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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 First Quarter and  
Three Months ended 31 March 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, 13 May 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. Zhao Youmin; 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 First Quarter and  
Three Months ended 31 March 2022

13 May 2022

## Table of Contents

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	Page No
Business Review	1
Review of Interim Results	1
Corporate Governance	1
Condensed Interim Consolidated Statement of Comprehensive Income	2
Condensed Interim Statements of Financial Position	3
Condensed Interim Consolidated Statement of Cash Flows	5
Condensed Interim Statements of Changes in Equity	8
Notes to the Condensed Interim Consolidated Financial Statements	11
Other Information Required by SGX Listing Rule Appendix 7.2	26



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

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## **First Quarter and Three 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 three months ended 31 March 2022 (“1QFY2022”). The Group’s net profit attributable to shareholders for the period amounted to RMB175.8 million, an increase of 9.8% year-on-year.

This performance was on the back of a 10.1% increase in revenue to RMB1.78 billion 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 4.5% to RMB578.2 million, mainly driven by the increase in finance income and construction activities in progress.

As at 31 March 2022, the Group’s cash and cash equivalents stood at a healthy RMB2.68 billion.

### **Review of Interim Results**

The audit committee has reviewed the Company’s unaudited consolidated interim results for the three months ended 31 March 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 three months ended 31 March 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
		31.3.22 (Unaudited)	31.3.21 (Unaudited)	
		RMB'000	RMB'000	%
Revenue	5	1,784,879	1,621,816	10.1
Cost of sales		(1,206,694)	(1,068,366)	12.9
<b>Gross profit</b>		578,185	553,450	4.5
Other income		31,338	44,469	(29.5)
Other gains and losses		(2,924)	(2,855)	2.4
Selling and distribution costs		(19,187)	(19,359)	(0.9)
Administrative expenses		(97,500)	(95,181)	2.4
Finance expenses		(165,456)	(169,235)	(2.2)
Share of results of joint ventures		10,163	6,282	61.8
Share of results of associates		3,830	47	8,048.9
<b>Profit before tax</b>		<b>338,449</b>	<b>317,618</b>	<b>6.6</b>
Income tax expense	6	(82,606)	(77,052)	7.2
<b>Profit for the period</b>	7	<b>255,843</b>	<b>240,566</b>	<b>6.4</b>
<b>Other comprehensive income:</b>				
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Exchange difference arising from translation		18,993	(22,919)	N.M.
Fair value change on investments in equity instruments designated as at FVTOCI		56	(751)	N.M.
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences arising from translation of foreign operations		3,480	15,979	(78.2)
Total other comprehensive income for the period, net of tax		22,529	(7,691)	N.M.
<b>Total comprehensive income for the period</b>		<b>278,372</b>	<b>232,875</b>	<b>19.5</b>
<b>Profit for the period attributable to:</b>				
Owners of the Company		175,821	160,116	9.8
Non-controlling interests		80,022	80,450	(0.5)
		<b>255,843</b>	<b>240,566</b>	<b>6.4</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		198,350	152,425	30.1
Non-controlling interests		80,022	80,450	(0.5)
		<b>278,372</b>	<b>232,875</b>	<b>19.5</b>
<b>Earnings per share for profit for the period attributable to the owners of the Company during the period:</b>				
-Basic (RMB in cent)		6.83	6.16	10.8
-Diluted (RMB in cent)		6.83	6.16	10.8

