view that the fair value of the revised 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.

	Group and Company	
	30 June 2024	31 December 2023
	RMB'000	RMB'000
Debt host liability component, at amortised cost	<u>1,015,756</u>	<u>973,845</u>

15. Convertible Bonds (Cont'd)

	Group and Company	
	As at 30 June 2024	As at 31 December 2023
	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)	33,054	28,203
Cumulative interest accrued	634,357	591,750
Fair value gain on CB	(404,025)	(404,025)
Total	994,900	947,442
Less: Interest payables in accruals	(10,538)	(19,846)
Less: Interest paid to bondholders	(120,527)	(101,442)
Balance at end of period/ year	863,835	826,154

	Group and Company	
	As at 30 June 2024	As at 31 December 2023
	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)	5,143	4,292
Cumulative interest accrued	80,819	75,662
Fair value gain on CB	(38,872)	(38,872)
Total	170,375	164,367
Less: Interest payables in accruals	(1,778)	(3,470)
Less: Interest paid to bondholders	(16,676)	(13,206)
Balance at end of period/ year	151,921	147,691

Total Convertible Bonds

1,015,756 **973,845**

	Group and Company	
	As at 30 June 2024	As at 31 December 2023
	RMB'000	RMB'000
<u>Total convertible bonds</u>		
Current	1,015,756	-
Non-current	-	973,845

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 2024 and 31 December 2023.

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

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

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

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

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

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

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

Assuming that all the outstanding CB1s and CB2s have been converted using the fixed conversion price of S\$ 0.50 and S\$ 0.60 respectively and that all the share options granted have been exercised as at 30 June 2024, the maximum number of shares that may be issued as at 30 June 2024 is 359,379,000 ordinary shares (30 June 2023: 359,379,000 ordinary shares). The fully diluted shares (including treasury shares) as at 30 June 2024 and 30 June 2023 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 2024	As at 31 December 2023
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 2023.

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 2024	30 June 2023	30 June 2024	30 June 2023
Net profit attributable to equity holders of the Group (RMB'000)	65,900	17,272	121,896	45,929
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per share – <i>basic</i> (RMB cents)	8.28	2.17	15.32	5.77

	Actual (WITHOUT financial effects of Convertible Bonds)			
	Second Quarter ended		Six months ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Net profit attributable to equity holders of the Group (RMB'000)	94,346	82,846	175,362	126,686
Weighted average number of ordinary shares outstanding ('000)	795,686	795,686	795,686	795,686
Earnings per share – <i>basic</i> (RMB cents)	11.86	10.41	22.04	15.92

Basic earnings per share for second quarter and six months ended 30 June 2024 and 30 June 2023 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 2024	30 June 2023	30 June 2024	30 June 2023
Net profit attributable to equity holders of the Group (RMB'000)	94,346	17,272	175,362	45,929
Weighted average number of ordinary shares outstanding ('000)	1,153,977	795,861	1,153,874	795,861
Earnings per share – <i>diluted</i> (RMB cents)	8.18	2.17	15.20	5.77
	Actual (WITHOUT financial effects of Convertible Bonds)			
	Second Quarter ended		Six months ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Net profit attributable to equity holders of the Group (RMB'000)	94,346	82,846	175,362	126,686
Weighted average number of ordinary shares outstanding ('000)	795,789	795,861	795,789	795,861
Earnings per share – <i>diluted</i> (RMB cents)	11.86	10.41	22.04	15.92

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 2024. 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 2024	31 December 2023	30 June 2024	31 December 2023
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	315.49	290.65	354.51	322.95

	Company			
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	<i>(WITH financial effects of Convertible Bonds)</i>		<i>(WITHOUT financial effects of Convertible Bonds)</i>	
Net asset value per share (RMB cents)	(14.80)	(15.12)	24.22	17.18

The net asset value per share for 30 June 2024 and 31 December 2023 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 2024 and 31 December 2023 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 2024 ("2Q2024") as compared with that of the second quarter ended 30 June 2023 ("2Q2023")

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 72.6 million or 8.7% from RMB 838.6 million in 2Q2023 to RMB 911.1 million in 2Q2024, which were contributed mainly by:

- Strong demand for steam which contributed to ramp-up of existing projects; and
- Increase in revenue generated from the Xinjiang Project which had finished construction and is in the operational phase as at end of 2023.

