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SIIC ENVIRONMENT HOLDINGS LTD.

上海實業環境控股有限公司*

(Incorporated in the Republic of Singapore with limited liability)

(Hong Kong stock code: 807)

(Singapore stock code: BHK)

**Unaudited Condensed Interim Financial Statements and
Dividend Announcement for the Second Quarter and
Six Months ended 30 June 2022**

This overseas regulatory announcement is issued pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This results announcement is made in accordance to Listing Manual of the Singapore Exchange Securities Trading Limited. This results announcement contains financial information based on Singapore Financial Reporting Standards (International) and International Financial Reporting Standards, and have not been reviewed by auditors. Shareholders and public investors should be cautious trading in the shares of the Company.

By Order of the Board
SIIC Environment Holdings Ltd.
Mr. Yang Jianwei
Executive Director

Singapore and Hong Kong, 5 August 2022

As at the date of this announcement, the non-executive Chairman is Mr. Zhou Jun; the executive Directors are Mr. Yang Jianwei, Mr. Zhu Dazhi, Mr. Xu Xiaobing, Mr. Huang Hanguang and Mr. Yang Wei; and the independent non-executive Directors are Mr. Yeo Guat Kwang, Mr. An Hongjun and Mr. Zhong Ming.

** For identification purpose only*



SIIC ENVIRONMENT HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200210042R)

Unaudited Condensed Interim Financial Statements and
Dividend Announcement for the Second Quarter and
Six Months ended 30 June 2022

5 August 2022

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SIIC Environment Holdings Ltd.
(Incorporated in the Republic of Singapore)
(Company Registration No. 200210042R)

Second Quarter and Six Months of Financial Year 2022 Financial Statements And Dividend Announcement

Business Review

The board of SIIC Environment Holdings Ltd. (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022 (“1HFY2022”). The Group’s net profit attributable to shareholders for the period amounted to RMB366.0 million, an increase of 10.0% year-on-year.

This performance was on the back of a 11.7% increase in revenue to RMB3,686.9 million as supported by the increase in operating and maintenance income and finance income from service concession arrangement and construction revenue arising from the higher amount of construction activities in progress. Gross profit rose 7.5% to RMB1,244.6 million, mainly driven by the increase in construction activities in progress.

As at 30 June 2022, the Group’s cash and cash equivalents stood at a healthy RMB3.14 billion.

Review of Interim Results

The audit committee has reviewed the Company’s unaudited consolidated interim results for the six months ended 30 June 2022.

Corporate Governance

The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the “SEHK”) throughout the six months ended 30 June 2022.

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) 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 COMPREHENSIVE INCOME

	Note	Group					
		3 Months Ended		Changes	6 Months Ended		Changes
		30.6.22 (Unaudited)	30.6.21 (Unaudited)		30.6.22 (Unaudited)	30.6.21 (Unaudited)	
		RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	5	1,901,996	1,678,194	13.3	3,686,875	3,300,010	11.7
Cost of sales		(1,235,573)	(1,073,832)	15.1	(2,442,267)	(2,142,198)	14.0
Gross profit		666,423	604,362	10.3	1,244,608	1,157,812	7.5
Other income		29,504	44,356	(33.5)	60,842	88,825	(31.5)
Other gains and losses		(14,401)	21,102	N.M.	(17,325)	18,247	N.M.
Selling and distribution costs		(19,804)	(20,429)	(3.1)	(38,991)	(39,788)	(2.0)
Administrative expenses		(124,923)	(118,672)	5.3	(222,423)	(213,853)	4.0
Finance expenses		(171,556)	(179,067)	(4.2)	(337,012)	(348,302)	(3.2)
Share of results of joint ventures		531	6,077	(91.3)	10,694	12,359	(13.5)
Share of results of associates		1,890	2,079	(9.1)	5,720	2,126	169.0
Profit before tax		367,664	359,808	2.2	706,113	677,426	4.2
Income tax expense	6	(75,727)	(71,394)	6.1	(158,333)	(148,446)	6.7
Profit for the period	7	291,937	288,414	1.2	547,780	528,980	3.6
Other comprehensive (loss)/income:							
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Exchange difference arising from translation		(152,603)	36,992	N.M.	(133,610)	14,073	N.M.
Fair value change on investments in equity instruments designated as at FVTOCI		(1,659)	929	N.M.	(1,603)	178	N.M.
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Exchange differences arising from translation of foreign operations		(4,351)	8,764	N.M.	(871)	24,743	N.M.
Total other comprehensive (loss)/income for the period, net of tax		(158,613)	46,685	N.M.	(136,084)	38,994	N.M.
Total comprehensive income for the period		133,324	335,099	(60.2)	411,696	567,974	(27.5)
Profit for the period attributable to:							
Owners of the Company		190,190	172,625	10.2	366,011	332,741	10.0
Non-controlling interests		101,747	115,789	(12.1)	181,769	196,239	(7.4)
		291,937	288,414	1.2	547,780	528,980	3.6
Total comprehensive income attributable to:							
Owners of the Company		31,577	219,310	(85.6)	229,927	371,735	(38.1)
Non-controlling interests		101,747	115,789	(12.1)	181,769	196,239	(7.4)
		133,324	335,099	(60.2)	411,696	567,974	(27.5)
Earnings per share for profit for the period attributable to the owners of the Company during the period:							
-Basic (RMB in cent)		7.38	6.70	10.1	14.21	12.86	10.5
-Diluted (RMB in cent)		7.38	6.70	10.1	14.21	12.86	10.5

N.M. – Not Meaningful

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

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 30.6.22 (Unaudited)	As at 31.12.21 (Audited)	As at 30.6.22 (Unaudited)	As at 31.12.21 (Audited)
		RMB'000	RMB'000	RMB'000	RMB'000
Current assets					
Cash and cash equivalents		3,143,109	2,794,951	184,504	285,802
Pledged bank deposits		167,508	118,371	-	-
Trade and other receivables	8	3,743,467	3,403,809	1,041	1,019
Bills receivables		5,000	3,377	-	-
Prepayments		96,347	72,091	456	3,069
Inventories		304,371	285,969	-	-
Receivables under service concession arrangements - current portion	9	701,060	680,394	-	-
Amounts due from customers for contract work		102,985	82,706	-	-
Amounts due from subsidiaries		-	-	2,056,941	2,008,502
Amounts due from joint venture		23,677	22,711	787	137
Amounts due from associates		7,895	10,902	-	-
Financial assets at fair value through profit or loss		9,279	9,307	-	-
Assets classified as held for sale	16	1,049,176	7,059	-	-
Total current assets		9,353,874	7,491,647	2,243,729	2,298,529
Non-current assets					
Financial assets at fair value through other comprehensive income		27,383	27,091	-	-
Prepayments		234,899	201,636	-	-
Receivables under service concession arrangements – non-current portion	9	21,371,227	20,950,596	-	-
Property, plant and equipment		316,205	346,926	60	63
Right-of-use assets		38,104	54,352	5,578	8,417
Intangible assets	10	6,670,267	6,932,793	5,782	-
Long term receivables		364,246	352,173	-	-
Deferred tax assets		60,053	63,335	-	-
Investment in subsidiaries		-	-	5,535,891	5,292,020
Interest in joint ventures		505,345	486,674	318,164	311,520
Interest in associates		162,682	128,674	-	-
Goodwill on consolidation		457,241	457,241	-	-
Loans to subsidiaries		-	-	2,991,380	2,806,380
Amounts due from associates		19,991	20,827	-	-
Total non-current assets		30,227,643	30,022,318	8,856,855	8,418,400
Total assets		39,581,517	37,513,965	11,100,584	10,716,929