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 31.3.22 (Unaudited)	As at 31.12.21 (Audited)	As at 31.3.22 (Unaudited)	As at 31.12.21 (Audited)
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current assets</b>					
Cash and cash equivalents		2,684,293	2,794,951	284,922	285,802
Pledged bank deposits		158,381	118,371	-	-
Trade and other receivables	8	3,589,514	3,403,809	1,012	1,019
Bills receivables		3,947	3,377	-	-
Prepayments		71,324	72,091	706	3,069
Inventories		320,448	285,969	-	-
Receivables under service concession arrangements - current portion	9	685,485	680,394	-	-
Amounts due from customers for contract work		79,733	82,706	-	-
Amounts due from subsidiaries		-	-	1,943,257	2,008,502
Amounts due from joint venture		22,881	22,711	462	137
Amounts due from associates		10,902	10,902	-	-
Financial assets at fair value through profit or loss		9,233	9,307	-	-
Assets classified as held for sale	16	868,632	7,059	-	-
<b>Total current assets</b>		<b>8,504,773</b>	<b>7,491,647</b>	<b>2,230,359</b>	<b>2,298,529</b>
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income		26,997	27,091	-	-
Prepayments		231,253	201,636	-	-
Receivables under service concession arrangements – non-current portion	9	20,806,254	20,950,596	-	-
Property, plant and equipment		321,367	346,926	64	63
Right-of-use assets		41,036	54,352	7,429	8,417
Intangible assets	10	6,709,119	6,932,793	5,768	-
Long term receivables		363,662	352,173	-	-
Deferred tax assets		60,138	63,335	-	-
Investment in subsidiaries		-	-	5,255,590	5,292,020
Interest in joint ventures		494,262	486,674	309,376	311,520
Interest in associates		159,339	128,674	-	-
Goodwill on consolidation		457,241	457,241	-	-
Amounts due from subsidiaries		-	-	2,806,380	2,806,380
Amounts due from associates		21,095	20,827	-	-
<b>Total non-current assets</b>		<b>29,691,763</b>	<b>30,022,318</b>	<b>8,384,607</b>	<b>8,418,400</b>
<b>Total assets</b>		<b>38,196,536</b>	<b>37,513,965</b>	<b>10,614,966</b>	<b>10,716,929</b>

**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 31.3.22 (Unaudited)	As at 31.12.21 (Audited)	As at 31.3.22 (Unaudited)	As at 31.12.21 (Audited)
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>					
Trade and other payables	11	3,483,449	4,161,170	83,691	123,828
Bills payable to banks		28,945	48,762	-	-
Tax payable		183,502	202,815	-	-
Amounts due to customers for contract work		33,126	35,982	-	-
Amounts due to subsidiaries		-	-	211,058	212,487
Bank and other borrowings	12	4,937,049	4,977,515	1,376,835	1,385,531
Lease liabilities		6,964	7,880	2,921	4,050
Liabilities directly associated with assets classified as held for sale	16	615,451	92	-	-
<b>Total current liabilities</b>		<b>9,288,486</b>	<b>9,434,216</b>	<b>1,674,505</b>	<b>1,725,896</b>
<b>Non-current liabilities</b>					
Bank and other borrowings	12	12,112,491	11,650,786	2,993,034	2,992,151
Deferred tax liabilities		2,199,266	2,191,834	-	-
Other non-current liabilities		166,845	169,062	-	-
Lease liabilities		30,812	31,866	4,685	4,568
<b>Total non-current liabilities</b>		<b>14,509,414</b>	<b>14,043,548</b>	<b>2,997,719</b>	<b>2,996,719</b>
<b>Capital, reserves and non-controlling interests</b>					
Share capital	13	5,920,175	5,920,175	5,920,175	5,920,175
Retained earnings		3,356,190	3,188,828	171,788	182,128
Other reserves		454,496	423,508	(149,221)	(107,989)
<b>Equity attributable to owners of the Company</b>		<b>9,730,861</b>	<b>9,532,511</b>	<b>5,942,742</b>	<b>5,994,314</b>
Non-controlling interests		4,667,775	4,503,690	-	-
<b>Total equity</b>		<b>14,398,636</b>	<b>14,036,201</b>	<b>5,942,742</b>	<b>5,994,314</b>
<b>Total liabilities and equity</b>		<b>38,196,536</b>	<b>37,513,965</b>	<b>10,614,966</b>	<b>10,716,929</b>