Gross Profit

Gross profit increased from RMB 212.9 million in 2Q2023 to RMB 260.1 million in 2Q2024 by approximately RMB 47.2 million or 22.2%, due mainly to the continued ramp up of the GI projects in response to the strong demand for clean industrial steam, the solid execution of the price adjustment mechanism, coal blending, continuous optimization of feedstock procurement strategy, the benefits generated by waste heat recovery, equipment technological upgrades, and the refined management of the GI projects that gave rise to further improvement in production efficiency.

Profit Before Income Tax

Profit before tax increased by approximately RMB 63.4 million or 92.3% from RMB 68.8 million in 2Q2023 to RMB 132.2 million in 2Q2024. The increase was attributable mainly to the following factors:

- (a) Increase in gross profit of RMB 47.2 million as explained above; and
- (b) Improvement of RMB 40.8 million from foreign exchange loss of RMB 45.8 million in 2Q2023 to foreign exchange loss of RMB 5.0 million in 2Q2024 due mainly to the depreciation of RMB against USD for the USD Convertible Bonds compared with the same period last year.

The above-mentioned factors were offset by:

- (a) Increase in other operating expenses of RMB 11.1 million from RMB 0.2 million in 2Q2023 due mainly to the provision of impairment loss on trade and other receivables;
- (b) Decrease in other operating income from RMB 6.7 million in 2Q2023 to operating loss of RMB 0.8 million due mainly to a decrease in government grant and net of reversal of impairment loss on trade and other receivables in 2Q2024, as net provision for doubtful debts was recognized in 2Q2024 which was from a reversal of impairment loss on trade and other receivables recognized in 1Q2024;
- (c) Decrease in fair value change on convertible bonds of RMB 3.4 million or 100% from RMB 3.4 million in 2Q2023 to nil fair value change in 2Q2024. This was due to an amendment agreement entered with the CB holders in March 2023, resulting in substantial modifications to the terms of the bond and hence it was accounted for as an extinguishment of the original liability and recognition of the new liability and the convertible feature was classified as equity;
- (d) Increase in administrative expenses of RMB 3.1 million or 14.3% from RMB 21.5 million in 2Q2023 to RMB 24.6 million in 2Q2024 due mainly to the increase of agency fees; and
- (e) Increase in selling and distribution expenses of RMB 2.2 million or 11.1% from RMB 19.5 million in 2Q2023 to RMB 21.6 million in 2Q2024 due mainly to the increased sales of steam volume from Shantou project.

Income Tax Expense

The income tax expense increased by RMB 3.4 million or 13.0% from RMB 26.3 million in 2Q2023 to RMB 29.7 million in 2Q2024, which was in line with higher profit.

Profit for the Financial Period

As a result of the above, the Group's net profit attributable to the equity holders increased by RMB 48.6 million or 281.5% from RMB 17.3 million in 2Q2023 to RMB 65.9 million in 2Q2024.

- (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 36.7 million or 1.8% from RMB 1,984.7 million as at 31 December 2023 to RMB 2,021.4 million as at 30 June 2024. The increase was due mainly to:

- (a) Increase in trade receivables of RMB 106.6 million due mainly to the increase in receivables of biomass power subsidies of the Group's Xintai Project and Tongshan Project, and the increase in trade receivables consistent with the increase in demand for the current period.

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 receivable continued to increase. As a result, almost all trade receivables aged over six months are comprised of such biomass power subsidies. During this period, the Group recovered biomass subsidies that were due for the old plant of Xintai Project, amounting to RMB 17.2 million, and will continue to closely follow up on the status of trade receivable for biomass power generation business. By the end of this period, the outstanding balance of biomass subsidies is RMB 327.8million.

The new plant of Xintai Project has been listed in the "Notice on the List of Non-Competitive Allocation Projects to be Included into Biomass Power Generation Central Subsidy Catalogue of 2021" ("关于拟纳入2021年生物质发电中央补贴非竞争配置项目名单的公示"). 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.

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

authorized 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 "Park").

As previously disclosed, all of the downstream steam users in the Park were relocated into the newly-built Park, with the majority investing in new factories in the Park in 2019, after their previous operations along the Lianjiang River were mandatorily shut down. To achieve a win-win situation with the users, the Company had offered them a payment grace period when they began operations in the Park in order to help them stabilise and grow their business, given the high initial investments and capital expenditures involved in relocating their plants into the Park and the abnormal operations they had to endure during the construction period of the Park. This strategy worked, proven by the rapid ramp-up of Shantou Project which was due to the quick recovery of the downstream users that contributed stronger-than-expected steam demand to Shantou Project.