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

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION – cont'd

	Note	Group		Company	
		As at 30.6.22 (Unaudited)	As at 31.12.21 (Audited)	As at 30.6.22 (Unaudited)	As at 31.12.21 (Audited)
		RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities					
Trade and other payables	11	3,784,831	4,161,170	123,882	123,828
Bills payable to banks		13,471	48,762	-	-
Tax payable		174,097	202,815	-	-
Amounts due to customers for contract work		30,505	35,982	-	-
Amounts due to subsidiaries		-	-	216,915	212,487
Bank and other borrowings	12	5,197,912	4,977,515	1,745,623	1,385,531
Lease liabilities		5,736	7,880	2,178	4,050
Liabilities directly associated with assets classified as held for sale	16	708,659	92	-	-
Total current liabilities		9,915,211	9,434,216	2,088,598	1,725,896
Non-current liabilities					
Bank and other borrowings	12	12,710,434	11,650,786	2,993,262	2,992,151
Deferred tax liabilities		2,231,206	2,191,834	-	-
Other non-current liabilities		152,418	169,062	-	-
Lease liabilities		29,107	31,866	3,454	4,568
Total non-current liabilities		15,123,165	14,043,548	2,996,716	2,996,719
Capital, reserves and non-controlling interests					
Share capital	13	5,920,175	5,920,175	5,920,175	5,920,175
Retained earnings		3,426,618	3,188,828	79,398	182,128
Other reserves		294,266	423,508	15,697	(107,989)
Equity attributable to owners of the Company		9,641,059	9,532,511	6,015,270	5,994,314
Non-controlling interests		4,902,082	4,503,690	-	-
Total equity		14,543,141	14,036,201	6,015,270	5,994,314
Total liabilities and equity		39,581,517	37,513,965	11,100,584	10,716,929

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, please specify the following at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

Please refer to Note 12 to the Condensed Interim Consolidated Financial Statements.

1(c) A statement of cash flow (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

	Group For 3 Months Ended		Group For 6 Months Ended	
	30.6.22 (Unaudited)	30.6.21 (Unaudited)	30.6.22 (Unaudited)	30.6.21 (Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Operating activities:				
Profit before tax	367,664	359,808	706,113	677,426
Adjustments for:				
Loss/(Reversal of loss) allowance for trade receivables, net	245	2,550	(2,903)	2,290
Loss allowance for non-trade receivables, net	-	106	-	106
Depreciation of property, plant and equipment	10,256	8,285	21,115	17,642
Amortisation of intangible assets	76,300	78,917	157,010	158,452
Depreciation of right-of-use assets	3,123	2,759	5,290	5,519
Loss/(Gain) on disposal of property, plant and equipment	99	(11)	129	(7)
(Gain)/Loss on disposal of intangible assets	9	-	9	(5)
Gain on disposal of a subsidiary	-	(23,566)	-	(23,566)
Finance income	(7,445)	(5,894)	(15,926)	(12,785)
Finance expenses	171,556	179,067	337,012	348,302
Share of results of associates	(1,890)	(2,079)	(5,720)	(2,126)
Share of results of joint ventures	(531)	(6,077)	(10,694)	(12,359)
Fair value (gain)/loss on financial assets at fair value through profit and loss	(46)	316	28	474
Operating cash flows before working capital changes	619,340	594,181	1,191,463	1,159,363
Decrease/(Increase) in:				
Inventories	16,245	(2,489)	(19,416)	317
Amounts due from/to customers for contract work, net	(25,974)	(36,760)	(25,857)	(76,010)
Trade receivables, other receivables and prepayments	(178,868)	(213,617)	(381,989)	(622,058)
Bills receivables	(1,053)	6,070	(1,623)	(4,801)
Amounts due from joint ventures	(966)	650	(966)	650
Amounts due from associates	4,111	643	3,843	1,057
Increase/(Decrease) in:				
Trade and other payables (inclusive of non-current liabilities)	105,421	186,958	(13,918)	226,026
Bills payable to banks	(15,474)	(1,975)	(35,291)	(7,772)
Cash from operating activities before service concession arrangement projects	522,782	533,661	716,246	676,772
Change in receivables under service concession arrangements (Note A)	(426,296)	(269,327)	(1,026,263)	(690,535)
Cash generated from/(used in) operating activities after service concession arrangement projects	96,486	264,334	(310,017)	(13,763)
Interest received	9,907	5,136	15,398	9,092
Income tax refund	1,771	-	1,771	-
Income tax paid	(42,101)	(47,970)	(119,128)	(98,405)
Net cash generated from/(used in) operating activities	66,063	221,500	(411,976)	(103,076)

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. – cont'd

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – cont'd

	Group For 3 Months Ended		Group For 6 Months Ended	
	30.6.22 (Unaudited) RMB'000	30.6.21 (Unaudited) RMB'000	30.6.22 (Unaudited) RMB'000	30.6.21 (Unaudited) RMB'000
Investing activities:				
Purchase of property, plant and equipment	(24,724)	(25,606)	(51,920)	(30,577)
Purchase of intangible assets, net of amount on credit terms	(35,562)	(53,906)	(140,883)	(135,310)
Movement in prepayment for property, plant and equipment and intangible assets, net	(635)	(435)	(35,319)	(11,452)
Proceeds from disposal of property, plant and equipment	9	45	92	193
Proceeds from disposal of intangible assets	15	-	15	5
Additional capital injection in an associate	-	-	(27,000)	-
Net cash outflow on acquisition of a subsidiary	-	(39,601)	-	(66,301)
Net cash inflow on disposal of a subsidiary	-	26,986	-	26,986
Net cash used in investing activities	(60,897)	(92,517)	(255,015)	(216,456)
Financing activities:				
Proceeds from bank and other borrowings	1,478,911	877,932	2,752,358	3,227,351
Repayment of bank and other borrowings	(737,678)	(1,837,671)	(1,233,217)	(2,545,965)
Interest paid	(167,343)	(174,950)	(401,238)	(334,204)
Principal and interest elements of lease payments	(3,373)	(3,184)	(5,799)	(6,368)
Share buy-back	-	(3,991)	-	(27,245)
Dividend paid to equity shareholders	(121,379)	(124,906)	(121,379)	(124,906)
Dividend paid to non-controlling interest in subsidiaries	(2,940)	-	(22,940)	(9,670)
Contribution from non-controlling interests upon additional capital injection in subsidiaries	135,500	25,200	219,563	25,200
(Increase)/Decrease in pledged banks deposits	(132,931)	8,019	(176,673)	53,749
Net cash generated from/(used in) financing activities	448,767	(1,233,551)	1,010,675	257,942
Net increase/(decrease) in cash and cash equivalents	453,933	(1,104,568)	343,684	(61,590)
Cash and cash equivalents at beginning of period	2,684,293	3,709,999	2,794,951	2,668,525
Effects of exchange rate changes on cash and cash equivalents	4,883	12,197	4,474	10,693
Cash and cash equivalents at end of period	3,143,109	2,617,628	3,143,109	2,617,628

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. – cont'd

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – cont'd

	Group		Group	
	For 3 Months Ended		For 6 Months Ended	
	30.6.22 (Unaudited)	30.6.21 (Unaudited)	30.6.22 (Unaudited)	30.6.21 (Unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents at end of period				
Cash and bank balances	3,310,617	2,725,608	3,310,617	2,725,608
Less: Pledged bank deposits	(167,508)	(107,980)	(167,508)	(107,980)
Cash and cash equivalents	3,143,109	2,617,628	3,143,109	2,617,628

Note A:

In accordance with the application of SFRS(I) INT 12 *Service Concession Arrangements* and SFRS(I) 1-7 *Statement of Cash Flows*, the movement in the receivables under service concession arrangements has been classified under operating activities. The movement in the receivables under service concession arrangements was mainly arising from the construction and/or purchase of new or existing water treatment and waste incineration facilities in 1HFY2022 and 2QFY2022 respectively.