**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**

	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.3.22</b>	<b>31.3.21</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Operating activities:</b>		
<b>Profit before tax</b>	<b>338,449</b>	<b>317,618</b>
Adjustments for:		
Reversal of loss allowance for trade receivables, net	(3,148)	(260)
Depreciation of property, plant and equipment	10,859	9,357
Amortisation of intangible assets	80,710	79,535
Depreciation of right-of-use assets	2,167	2,760
Loss on disposal of property, plant and equipment	30	4
Gain on disposal of intangible assets	-	(5)
Finance income	(8,481)	(6,891)
Finance expenses	165,456	169,235
Share of results of associates	(3,830)	(47)
Share of results of joint ventures	(10,163)	(6,282)
Fair value loss on financial assets at fair value through profit and loss	74	158
<b>Operating cash flows before working capital changes</b>	<b>572,123</b>	<b>565,182</b>
(Increase)/Decrease in:		
Inventories	(35,661)	2,806
Amounts due from/to customers for contract work, net	117	(39,250)
Trade receivables, other receivables and prepayments	(203,121)	(408,441)
Bills receivables	(570)	(10,871)
Amounts due from associates	(268)	414
Increase/(Decrease) in:		
Trade and other payables (inclusive of non-current liabilities)	(119,339)	39,068
Bills payable to banks	(19,817)	(5,797)
<b>Cash from operating activities before service concession arrangement projects</b>	<b>193,464</b>	<b>143,111</b>
Change in receivables under service concession arrangements (Note A)	(599,967)	(421,208)
<b>Cash used in operating activities after service concession arrangement projects</b>	<b>(406,503)</b>	<b>(278,097)</b>
Interest received	5,491	3,956
Income tax paid	(77,027)	(50,435)
<b>Net cash used in operating activities</b>	<b>(478,039)</b>	<b>(324,576)</b>



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

	<b>Group</b>	
	<b>For 3 Months Ended</b>	
	<b>31.3.22</b>	<b>31.3.21</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Investing activities:</b>		
Purchase of property, plant and equipment	(27,196)	(4,971)
Purchase of intangible assets, net of amount on credit terms	(105,321)	(81,404)
Movement in prepayment for property, plant and equipment and intangible assets, net	(34,684)	(11,017)
Proceeds from disposal of property, plant and equipment	83	148
Proceeds from disposal of intangible assets	-	5
Additional capital injection in an associate	(27,000)	-
Prepayment for investment in a subsidiary	-	(26,700)
<b>Net cash used in investing activities</b>	<b>(194,118)</b>	<b>(123,939)</b>
<b>Financing activities:</b>		
Proceeds from bank and other borrowings	1,273,447	2,349,419
Repayment of bank and other borrowings	(495,539)	(708,294)
Interest paid	(233,895)	(159,254)
Principal and interest elements of lease payments	(2,426)	(3,184)
Share buy-back	-	(23,254)
Dividend paid to non-controlling interest in subsidiaries	(20,000)	(9,670)
Contribution from non-controlling interests upon additional capital injection in a subsidiary	84,063	-
(Increase)/Decrease in pledged banks deposits	(43,742)	45,730
<b>Net cash generated from financing activities</b>	<b>561,908</b>	<b>1,491,493</b>
Net (decrease)/increase in cash and cash equivalents	(110,249)	1,042,978
Cash and cash equivalents at beginning of period	2,794,951	2,668,525
Effects of exchange rate changes on cash and cash equivalents	(409)	(1,504)
<b>Cash and cash equivalents at end of period</b>	<b>2,684,293</b>	<b>3,709,999</b>

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**

	<b>Group For 3 Months Ended</b>	
	<b>31.3.22 (Unaudited) RMB'000</b>	<b>31.3.21 (Unaudited) RMB'000</b>
<b>Cash and cash equivalents at end of period</b>		
Cash and bank balances	2,842,674	3,825,998
Less: Pledged bank deposits	(158,381)	(115,999)
Cash and cash equivalents	<b>2,684,293</b>	<b>3,709,999</b>

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 1QFY2022.

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
<b>Balance at 1.1.22 (Audited)</b>	<b>5,920,175</b>	<b>3,188,828</b>	<b>423,508</b>	<b>541,952</b>	<b>(8,068)</b>	<b>100,105</b>	<b>(10,166)</b>	<b>(200,315)</b>	<b>9,532,511</b>	<b>4,503,690</b>	<b>14,036,201</b>
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	-	<b>175,821</b>	<b>22,529</b>	-	<b>56</b>	<b>22,473</b>	-	-	<b>198,350</b>	<b>80,022</b>	<b>278,372</b>
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	(8,459)	8,459	8,459	-	-	-	-	-	-	-
Total	-	<b>(8,459)</b>	<b>8,459</b>	<b>8,459</b>	-	-	-	-	-	-	-
<u>Others</u>											
NCl upon proportional capital injection in a subsidiary	-	-	-	-	-	-	-	-	-	84,063	84,063
Total	-	-	-	-	-	-	-	-	-	<b>84,063</b>	<b>84,063</b>
<b>Balance at 31.3.22 (Unaudited)</b>	<b>5,920,175</b>	<b>3,356,190</b>	<b>454,496</b>	<b>550,411</b>	<b>(8,012)</b>	<b>122,578</b>	<b>(10,166)</b>	<b>(200,315)</b>	<b>9,730,861</b>	<b>4,667,775</b>	<b>14,398,636</b>