While the Company managed to negotiate with the downstream users to shorten the payment cycle since last year following the normalisation of their operations, CES however recently adjusted its approval cycle for releasing payments from these downstream users to the Company, on account of managerial reasons. The management is aware of this and continues to diligently monitor the receivable turnover days. Besides, the stronger-than-expected demand for steam by the downstream users was also the primary reason for the increased trade receivables of Shantou Project.

Approximately 67.3% and 27.4% of the trade receivables at 31 December 2023 and 30 June 2024 respectively were collected as at 31 July 2024. Loss allowances for trade receivables and contract assets are based on the expected credit loss model estimated by reference to past default experience of debtors, including historical and forward-looking information.

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

- (b) Increase in inventories of approximately RMB 21.4 million due mainly to preparation for strong steam demand in the future; and
- (c) Increase in financial assets at fair value through other comprehensive income of RMB 42.5 million resulting mainly from addition in notes receivables held by the GI business.

The above-mentioned factors were offset by:

- (a) Decrease in cash and cash equivalents of RMB 126.6 million due mainly to the payment of loans;
- (b) Decrease in pledged bank deposits of RMB 3.6 million as less collaterals were required for the credit facilities granted at the end of the period; and
- (c) Decrease in other receivables, deposits and prepayments of RMB 3.6 million due mainly to the decrease in deductible input tax recoverable.

The Group's total non-current assets decreased by RMB 47.3 million or 0.8% from RMB 5,644.4 million as at 31 December 2023 to RMB 5,597.1 million as at 30 June 2024. The decrease was mainly due to:

- (a) Decrease in property, plant and equipment of RMB 15.4 million due mainly to the depreciation expenses for the period; and
- (b) Decrease in intangible assets of RMB 62.9 million due mainly to the amortization expenses for the period.

The above-mentioned factors were offset by:

- (a) Increase in other receivables, deposits and prepayments of RMB 24.1 million due primarily to the increase in compensation receivable from the government of Xinyuan projects.
- (b) Increase in investment in associates of RMB 3.8 million due primarily to the share of profit of associates in this period; and
- (c) Increase in deferred tax assets of RMB 6.0 million due mainly to the increase of the tax loss.

The Group's total current liabilities increased by RMB 952.2 million or 49.3% from RMB 1,931.5 million as at 31 December 2023 to RMB 2,883.7 million as at 30 June 2024, due mainly to the following:

- (a) Reclassification of Convertible Bonds amounting to RMB 1,015.8 million from non-current liabilities to current liabilities. Please refer to Section 8 Financial Effects of Convertible Bonds; and
- (b) Increase in short-term borrowings of RMB 84.9 million due to replenishment of working capital for GI business.

The above-mentioned factors were offset by:

- (a) Decrease in trade payables, other payables and contract liabilities of RMB 163.8 million primarily as a result of payment of outstanding raw materials purchase and payment of construction payables for BOT projects.

The Group's total non-current liabilities decreased by approximately RMB 1,160.4 million or 34.3% from RMB 3,384.9 million as at 31 December 2023 to RMB 2,224.5 million as at 30 June 2024. The increase was due to:

- (a) Reclassification of Convertible Bonds from non-current liabilities to current liabilities. Please refer to Section 8 Financial Effects of Convertible Bonds; and
- (b) Decrease in long-term borrowings of RMB 186.1 million due primarily to repayment of 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 49.2 million in 2Q2024, due primarily to the following factors:

- (a) Increased working capital requirements due to the increase in trade receivables of RMB 41.4 million, increase in financial assets at fair value through other comprehensive income of RMB 33.3 million, decrease in other receivables and prepayments of RMB 12.2 million, increase in inventories of RMB 98.6 million and decrease in trade payables, other payables and contract liabilities of RMB 0.5 million; and
- (b) Interest and tax paid of RMB 71.2 million in aggregate.

Net cash used in investing activities amounted to RMB 69.9 million due mainly to the purchase of property, plant and equipment of RMB 7.8 million, prepayment on BOT projects of RMB 44.6 million and expenditure on intangible assets of RMB 17.5 million.

Net cash used in financing activities amounted to RMB 125.2 million due to repayment of bank loans of RMB 358.6 million and interest paid of RMB 3.4 million, offset by new borrowings from banks of RMB 232.0 million and decrease in pledged bank deposit of RMB 5.5 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 “Amendment Agreement”) to amend certain terms of the purchase agreements of the CBs. The Amendment Agreement confirms that the aggregate principal amount of the Tranche 1 Convertible Bonds and Tranche 2 Convertible Bonds (collectively, the “Convertible Bonds” or “CBs”) issued as at the date of the Amendment Agreement is US\$130 million, and proposes to extend the maturity date of the CBs by one (1) year to 3 March 2023¹.