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 STATEMENTS OF CHANGES IN EQUITY

GROUP	Share capital	Retained earnings	Other reserves, total	General reserve	Investment revaluation reserve	Translation reserve	Effects of changes in ownership interest in subsidiaries where there is no change in control	Merger reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.22 (Audited)	5,920,175	3,188,828	423,508	541,952	(8,068)	100,105	(10,166)	(200,315)	9,532,511	4,503,690	14,036,201
Profit for the period	-	175,821	-	-	-	-	-	-	175,821	80,022	255,843
<u>Other comprehensive income</u>											
Exchange differences arising on translation	-	-	18,993	-	-	18,993	-	-	18,993	-	18,993
Exchange differences arising on translation of foreign operations	-	-	3,480	-	-	3,480	-	-	3,480	-	3,480
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	56	-	56	-	-	-	56	-	56
Other comprehensive income for the period, net of tax	-	-	22,529	-	56	22,473	-	-	22,529	-	22,529
Total comprehensive income for the period	-	175,821	22,529	-	56	22,473	-	-	198,350	80,022	278,372
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	(8,459)	8,459	8,459	-	-	-	-	-	-	-
Total	-	(8,459)	8,459	8,459	-	-	-	-	-	-	-
<u>Others</u>											
NCI upon proportional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	84,063	84,063
Total	-	-	-	-	-	-	-	-	-	84,063	84,063
Balance at 31.3.22 (Unaudited)	5,920,175	3,356,190	454,496	550,411	(8,012)	122,578	(10,166)	(200,315)	9,730,861	4,667,775	14,398,636

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 STATEMENTS OF CHANGES IN EQUITY

GROUP				Effects of changes in ownership interest in subsidiaries where there is no change in control					Equity attributable to owners of the Company		
	Share capital	Retained earnings	Other reserves, total	General reserve	Investment revaluation reserve	Translation reserve	Merger reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1.4.22 (Unaudited)	5,920,175	3,356,190	454,496	550,411	(8,012)	122,578	(10,166)	(200,315)	9,730,861	4,667,775	14,398,636
Profit for the period	-	190,190	-	-	-	-	-	-	190,190	101,747	291,937
<u>Other comprehensive loss</u>	-	-	-	-	-	-	-	-	-	-	-
Exchange differences arising on translation	-	-	(152,603)	-	-	(152,603)	-	-	(152,603)	-	(152,603)
Exchange differences arising on translation of foreign operations	-	-	(4,351)	-	-	(4,351)	-	-	(4,351)	-	(4,351)
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	(1,659)	-	(1,659)	-	-	-	(1,659)	-	(1,659)
Other comprehensive loss for the period, net of tax	-	-	(158,613)	-	(1,659)	(156,954)	-	-	(158,613)	-	(158,613)
Total comprehensive income for the period	-	190,190	(158,613)	-	(1,659)	(156,954)	-	-	31,577	101,747	133,324
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	1,617	(1,617)	(1,617)	-	-	-	-	-	-	-
Total	-	1,617	(1,617)	(1,617)	-	-	-	-	-	-	-
<u>Others</u>											
NCI upon proportional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	135,500	135,500
Dividend declared to NCI	-	-	-	-	-	-	-	-	-	(2,940)	(2,940)
Dividend declared to equity shareholders	-	(121,379)	-	-	-	-	-	-	(121,379)	-	(121,379)
Total	-	(121,379)	-	-	-	-	-	-	(121,379)	132,560	11,181
Balance at 30.6.22 (Unaudited)	5,920,175	3,426,618	294,266	548,794	(9,671)	(34,376)	(10,166)	(200,315)	9,641,059	4,902,082	14,543,141

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. – cont'd

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

GROUP	Share capital	Retained earnings	Other reserves, total	General reserve	Investment revaluation reserve	Translation reserve	Effects of changes in ownership interest in subsidiaries where there is no change in control	Merger reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.21 (Audited)	5,947,420	2,805,242	175,112	405,422	(10,248)	(9,581)	(10,166)	(200,315)	8,927,774	4,094,225	13,021,999
Profit for the period	-	160,116	-	-	-	-	-	-	160,116	80,450	240,566
<u>Other comprehensive income</u>											
Exchange differences arising on translation	-	-	(22,919)	-	-	(22,919)	-	-	(22,919)	-	(22,919)
Exchange differences arising on translation of foreign operations	-	-	15,979	-	-	15,979	-	-	15,979	-	15,979
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	(751)	-	(751)	-	-	-	(751)	-	(751)
Other comprehensive income for the period, net of tax	-	-	(7,691)	-	(751)	(6,940)	-	-	(7,691)	-	(7,691)
Total comprehensive income for the period	-	160,116	(7,691)	-	(751)	(6,940)	-	-	152,425	80,450	232,875
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	(15,006)	15,006	15,006	-	-	-	-	-	-	-
Total	-	(15,006)	15,006	15,006	-	-	-	-	-	-	-
<u>Others</u>											
Repurchase of shares	(23,254)	-	-	-	-	-	-	-	(23,254)	-	(23,254)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(9,670)	(9,670)
Total	(23,254)	-	-	-	-	-	-	-	(23,254)	(9,670)	(32,924)
Balance at 31.3.21 (Unaudited)	5,924,166	2,950,352	182,427	420,428	(10,999)	(16,521)	(10,166)	(200,315)	9,056,945	4,165,005	13,221,950

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. – cont'd

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

GROUP				Effects of changes in ownership interest in subsidiaries where there is no change in control					Equity attributable to owners of the Company		
	Share capital	Retained earnings	Other reserves, total	General reserve	Investment revaluation reserve	Translation reserve	Merger reserve	Non-controlling interests	Total equity		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.4.21 (Unaudited)	5,924,166	2,950,352	182,427	420,428	(10,999)	(16,521)	(10,166)	(200,315)	9,056,945	4,165,005	13,221,950
Profit for the period	-	172,625	-	-	-	-	-	-	172,625	115,789	288,414
Other comprehensive income											
Exchange differences arising on translation	-	-	36,992	-	-	36,992	-	-	36,992	-	36,992
Exchange differences arising on translation of foreign operations	-	-	8,764	-	-	8,764	-	-	8,764	-	8,764
Fair value change on investments in equity instruments designated as at FVTOCI	-	-	929	-	929	-	-	-	929	-	929
Other comprehensive income for the period, net of tax	-	-	46,685	-	929	45,756	-	-	46,685	-	46,685
Total comprehensive income for the period	-	172,625	46,685	-	929	45,756	-	-	219,310	115,789	335,099
Transactions with owners recognised directly in equity											
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	19,620	19,620
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(4,108)	(4,108)
Contribution from non-controlling interests upon additional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	25,200	25,200
Total	-	-	-	-	-	-	-	-	-	40,712	40,712
Others											
Repurchase of shares	(3,991)	-	-	-	-	-	-	-	(3,991)	-	(3,991)
Dividend declared to equity shareholders	-	(124,906)	-	-	-	-	-	-	(124,906)	-	(124,906)
Total	(3,991)	(124,906)	-	-	-	-	-	-	(128,897)	-	(128,897)
Balance at 30.6.21 (Unaudited)	5,920,175	2,998,071	229,112	420,428	(10,070)	29,235	(10,166)	(200,315)	9,147,358	4,321,506	13,468,864