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
<b>Balance at 1.1.21 (Audited)</b>	<b>5,947,420</b>	<b>2,805,242</b>	<b>175,112</b>	<b>405,422</b>	<b>(10,248)</b>	<b>(9,581)</b>	<b>(10,166)</b>	<b>(200,315)</b>	<b>8,927,774</b>	<b>4,094,225</b>	<b>13,021,999</b>
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	-	<b>160,116</b>	<b>(7,691)</b>	-	<b>(751)</b>	<b>(6,940)</b>	-	-	<b>152,425</b>	<b>80,450</b>	<b>232,875</b>
<u>Transactions with owners recognised directly in equity</u>											
Transfer to general reserve	-	(15,006)	15,006	15,006	-	-	-	-	-	-	-
Total	-	<b>(15,006)</b>	<b>15,006</b>	<b>15,006</b>	-	-	-	-	-	-	-
<u>Others</u>											
Repurchase of shares	(23,254)	-	-	-	-	-	-	-	(23,254)	-	(23,254)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(9,670)	(9,670)
Total	<b>(23,254)</b>	-	-	-	-	-	-	-	<b>(23,254)</b>	<b>(9,670)</b>	<b>(32,924)</b>
<b>Balance at 31.3.21 (Unaudited)</b>	<b>5,924,166</b>	<b>2,950,352</b>	<b>182,427</b>	<b>420,428</b>	<b>(10,999)</b>	<b>(16,521)</b>	<b>(10,166)</b>	<b>(200,315)</b>	<b>9,056,945</b>	<b>4,165,005</b>	<b>13,221,950</b>

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
<b>Balance at 1.1.22 (Audited)</b>	<b>5,920,175</b>	<b>182,128</b>	<b>(107,989)</b>	<b>5,994,314</b>
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	-	<b>(10,340)</b>	<b>(41,232)</b>	<b>(51,572)</b>
<b>Balance at 31.3.22 (Unaudited)</b>	<b>5,920,175</b>	<b>171,788</b>	<b>(149,221)</b>	<b>5,942,742</b>
<b>Balance at 1.1.21 (Audited)</b>	<b>5,947,420</b>	<b>156,405</b>	<b>175,483</b>	<b>6,279,308</b>
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	-	<b>602</b>	<b>(82,629)</b>	<b>(82,027)</b>
<u>Others</u>				
Repurchase of shares	(23,254)	-	-	(23,254)
<b>Balance at 31.3.21 (Unaudited)</b>	<b>5,924,166</b>	<b>157,007</b>	<b>92,854</b>	<b>6,174,027</b>

\* 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 (the “SEHK”). These condensed interim consolidated financial statements as at and for the three months ended 31 March 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 three months ended 31 March 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 31 March 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 31 March 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:

Three Months ended 31 March 2022 (Unaudited)

All amount in RMB'000	Water and Sludge Treatment	Water Supply	Waste Incineration	Total for Reportable Segments	Others Segment	Unallocated	Consolidated
Revenue	961,706	219,187	544,051	1,724,944	59,935	-	1,784,879
Reportable segment profit/(loss) from operations	358,595	30,282	84,794	473,671	16,986	(17,374)	473,283
Finance income	-	-	-	-	-	8,481	8,481
Finance expenses	-	-	-	-	-	(165,456)	(165,456)
Other non-operating income	4,823	2,472	853	8,148	-	-	8,148
Share of results of associates	3,619	-	-	3,619	211	-	3,830
Share of results of joint ventures	-	-	10,163	10,163	-	-	10,163
Income tax expense	(39,986)	(9,159)	(21,675)	(70,820)	(2,798)	(8,988)	(82,606)
Profit after tax							255,843
Segment depreciation and amortisation	61,888	26,401	3,101	91,390	70	2,276	93,736
Segment non-cash income	3,695	-	-	3,695	-	-	3,695
Segment non-cash expenses	-	547	-	547	74	-	621