On 24 March 2023, the Company and the Investors entered into an amendment agreement (the “2023 Amendment Agreement”) to amend the relevant terms of the purchase agreements of the CB1s and CB2s, and the terms and conditions of the Convertible Bonds. The 2023 Amendment Agreement confirms that the conversion price will remain at S\$ 0.50 for CB1 and S\$ 0.60 for CB2, and extend the maturity date of the CBs by two (2) years to 3 April 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 2024, the Company has utilised an aggregate of US\$ 123.8 million of the net proceeds from Convertible Bonds as per the schedule below.

Project	Use of Convertible Bonds Proceeds	Amount
Shantou	Project construction and equipment Procurement	US\$ 20.4 million (approximately RMB 132.6 million)
Liutuan	Registered capital	US\$ 0.8 million (approximately RMB 5.2 million)
Jining JVC	Installation of steam distribution pipeline	US\$ 1.6 million (approximately RMB 10.3 million)
Xinjiang	Registered capital	US\$ 1.4 million (approximately RMB 9.0 million)
Yingtang ⁽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) Yingtang 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.

Financial Effects of Convertible Bonds

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

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

The above mentioned related financial effects to the statement of profit or loss and other statements have no operational effect to the financial performance of the Group. Financial effects of Convertible Bonds consist of unrealised foreign exchange translation, amortised interest expense (inclusive of interest charges) and cumulative 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 18.3 million or 22.1% from net profit of RMB 82.8 million in 2Q2023 to net profit of RMB 101.2 million in 2Q2024.

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 Group reported YoY improvement in its financial performance in 1H 2024, as the industrial parks served by its GI projects are either located in economically developed areas or have industry clusters of excellence.

Total steam sales volume rose 14.4% YoY³ to 5.68 million tons due to the continued ramp-up of the GI projects including Shantou Project.

GI recurring revenue⁴ rose 3.3% YoY to RMB1,655.1 million, with the growth attributed to higher steam sales volume and continuing execution of the price adjustment mechanism. The profitability of the GI business expanded faster than the growth in steam sales volume and revenue in 1H 2024. GI recurring EBITDA⁵ rose 24.8% YoY to RMB549.5 million while GI recurring PATMI⁶ rose 34.5% YoY to RMB193.9 million.

Profitability improved due to a comprehensive set of factors⁷, including economies of scale from increased steam sales volume; the price adjustment mechanism; optimised feedstock procurement; benefits from waste heat recovery; technological transformation boosting production capability and efficiency; and refined management practices, etc.

Furthermore, GI recurring operating cash inflow⁸ was RMB165.7 million in 1H 2024, reflecting the cash generation capability of the GI business.

In 1H 2024, retail demand for consumer goods grew and positive growth was seen in industries where the GI business has industrial steam customers, such as textiles⁹, clothing¹⁰, and certain basic living goods while industrial enterprises above the designated size grew their value-add¹¹. Further, feedstock prices continued to decline in 1H 2024¹². Additionally, during the recent Third Plenary Session of the 20th CPC Central Committee, the government stated that it will ramp up the green transition in all areas of economic and social development by pursuing green and low-carbon development, amongst other priorities.¹³

The Group is dedicated to enhancing the profitability of its GI projects and optimising cash flows, leveraging on its robust business model and refined management practices.

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

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

³ YoY: Year over Year

⁴ 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* (if any).

⁵ 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.

⁶ GI recurring PATMI refers to the recurring Profit After Tax and Minority Interests of the GI Business which reflects the profit of the GI business attributable to the Group. It excludes one-time revenue contributions from services for BOT projects, including EPC services, that are provided by the Group's internal project management department, recognised under *IFRIC 12 Service Concession Arrangements*; and expenses incurred by the Company that are not related to the running of the GI Business, such as listing-related expenses and remuneration of employees at the group level, etc.

⁷ For the full description of the Comprehensive Factors, please refer to Page 3 of the Announcement of Condensed Interim Financial Statements for the Second Quarter and Six Months Ended 30 June 2024 released at the same time..

⁸ GI recurring operating cashflow refers to cashflow generated by operating activities of the GI Business.