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. – cont'd

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

COMPANY	Share capital	Retained earnings	Other reserves*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.22 (Audited)	5,920,175	182,128	(107,989)	5,994,314
Loss for the period	-	(10,340)	-	(10,340)
<u>Other comprehensive loss</u>				
Exchange differences arising on translation, net of tax	-	-	(41,232)	(41,232)
Other comprehensive loss for the period, net of tax	-	-	(41,232)	(41,232)
Total comprehensive loss for the period	-	(10,340)	(41,232)	(51,572)
Balance at 31.3.22 (Unaudited)	5,920,175	171,788	(149,221)	5,942,742
Balance at 1.4.22 (Unaudited)	5,920,175	171,788	(149,221)	5,942,742
Profit for the period	-	28,989	-	28,989
<u>Other comprehensive income</u>				
Exchange differences arising on translation, net of tax	-	-	164,918	164,918
Other comprehensive income for the period, net of tax	-	-	164,918	164,918
Total comprehensive income for the period	-	28,989	164,918	193,907
<u>Others</u>				
Dividend declared to equity shareholders	-	(121,379)	-	(121,379)
Balance at 30.6.22 (Unaudited)	5,920,175	79,398	15,697	6,015,270

* Relates to translation reserve.

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. – cont'd

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

COMPANY	Share capital	Retained earnings	Other reserves*	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.1.21 (Audited)	5,947,420	156,405	175,483	6,279,308
Profit for the period	-	602	-	602
<u>Other comprehensive loss</u>				
Exchange differences arising on translation, net of tax	-	-	(82,629)	(82,629)
Other comprehensive loss for the period, net of tax	-	-	(82,629)	(82,629)
Total comprehensive loss for the period	-	602	(82,629)	(82,027)
<u>Others</u>				
Repurchase of shares	(23,254)	-	-	(23,254)
Balance at 31.3.21 (Unaudited)	5,924,166	157,007	92,854	6,174,027
Balance at 1.4.21 (Unaudited)	5,924,166	157,007	92,854	6,174,027
Profit for the period	-	(22,085)	-	(22,085)
<u>Other comprehensive loss</u>				
Exchange differences arising on translation, net of tax	-	-	(89,926)	(89,926)
Other comprehensive loss for the period, net of tax	-	-	(89,926)	(89,926)
Total comprehensive loss for the period	-	(22,085)	(89,926)	(112,011)
<u>Others</u>				
Repurchase of shares	(3,991)	-	-	(3,991)
Dividend declared to equity shareholders	-	(124,906)	-	(124,906)
Balance at 30.6.21 (Unaudited)	5,920,175	10,016	2,928	5,933,119

* Relates to translation reserve.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

SIIC Environment Holdings Ltd. (the “Company”) is a public limited company, incorporated and domiciled in the Republic of Singapore and is dual listed on the Singapore Exchange Securities Trading Limited (the “SGX”) and the Stock Exchange of Hong Kong Limited (the “SEHK”). These condensed interim consolidated financial statements as at and for the Second Quarter and Six Months ended 30 June 2022 comprise the Company and its subsidiaries’ (collectively, “the Group”). The registered office and principal place of business of the Company is located at One Temasek Avenue, #37-02 Millenia Tower, Singapore 039192. There were no changes to the principal activities of the Company and its subsidiaries.

2. BASIS OF PREPARATION

The unaudited condensed interim consolidated financial statements for the Six Months ended 30 June 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). 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 of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s.

The presentation currency of the condensed interim financial statements is Renminbi (“RMB”) as the Group’s operations are substantially based in the People’s Republic of China (“PRC”).

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2. BASIS OF PREPARATION - cont'd

2.2 Use of judgements and estimates

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 9 – Receivables under service concession arrangements

Management has determined that there is no impairment loss for the Group's goodwill on consolidation as at 30 June 2022.

2.3 Financial Risk Management Objectives and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include (i) foreign currency risk; (ii) interest rate risk; (iii) liquidity risk; and (iv) credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer and Management.

The condensed interim consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

There have been no changes in the risk management policies since year end.

3. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. SEGMENT INFORMATION

The Group is organised into business segments based on their products and services, and has reportable segments as follows:

(i) Water and Sludge Treatment:

Principal activities include construction, management and operation of water and sludge related infrastructure under service concession arrangements and management and operation of water and sludge related infrastructure under non-service concession arrangements and financial income under service concession arrangements.

(ii) Water Supply:

Principal activities include construction, management and operation of water supply related infrastructure under service concession arrangements.

(iii) Waste Incineration:

Principal activities include construction, management and operation of waste incineration related infrastructure under service concession arrangements.

Other operations include design and consultancy on the projects and installation of water meters. None of these segments meets any of the quantitative thresholds for determining reportable segments for the financial period ended 30 June 2022 and 31 December 2021.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Group's financing and income taxes are managed on a Group basis and are not allocated to operating segments. Unallocated assets/liabilities mainly comprise of corporate assets and liabilities, tax assets and liabilities and interest income and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

Transfer prices between operating segments are on agreed-term basis in a manner similar to transactions with third parties.

4. SEGMENT INFORMATION - cont'd

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments:

Six months ended 30 June 2022 (Unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Revenue	2,022,454	438,800	1,115,432	3,576,686	110,189	-	3,686,875
Reportable segment profit/(loss) from operations	766,664	64,816	185,612	1,017,092	31,925	(63,277)	985,740
Finance income	-	-	-	-	-	15,926	15,926
Finance expenses	-	-	-	-	-	(337,012)	(337,012)
Other non-operating income	14,847	8,410	1,748	25,005	7	33	25,045
Share of results of associates	4,008	-	-	4,008	207	1,505	5,720
Share of results of joint ventures	-	-	10,694	10,694	-	-	10,694
Income tax expense	(71,075)	(18,434)	(44,636)	(134,145)	(4,881)	(19,307)	(158,333)
Profit after tax							547,780
Segment depreciation and amortisation	123,209	52,810	1,678	177,697	138	5,580	183,415
Segment non-cash income	3,695	-	-	3,695	-	-	3,695
Segment non-cash expenses	-	792	-	792	28	-	820