4. **SEGMENT INFORMATION - cont'd**

**Segment revenue and results – cont'd**

Three Months ended 31 March 2021 (Unaudited)

<b>All amount in RMB'000</b>	<b>Water and Sludge Treatment</b>	<b>Water Supply</b>	<b>Waste Incineration</b>	<b>Total for Reportable Segments</b>	<b>Others Segment</b>	<b>Unallocated</b>	<b>Consolidated</b>
Revenue	906,677	240,578	444,307	1,591,562	30,254	-	1,621,816
Reportable segment profit/(loss) from operations	369,664	33,033	69,814	472,511	9,114	(25,529)	456,096
Finance income	-	-	-	-	-	6,891	6,891
Finance expenses	-	-	-	-	-	(169,235)	(169,235)
Other non-operating income	11,680	5,005	852	17,537	-	-	17,537
Share of results of associates	(12)	-	-	(12)	59	-	47
Share of results of joint ventures	-	-	6,282	6,282	-	-	6,282
Income tax expense	(49,820)	(9,183)	(16,131)	(75,134)	(1,633)	(285)	(77,052)
Profit after tax							240,566
Segment depreciation and amortisation	47,543	38,155	3,025	88,723	100	2,829	91,652
Segment non-cash income	121	139	-	260	-	-	260
Segment non-cash expenses	-	-	-	-	158	-	158

#### 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 31 March 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	26,698,220	4,102,261	4,613,327	35,413,808	671,872	552,393	36,638,073
Interest in joint ventures	-	-	494,262	494,262	-	-	494,262
Interest in associates	93,302	-	-	93,302	39,461	26,576	159,339
Financial assets at fair value through profit or loss	6,583	-	-	6,583	2,650	-	9,233
Financial assets at fair value through other comprehensive income	10,400	-	-	10,400	3,000	13,597	26,997
Asset classified as held for sale	-	-	868,632	868,632	-	-	868,632
Total assets							38,196,536
Segment liabilities	10,541,248	1,834,461	2,906,817	15,282,526	1,315,271	7,200,103	23,797,900
Segment capital expenditure	78,926	68,242	404	147,572	-	8	147,580

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
Asset 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 31 March	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Construction revenue	611,229	570,905
Operating and maintenance income from services concession arrangements	767,195	711,107
Financial income from service concession arrangements	307,202	270,391
Service income	39,318	39,159
Other revenue	59,935	30,254
	<b>1,784,879</b>	<b>1,621,816</b>
Timing of revenue recognition		
At a point in time:	767,195	711,107
Over time:	1,017,684	910,709
	<b>1,784,879</b>	<b>1,621,816</b>

## 6. TAXATION

	3 months ended 31 March	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Current tax:		
- Current year	55,702	45,675
- Under provision in respect of prior periods	426	275
Deferred tax:		
- Current year	26,478	30,951
- Under provision in respect of prior periods	-	151
	<b>82,606</b>	<b>77,052</b>

The corporate income tax applicable to the Singapore companies of the Group is 17% (Three Months ended 31 March 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 from the first year of generating operating income.

## 7. PROFIT FOR THE PERIOD

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

	3 months ended	
	31 March	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Reversal of loss allowance for trade receivables, net	(3,148)	(260)
Depreciation of property, plant and equipment	10,859	9,357
Amortisation of intangible assets	80,710	79,535
Depreciation of right-of-use assets	2,167	2,760
Loss on disposal of property, plant and equipment	30	4
Gain on disposal of intangible assets	-	(5)
Finance income	(8,481)	(6,891)
Finance expenses	165,456	169,235
Share of results of associates	(3,830)	(47)
Share of results of joint ventures	(10,163)	(6,282)
Fair value loss on financial assets at fair value through profit and loss	74	158
Foreign exchange (gain)/loss, net	(856)	2,697