⁹ http://news.ctei.cn/bwzq/202407/t20240710_4351396.htm

¹⁰ http://news.ctei.cn/domestic/gnzx/202407/t20240715_4351577.htm

¹¹ https://www.stats.gov.cn/english/PressRelease/202407/t20240715_1955620.html

¹² <https://www.reuters.com/markets/commodities/china-cuts-coals-share-electricity-output-h1-2024-maguire-2024-07-24/>

¹³ <https://english.news.cn/20240721/342df6c6e05c4e1a9ce4f6e3b933007b/c.html>

- Continued ramp-up of 11 existing projects in commercial operation, driven by organic growth and ramp-up of customers, continuous relocation of new factories into industrial parks, and long-term structural development of industrial parks.
- Yongxing Plant's general solid waste JV plant is in operation.
- Quanjiao Project's biomass boiler expected to come online in 3Q 2024.

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

- Sustain execution of price adjustment mechanism and optimise feedstock procurement strategy.
- Enhance operating efficiency via technological transformation and refined management of GI plants.
- Leverage beneficial economies of scale in the GI business.
- Explore new business opportunities in medium to long term.

Pertaining to the Convertible Bonds (the "CBs"), the maturity is in April 2025. The Group continues to proactively take measures to raise the necessary funding by maturity. Should the Group be unable to do so, it risks being unable to repay the CBs. The Group is currently in discussions with parties to explore various options for securing the necessary funds to repay the CBs by their maturity date.

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 2024. 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 Company's IPT general mandate expired on 28 April 2023. After carefully considering all the relevant factors, the Company did not renew the general mandate from shareholders for IPTs after 28 April 2023.

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

The IPTs for the second quarter ended 30 June 2024 are outlined as follows:

Name of Entity At Risk	Name of Interested Person	Nature of Relationship	Nature of Transaction	6M2024	
				Aggregate value of all interested person transactions for the second quarter ended 30 June 2024 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) ⁽¹⁾ RMB'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual for the second quarter ended 30 June 2024 (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	-	700
Changshu Suyuan Thermal Power Co., Ltd.	Jiangsu Shengtai Energy Network Technology Co., Ltd. ⁽²⁾⁽³⁾	Associate of controlling shareholders	Construction fee paid for Pipeline and Condensation Recovery Project	-	3,615

Note:

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

(2) On 26 July 2022, Jiangsu Shengtai Energy Network Technology Co., Ltd. (the "pipeline company") has been disposed of by Sunpower Technology (Jiangsu) Co., Ltd. to unrelated third parties, which are not interested persons of the Group. As a result, transactions entered between the Group and the pipeline company on and from 26 July 2022 are no longer interested person transactions within the meaning of Chapter 9 of the Listing Manual. By the nature of certain of these contracts, certain transactions may only accrue upon the satisfaction of certain milestones. Accordingly, such IPTs as approved under the prior IPT general mandate are presented as and when they are accrued.

(3) Jiangsu Shengtai Energy Network Technology Co., Ltd. was previously referred to as Jiangsu Sunpower Pipe-line Engineering Technology Co., Ltd.

Voluntary Disclosure - Non-IPT for the six months ended 30 June 2024 as these contracts entered with respective parties were signed prior to 30 April 2021 (Disposal of Manufacturing & Services 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 2024 (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RMB'000
Qingdao Xinyuan Thermal Power Co., Ltd.	Jiangsu Shengtai Energy Network Technology Co., Ltd. ⁽¹⁾⁽²⁾	Associate of controlling shareholders	Construction fee paid for heat engineering project	5,517
Xintai Zhengda Thermoelectric Co., Ltd.	Jiangsu Shengtai Energy Network Technology Co., Ltd. ⁽¹⁾⁽²⁾	Associate of controlling shareholders	Fee paid for the construction and maintenance of existing pipeline of the Xintai Project	732

Note:

(1) On 26 July 2022, Jiangsu Shengtai Energy Network Technology Co., Ltd. (the "pipeline company") has been disposed of by Sunpower Technology (Jiangsu) Co., Ltd. to unrelated third parties, which are not interested persons of the Group. As a result, transactions entered between the Group and the pipeline company on and from 26 July 2022 are no longer interested person transactions within the meaning of Chapter 9 of the Listing Manual. By the nature of certain of these contracts, certain transactions may only accrue upon the satisfaction of certain milestones. Accordingly, such IPTs as approved under the prior IPT general mandate are presented as and when they are accrued.

(2) Jiangsu Shengtai Energy Network Technology Co., Ltd. was previously referred to as Jiangsu Sunpower Pipe-line Engineering Technology Co., Ltd.

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 2024 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

12 August 2024