4. SEGMENT INFORMATION - cont'd

Segment revenue and results – cont'd

Six months ended 30 June 2021 (Unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Revenue	2,037,320	467,470	718,200	3,222,990	77,020	-	3,300,010
Reportable segment profit/(loss) from operations	806,041	79,386	76,902	962,329	26,094	(52,906)	935,517
Finance income	-	-	-	-	-	12,785	12,785
Finance expenses	-	-	-	-	-	(348,302)	(348,302)
Other non-operating income	63,156	3,719	4,095	70,970	10	(8,039)	62,941
Share of results of associates	2,110	-	-	2,110	16	-	2,126
Share of results of joint ventures	-	-	12,359	12,359	-	-	12,359
Income tax expense	(97,269)	(19,421)	(27,832)	(144,522)	(3,620)	(304)	(148,446)
Profit after tax							528,980
Segment depreciation and amortisation	97,732	72,704	5,037	175,473	1,085	5,055	181,613
Segment non-cash income	-	-	-	-	-	-	-
Segment non-cash expenses	2,183	215	-	2,398	472	-	2,870

4. SEGMENT INFORMATION - cont'd

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating segments:

At 30 June 2022 (Unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Segment assets	27,189,472	4,174,687	5,426,385	36,790,544	584,900	452,208	37,827,652
Interest in joint ventures	-	-	505,345	505,345	-	-	505,345
Interest in associates	93,691	-	-	93,691	39,457	29,534	162,682
Financial assets at fair value through profit or loss	6,708	-	-	6,708	2,571	-	9,279
Financial assets at fair value through other comprehensive income	10,400	-	-	10,400	3,000	13,983	27,383
Assets classified as held for sale	-	-	1,049,176	1,049,176	-	-	1,049,176
Total assets							39,581,517
Segment liabilities	10,733,068	1,781,796	3,506,349	16,021,213	1,208,187	7,808,976	25,038,376
Segment capital expenditure	114,800	76,927	404	192,131	260	9	192,400

4. SEGMENT INFORMATION - cont'd

Segment assets and liabilities - cont'd

At 31 December 2021 (Audited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Segment assets	27,418,173	4,096,690	4,121,289	35,636,152	608,298	610,710	36,855,160
Interest in joint ventures	-	-	486,674	486,674	-	-	486,674
Interest in associates	89,683	-	-	89,683	12,250	26,741	128,674
Financial assets at fair value through profit or loss	6,506	-	-	6,506	2,801	-	9,307
Financial assets at fair value through other comprehensive income	10,400	-	-	10,400	3,000	13,691	27,091
Assets classified as held for sale	-	-	7,059	7,059	-	-	7,059
Total assets							37,513,965
Segment liabilities	11,260,855	1,842,371	2,450,549	15,553,775	1,276,406	6,647,583	23,477,764
Segment capital expenditure	264,333	43,813	23,928	332,074	154	40	332,268

5. REVENUE

	3 months ended 30 June		6 months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Construction revenue	655,835	503,213	1,267,064	1,074,118
Operating and maintenance income from services concession arrangements	850,187	822,893	1,617,382	1,534,000
Financial income from service concession arrangements	306,868	267,707	614,070	538,098
Service income	38,852	37,615	78,170	76,774
Other revenue	50,254	46,766	110,189	77,020
	<u>1,901,996</u>	<u>1,678,194</u>	<u>3,686,875</u>	<u>3,300,010</u>
Timing of revenue recognition				
At a point in time:	850,187	822,893	1,617,382	1,534,000
Over time:	1,051,809	855,301	2,069,493	1,766,010
	<u>1,901,996</u>	<u>1,678,194</u>	<u>3,686,875</u>	<u>3,300,010</u>

6. TAXATION

	3 months ended 30 June		6 months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax:				
- Current year	59,240	47,590	114,942	93,550
- Over provision in respect of prior periods	(18,099)	(2,374)	(17,673)	(2,383)
Deferred tax:				
- Current year	34,582	26,234	61,060	57,185
- Under/(Over) provision in respect of prior periods	4	(56)	4	94
	<u>75,727</u>	<u>71,394</u>	<u>158,333</u>	<u>148,446</u>

The corporate income tax applicable to the Singapore companies of the Group is 17% (six months ended 30 June 2021: 17%).

6. TAXATION - cont'd

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax ("EIT") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. In accordance with the "Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises", certain subsidiaries, engaging in public infrastructure projects, are entitled to full exemption from EIT for the first three years and a 50% reduction in EIT for the next three years of generating operating income.

7. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	3 months ended 30 June		6 months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Loss/(Reversal of loss) allowance for trade receivables, net	245	2,550	(2,903)	2,290
Loss allowance for non-trade receivables, net	-	106	-	106
Depreciation of property, plant and equipment	10,256	8,285	21,115	17,642
Amortisation of intangible assets	76,300	78,917	157,010	158,452
Depreciation of right-of-use assets	3,123	2,759	5,290	5,519
Loss/(Gain) on disposal of property, plant and equipment	99	(11)	129	(7)
Loss/(Gain) on disposal of intangible assets	9	-	9	(5)
Gain on disposal of a subsidiary	-	(23,566)	-	(23,566)
Finance income	(7,445)	(5,894)	(15,926)	(12,785)
Finance expenses	171,556	179,067	337,012	348,302
Share of results of associates	(1,890)	(2,079)	(5,720)	(2,126)
Share of results of joint ventures	(531)	(6,077)	(10,694)	(12,359)
Fair value (gain)/loss on financial assets at fair value through profit and loss	(46)	316	28	474
Foreign exchange loss, net	16,506	2,148	15,650	4,845

8. TRADE AND OTHER RECEIVABLES

The following is an aged analysis of trade receivables, net of loss allowance, excluding other receivables, presented based on the invoice date at the end of the reporting period:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 30 days	898,203	705,754
Within 31 to 60 days	201,048	248,522
Within 61 to 90 days	174,437	189,181
Within 91 to 180 days	370,480	357,373
Within 181 to 365 days	522,470	447,736
Over 365 days	522,343	463,581
	<u>2,688,981</u>	<u>2,412,147</u>

9. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

Consideration given by the grantor for a service concession arrangement is accounted for as an intangible asset (operating concessions) or a financial asset (receivables under service concession arrangements) or a combination of both, as appropriate. The financial asset component is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Receivables under service concession arrangements		
Current portion	701,060	680,394
Non-current portion	21,371,227	20,950,596
	<u>22,072,287</u>	<u>21,630,990</u>

Expected collection schedule is analysed as follows:

Within 1 year	701,060	680,394
Within 2 to 5 years	2,975,873	2,944,166
Over 5 years	18,395,354	18,006,430
	<u>22,072,287</u>	<u>21,630,990</u>

10. INTANGIBLE ASSETS

During the period, the Group's additions of intangible assets amounted to RMB180,697,000 (Six Months ended 30 June 2021: RMB152,550,000).

Certain intangibles with carrying value of RMB 1,391,797,000 were pledged to secure the Group's bank borrowings as at 30 June 2022 (31 December 2021: RMB1,355,517,000).

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 30 days	1,157,687	1,272,781
Within 31 to 60 days	65,950	129,638
Within 61 to 90 days	47,236	61,203
Within 91 to 180 days	186,041	208,679
Within 181 to 365 days	192,273	202,642
Over 365 days	614,460	764,928
	<u>2,263,647</u>	<u>2,639,871</u>

12. BANK AND OTHER BORROWINGS

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Amount repayable within one year or on demand		
Secured	2,665,933	3,118,018
Unsecured	2,531,979	1,859,497
	<u>5,197,912</u>	<u>4,977,515</u>
Amount repayable after one year		
Secured	7,657,339	7,085,409
Unsecured	5,053,095	4,565,377
	<u>12,710,434</u>	<u>11,650,786</u>

Details of any collateral

The bank and other borrowings are secured/ guaranteed on concessionary arrangements, trade receivables (relating to concessionary arrangements) collection rights, guarantees by subsidiaries, guarantees by third party company and/or secured by a corporate guarantee by SIIC Environment Holdings Ltd..

13. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Amount
	(Unaudited)	RMB'000 (Unaudited)
Issued and paid up share capital		
At 1 January 2021	2,602,817,726	5,947,420
Share buy-back and cancelled	(27,152,000)	(27,245)
At 31 December 2021 and 30 June 2022	2,575,665,726	5,920,175

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 June 2022.

14. DIVIDENDS

A final one-tier tax exempt dividend of S\$0.01 per ordinary share in respect of the financial year ended 31 December 2021 was approved in the annual general meeting held on 29 April 2022 and paid out on 31 May 2022.

15. NET ASSET VALUE

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	RMB cents (Unaudited)	RMB cents (Audited)	RMB cents (Unaudited)	RMB cents (Audited)
Net asset value per ordinary share	374.32	370.10	233.54	232.73

Net asset value per share is calculated based on the number of shares in issue of 2,575,665,726 as at 30 June 2022 (31 December 2021: 2,575,665,726).

16. ASSETS CLASSIFIED AS HELD FOR SALE

In December 2021 and January 2022, management resolved to dispose Shenxian SI Environment Protection Energy Co., Ltd. (“Shenxian”) and Dazhou Jiaying Environment Renewable Resource Co., sub-group (“Dazhou”). The assets and liabilities attributable to these subsidiaries, which are expected to be sold within twelve months, have been classified as a disposal group held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*, and are presented separately in the statement of financial position as at 30 June 2022.

The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations held for sale.

The major classes of assets and liabilities comprising the disposal groups classified as held for sale are as follows:

	Group		
	30 June 2022		31 December 2021
	RMB'000		RMB'000
	(Unaudited)		(Audited)
	Dazhou	Shenxian	Shenxian
Cash and cash equivalents	127,536	655	2,516
Trade and other receivables	80,091	205	205
Receivables under service concession arrangements	532,569	4,480	4,338
Prepayments	2,140	-	-
Inventories	1,013	-	-
Property, plant & equipment	61,329	-	-
Intangible assets	235,749	-	-
Deferred tax assets	3,409	-	-
Total assets classified as held for sale	1,043,836	5,340	7,059
Trade and other payables, and other liabilities directly associated with assets classified as held for sale	(708,569)	(90)	(92)
Net assets of disposal group	<u>335,267</u>	<u>5,250</u>	<u>6,967</u>

The buyer of Dazhou has undertaken Dazhou’s intercompany liabilities and will repay approximately RMB53 million as of the completion date of the transaction. The net assets of Dazhou shown above does not include these intercompany liabilities.

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Except as detailed in the following tables below, the directors of the Company consider that the carrying amounts of all other financial assets and financial liabilities that are recorded at amortised cost in the consolidated financial statements to approximate their fair value, due to their short-term nature, that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period, or the discount rate used to amortise the instruments approximates the prevailing market interest rates.

The Group classifies financial assets measured at fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- c) Inputs for the assets or liabilities which are not based on observable market data (unobservable inputs) (Level 3).

(i) Fair value of financial assets that are measured at fair value on a recurring basis

Financial assets	Fair value		Fair value hierarchy
	30 June 2022	31 December 2021	
	RMB'000 (Unaudited)	RMB'000 (Audited)	
Financial assets at FVTOCI			
Listed equity security	13,983	13,691	Level 1
Unlisted equity security	13,400	13,400	Level 3
Financial assets at FVTPL			
Listed equity security	2,773	2,801	Level 1
Put option of unlisted equity security	6,506	6,506	Level 3

17. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS - cont'd

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis and whose carrying amounts are not reasonable approximation of fair value

	30 June 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000 (Audited)
Financial assets				
Receivables under service concession arrangements ^(a)	17,662,675	18,438,522	17,943,313	18,631,768
Financial liabilities				
Bank and other borrowings (Fixed rate borrowings) ^(a)	(3,759,424)	(3,652,074)	(3,457,803)	(3,341,343)
Other non-current liabilities ^(a)	(38,495)	(30,867)	(38,495)	(30,755)

(a) The fair values of receivables under service concession arrangements, bank and other borrowings and other non-current liabilities as disclosed in the table above are classified under level 3 of the fair value hierarchy and the fair values are estimated by discounting expected future cash flows at prevailing interest rate or borrowings rate as at the end of the reporting period.

There was no transfer amongst Levels 1, 2 and 3 in both periods.

18. RELATED PARTY TRANSACTIONS

Hong Kong Shun Yuen Investment (Holdings) Limited and Topper Gain Group Limited, which are wholly-owned subsidiaries of Shanghai Industrial Holdings Limited which indirectly holds 49.25% of the issued ordinary shares of the Company, subscribed for new shares of Longjiang Environmental Protection Group Co., Ltd., a subsidiary of the Group, on a pro-rata basis for the consideration of RMB81,562,600. The subscription process was completed in January 2022.

Save as disclosed above, there are no material related party transactions during 1H FY2022 and 2QFY2022.

19. SUBSEQUENT EVENTS

On 6 July 2022, the Group had entered into the Sale and Purchase Agreement with the purchaser to sell its 100% equity interest in Dazhou Jiajing Environment Renewable Resource Co., Ltd. through its wholly owned subsidiary, Hongkong Nany New Energy (Dazhou) Limited. The related industrial and commercial registration of the equity transfer was completed on 2 August 2022.

Subsequent to the end of the reporting period, the Board has resolved to declare an interim dividend of S\$0.005 per ordinary share be paid to shareholders. This interim dividend has not been included as a liability in this interim financial information. The total estimated interim dividend to be paid is S\$12.88 million (approximately RMB63.16 million).

OTHER INFORMATION REQUIRED BY SGX LISTING RULE APPENDIX 7.2

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

Please refer to Note 13 of the Notes to the Condensed Interim Consolidated Financial Statements.

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

As at 30 June 2022, there were no treasury shares held (31 December 2021: Nil). Total number of issued shares as at 30 June 2022 was 2,575,665,726 (31 December 2021: 2,575,665,726).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the financial period ended 30 June 2022.

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

During the financial period, there was no transaction pertaining to subsidiary holdings.

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

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2022 and the related condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

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

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 applied the same accounting policies and methods of computation in the financial statements for the current financial period as that of the audited financial statements for the year ended 31 December 2021.

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

No such change in the accounting policies and methods of computation.

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

Please refer to condensed interim consolidated statement of comprehensive income.

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.**

Please refer to Note 15 of the Notes to the Condensed Interim Consolidated Financial Statements.

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

STATEMENT OF COMPREHENSIVE INCOME

Overall Review

The Group recorded an increase in revenue from RMB3,300.0 million in 1HFY2021 to RMB3,686.9 million in 1HFY2022, representing an increase of 11.7%. Gross profit ("GP") has increased from RMB1,157.8 million in 1HFY2021 to RMB1,244.6 million in 1HFY2022.

Meanwhile, the Group's profit for the period amounted to RMB547.8 million, up 3.6% as compared to 1HFY2021. The Group's profit after tax (attributable to owners of the Company) increased from RMB332.7 million in 1HFY2021 to RMB366.0 million in 1HFY2022, representing an increase of 10.0%.

For more details on the analysis of the Group's performance, please refer to the following sections below.

8. A review of the performance of the group – cont'd.

(A) Revenue

Construction Revenue

Construction revenue amounted to RMB655.8 million and RMB1,267.1 million in 2QFY2022 and 1HFY2022 respectively (2QFY2021: RMB503.2 million; 1HFY2021: RMB1,074.1 million). The Group's benchmark solid waste treatment and power generation project "Shanghai Baoshan Renewable Energy Utilization Centre" is expected to commence operation in 2022, and has contributed a higher construction revenue as compared to 1HFY2021, which is partially offset by the delay in certain construction projects.

Operating and Maintenance Income from Service Concession Arrangements/ Financial Income from Service Concession Arrangements

The aggregate of operating and maintenance income and financial income from service concession arrangements amounted to RMB1,157.1 million and RMB2,231.5 million in 2QFY2022 and 1HFY2022 respectively (2QFY2021: RMB1,090.6 million; 1HFY2021: RMB2,072.1 million). The higher revenue was underpinned by the increase in both wastewater treatment and water supply volume and average wastewater treatment tariff.

Service Income

Service income from non-service concession arrangements amounted to RMB38.9 million and RMB78.2 million in 2QFY2022 and 1HFY2022 respectively (2QFY2021: RMB37.6 million; 1HFY2021: RMB76.8 million). The service income increase is due to a higher average price.

Other Revenue

Other revenue for 2QFY2022 and 1HFY2022 were RMB50.3 million and RMB110.2 million respectively (2QFY2021: RMB46.8 million; 1HFY2021: RMB77.0 million). Other revenue mainly consists of installation works carried out, which are ad-hoc in nature.

(B) Gross Profit ("GP") / Gross Profit Margin ("GPM")

The Group's GP increased by RMB62.1 million or 10.3% from RMB604.4 million in 2QFY2021 to RMB666.4 million in 2QFY2022. Meanwhile, GP increased by 86.8 million or 7.5% from RMB1,157.8 million in 1HFY2021 to RMB1,244.6 million in 1HFY2022. The increase in GP was driven by the rise in construction revenue arising from the higher amount of construction activities and financial income from service concession arrangements.

Since the last quarter in FY2021, the sharp spike in both electricity and chemical costs in Mainland China has tightened the Group's GPM in the previous two quarters. The soaring energy price and decrease in government subsidies drove the rise of electricity costs. Disruption in the logistic supply chain had further pushed up the chemical costs due to the Covid situation in Mainland China.

8. **A review of the performance of the group – cont’d.**

(B) Gross Profit (“GP”) / Gross Profit Margin (“GPM”) – cont’d

The steep increases of costs had slowed down in 2QFY2022 and the pressure on operating cost has showed signs of easing. The GPM in 2QFY2022 was improved by 2.6% as compared to 1QFY2022, standing at 35.0% in 2QFY2022, bringing up the GPM in 1HFY2022 to 33.8%. However, the GPM still lags as compared to the corresponding period in the previous year, decreasing by 1.0% from 36.0% in 2QFY2021 to 35.0% in 2QFY2022 and decreasing by 1.3% from 35.1% in 1HFY2021 to 33.8% in 1HFY2022.

(C) Other Income

Other income amounted to RMB29.5 million and RMB60.8 million in 2QFY2022 and 1HFY2022 respectively (2QFY2021: RMB44.4 million; 1HFY2021: RMB88.8 million). The decrease in 1HFY2022 as compared to 1HFY2021 was mainly due to the reduction in government grant income.

(D) Other Gains and Losses

Other gains and losses shifted from a gain of RMB21.1 million in 2QFY2021 to a loss of RMB14.4 million in 2QFY2022 and from a gain of RMB18.2 million in 1HFY2021 to a loss of RMB17.3 million in 1HFY2022. The changes were mainly due to the ad-hoc gain on disposal of a subsidiary in June FY2021 and unrealised foreign exchange loss recorded in 1HFY2022.

(E) Selling and Distribution Costs

Selling and distribution costs decreased from RMB20.4 million in 2QFY2021 to RMB19.8 million in 2QFY2022 and decreased from RMB39.8 million in 1HFY2021 to RMB39.0 million in 1HFY2022. The selling and distribution costs were relatively stable in both comparative periods.

(F) Administrative Expenses

Administrative expenses increased 5.3% from RMB118.7 million in 2QFY2021 to RMB124.9 million in 2QFY2022, a similar trend was observed in first half of the year, increasing 4.0% from RMB213.9 million in 1HFY2021 to RMB222.4 million in 1HFY2022. The increase in administrative expenses was mainly caused by the increase in manpower costs and is in line with the growth in overall revenue and number of wastewater treatment projects.

(G) Finance Expenses

Finance expenses amounted to RMB171.6 million and RMB337.0 million in 2QFY2022 and 1HFY2022 respectively (2QFY2021: RMB179.1 million; 1HFY2021: RMB348.3 million). The saving in finance costs was mainly due to the loan restructuring effort to replace the higher interest rate borrowings including from the two tranches of Corporate Bonds issued in 2021 with lower interest rates.

8. A review of the performance of the group – cont'd.

(H) Share of Results of Associates/ Share of Results of Joint Ventures

The share of results of associates and joint ventures using the equity method represents the Group's share of results in investments.

The share of results of joint ventures in 2QFY2022 decreased as compared to 2QFY2021, as the joint venture company had been temporarily affected by the latest wave of Covid epidemic in Mainland China, and incurred additional ad-hoc costs which were necessary to maintain the smooth operation and to ensure the safety and sustainable environment of the city.

The share of results of associates in 2QFY2022 were reduced as compared to 2QFY2021 due to lower contribution from associates. However, the 1HFY2022 share of results of associates saw a strong increase as compared to 1HFY2021, arising from efficient operation and better management.

(I) Income Tax Expenses

Income tax expenses amounted to RMB75.7 million and RMB158.3 million in 2QFY2022 and 1HFY2022 respectively (2QFY2021: RMB71.4 million; 1HFY2021: RMB148.4 million). The increase in income tax expense was in line with the increase in profit generated in 2QFY2022 and 1HFY2022 as compared to 2QFY2021 and 1HFY2021.

STATEMENTS OF FINANCIAL POSITION

(J) Current Assets

Current assets as at 30 June 2022 amounted to RMB9.35 billion (31 December 2021: RMB7.49 billion). The increase in current assets was mainly due to the classification of Dazhou's assets as held for sale, which resulted in the reclassification of the non-current assets of Dazhou to current assets. At the same time, the Group has made the adjustment to its cash reserve level as a response to any potential risk arising from the Covid epidemic.

(K) Non-current Assets

Non-current assets as at 30 June 2022 amounted to RMB30.23 billion (31 December 2021: RMB30.02 billion). The balance remains relatively stable as the classification of assets classified as held of sales as mentioned in (J) were partially offset by the increase in receivables under service concession arrangements.

(L) Current Liabilities

Current liabilities as at 30 June 2022 amounted to RMB9.92 billion (31 December 2021: RMB9.43 billion). The slight increase was mainly due to the reclassification of Dazhou's liabilities as held for sale partially offset by the reduction in trade and other payables.

(M) Non-current Liabilities

Non-current liabilities as at 30 June 2022 amounted to RMB15.12 billion (31 December 2021: RMB14.04 billion). The increase was due to new long-term borrowings taken up in 1HFY2022 which were mainly for the purpose of ongoing construction projects.

8. A review of the performance of the group – cont'd.

STATEMENT OF CASH FLOWS

As at 30 June 2022, the Group's cash and cash equivalents stood at RMB3.14 billion (31 December 2021: RMB2.79 billion). In 1HFY2022, net cash of RMB412.0 million was used in the Group's operating activities, as significant of cash was used towards the Group's investments in projects with service concession arrangements. Excluding cash used in these projects, cash generated from operating activities in 1HFY2022 was RMB614.3 million.

Net cash used in the Group's investing activities of RMB255.0 million in 1HFY2022 was mainly due to net cash outflow from purchase of property, plant and equipments, intangibles assets and additional captial injection in an associate.

Net cash generated from financing activities of RMB1,010.7 million in 1HFY2022 was mainly due to the net proceeds from bank and other borrowings, which were partially offset by the repayment of borrowings, interest and dividends paid during the period.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

In the first half of 2022, despite the fact that the People's Republic of China ("PRC" or "China") was affected by recurrent COVID-19 outbreaks, the Group was able to maintain resilience and effective execution capability, achieving stable development and ensuring project progress in various regions. After city-wide static management, Shanghai has seen a more stable pandemic situation and started to resume work and production since June. The Group's major solid waste project Shanghai Baoshan Renewable Energy Utilization Center ("Baoshan Project") will, as scheduled, commence operation within the year. At the same time, the Group has as ever closely monitored development opportunities in the water market and recently secured the Xicen Water Purification Plant Project ("Xicen Project") in Qingpu, Shanghai. Observing high discharge standard and boasting advanced design and planning, the Project is expected to become a benchmark water facility in the Yangtze River Delta region.

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. – cont'd.

On the policy front, on 25 May, China's National Development and Reform Commission ("NDRC") issued the "Guideline for Further Revitalizing Stock Assets and Increasing Effective Investment" (關於進一步盤活存量資產擴大有效投資的意見), which encourages to explore the sinking of sewage treatment plants and comprehensive development of spaces above and underground, both in light of local circumstances. Furthermore, the NDRC, together with five other departments, issued a new edition of the "Overall Plan for Comprehensive Treatment of Water Environment in the Taihu Lake Basin" (太湖流域水環境綜合治理總體方案) in June, pointing out that while improving the quality of aquatic ecological environment, "Development of Yangtze River Economic Belt" and "Integration of Yangtze River Delta" should be closely followed as strategic objectives. As an environmental protection enterprise that closely serves national strategies, the Group has actively responded to relevant policies. Built completely underground, the aforementioned Xicen Project observes Quasi Grade III water discharge standard, making it the underground wastewater treatment plant with the highest discharge standard in the country to date. For its spaces above ground, cultural and educational facilities are planned, with the hope of leading green living trends in the area.

In addition, in April, the Ministry of Housing and Urban-Rural Development, the Ministry of Ecology and Environment, the NDRC and the Ministry of Water Resources jointly issued the "Implementation Plan for Deepening the Battle for the Treatment of Urban Black and Odorous Water" (the "Plan") (深入打好城市黑臭水體治理攻堅戰實施方案). According to the Plan, by 2025, the removal rate of black and odorous water bodies in the built-up areas of the Beijing-Tianjin-Hebei Region, Yangtze River Delta and Pearl River Delta regions should reach 90% and the centralized collection rate of urban domestic wastewater should reach more than 70%. The Plan also requires local authorities to adjust wastewater treatment charging standards as soon as possible in accordance with relevant regulations, and encourages financial institutions to provide credit support to market-oriented urban black and odorous water treatment projects. The Group believes its wastewater treatment segment will receive benefit and its financing channels will keep broadening, which is conducive to its business' continuous growth.

In recent years, China has been putting increasingly more emphasis on environmental protection. With favorable policies being launched continually, and the "dual-carbon" goals and related strategies taking roots, the environmental protection industry is to embrace a period of steady development. The Group has been firmly adhering to national policies, adopting the idea of "lucid waters and lush mountains are invaluable assets" and responding to major initiatives in the 14th Five-Year Plan for "promoting comprehensive green transformation of economic and social development". Baoshan and Xicen Projects, currently under construction, are expected to become the Group's iconic "one mountain and one river" projects, enabling it to not only increase share in the environmental protection market, but also strengthen regional layout and consolidate leading position. The Group sees an opportunity to enhance its ability to secure new projects and to conduct standard raising and smart upgrade for existing projects. It will shoulder the important task of realizing the "dual-carbon" goals, while accomplishing corporate missions of saving the Earth's environment and cherishing natural resources.

11. Dividend

If a decision regarding dividend has been made:

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

An interim dividend for FY2022 is declared.

(b) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

The following interim dividend is declared:

Name of Dividend:	Ordinary cash dividend
Dividend Type:	Interim
Dividend Rate:	S\$0.005 per ordinary share
Tax Rate:	One-tier tax exempt

The applicable exchange rate for converting Singapore dollars (“S\$”) into Hong Kong dollars (“HK\$”) for the purpose of dividend payment in HK\$ is made at the rate of S\$1.00 to HK\$5.70451, which was the exchange rate quoted by Monetary Authority of Singapore on 5 August 2022.

Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes. There was an interim dividend declared for 2QFY2021.

(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).

One-tier tax exempt.

(d) The date the dividend is payable.

The interim dividend would be payable on 30 September 2022 to shareholders registered in the Share Transfer Books and Register of Members of the Company in Singapore as at 5.00 p.m. on 1 September 2022 and shareholders registered in the Share Transfer Books and Register of Members of the Company in Hong Kong as at 4:30 p.m. on 1 September 2022.

11. Dividend – cont’d.

(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements.

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 1 September 2022 for the purpose of determining the entitlements of the Company’s shareholders to the Interim Dividend.

Duly completed registrable transfers received by the Company’s share registrar in Singapore, In.Corp Corporate Services Pte. Ltd. (formerly known as RHT Corporate Advisory Pte. Ltd.), 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, no later than 5.00 p.m. on 1 September 2022 will be registered before entitlements to the Interim Dividend are determined.

Duly completed registrable transfers received by the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 1 September 2022 will be registered before entitlements to the Interim Dividend are determined.

For the purpose of determination of the Shareholders registered under the register of members in Singapore and the branch register of members in Hong Kong for receiving the Interim Dividend in Singapore dollar or Hong Kong dollar respectively, any removal of the Shares between the register of members in Singapore and the branch register of members in Hong Kong has to be made by the Shareholders no later than 4:00 p.m. on 25 August 2022 in order to be effected on or before the payment of the Interim Dividend.

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

Not applicable.

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.

No IPT mandate has been obtained from shareholders.

14. Confirmation by Directors pursuant to Rule 705(5) of the SGX-ST Listing Manual

We, Yang Jianwei and Xu Xiaobing, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the period ended 30 June 2022, to be false or misleading, in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD
Mr. Yang Jianwei
Executive Director
5 August 2022