## 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:

	<b>31 March 2022 RMB'000 (Unaudited)</b>	<b>31 December 2021 RMB'000 (Audited)</b>
Within 30 days	724,196	705,754
Within 31 to 60 days	279,140	248,522
Within 61 to 90 days	221,270	189,181
Within 91 to 180 days	462,292	357,373
Within 181 to 365 days	471,329	447,736
Over 365 days	440,995	463,581
	<b><u>2,599,222</u></b>	<b><u>2,412,147</u></b>

## 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:

	<b>31 March 2022 RMB'000 (Unaudited)</b>	<b>31 December 2021 RMB'000 (Audited)</b>
Receivables under service concession arrangements		
Current portion	685,485	680,394
Non-current portion	20,806,254	20,950,596
	<b><u>21,491,739</u></b>	<b><u>21,630,990</u></b>

Expected collection schedule is analysed as follows:

Within 1 year	685,485	680,394
Within 2 to 5 years	2,939,075	2,944,166
Over 5 years	17,867,179	18,006,430
	<b><u>21,491,739</u></b>	<b><u>21,630,990</u></b>

## 10. INTANGIBLE ASSETS

During the period, the Group's additions of intangible assets amounted to RMB141,275,000 (Three Months ended 31 March 2021: RMB36,137,000).

Certain intangibles with carrying value of RMB1,402,812,000 were pledged to secure the Group's bank borrowings as at 31 March 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:

	<b>31 March 2022 RMB'000 (Unaudited)</b>	<b>31 December 2021 RMB'000 (Audited)</b>
Within 30 days	978,186	1,272,781
Within 31 to 60 days	87,188	129,638
Within 61 to 90 days	115,394	61,203
Within 91 to 180 days	169,035	208,679
Within 181 to 365 days	107,620	202,642
Over 365 days	672,695	764,928
	<b><u>2,130,118</u></b>	<b><u>2,639,871</u></b>

## 12. BANK AND OTHER BORROWINGS

	<b>31 March 2022 RMB'000 (Unaudited)</b>	<b>31 December 2021 RMB'000 (Audited)</b>
Amount repayable within one year or on demand		
Secured	3,054,129	3,118,018
Unsecured	1,882,920	1,859,497
	<b><u>4,937,049</u></b>	<b><u>4,977,515</u></b>
Amount repayable after one year		
Secured	7,023,247	7,085,409
Unsecured	5,089,244	4,565,377
	<b><u>12,112,491</u></b>	<b><u>11,650,786</u></b>

The Company has completed the issuance of two tranches of the Corporate Bonds amounting to RMB1,500,000,000 each in March and November 2021 on the Shanghai Stock Exchange which bears interest at 3.89% and 3.40% per annum for the first and second tranches respectively. The maturity date of the Corporate Bonds is five years from the issuance date. The Corporate Bonds have been fully subscribed by the professional investors in the PRC.

### 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)
<b>Issued and paid up share capital</b>		
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 31 March 2022	<b>2,575,665,726</b>	<b>5,920,175</b>

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 three months ended 31 March 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 will be paid out in May 2022.

### 15. NET ASSET VALUE

	Group		Company	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
	RMB cents (Unaudited)	RMB cents (Audited)	RMB cents (Unaudited)	RMB cents (Audited)
Net asset value per ordinary share	377.80	370.10	230.70	232.73

Net asset value per share is calculated based on the number of shares in issue of 2,575,665,726 as at 31 March 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 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 31 March 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		
	31 March 2022		31 December 2021
	RMB'000 (Unaudited)		RMB'000 (Audited)
	Dazhou	Shenxian	Shenxian
Cash and cash equivalents	3,733	717	2,516
Trade and other receivables	77,810	205	205
Receivables under service concession arrangements	504,469	4,418	4,338
Prepayments	984	-	-
Inventories	1,096	-	-
Property, plant & equipment	33,951	-	-
Intangible assets	237,895	-	-
Deferred tax assets	3,354	-	-
Total assets classified as held for sale	863,292	5,340	7,059
Trade and other payables, and other liabilities directly associated with assets classified as held for sale	(615,361)	(90)	(92)
Net assets of disposal group	247,931	5,250	6,967

## 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
	31 March 2022	31 December 2021	
	RMB'000 (Unaudited)	RMB'000 (Audited)	
<b>Financial assets at FVTOCI</b>			
Listed equity security	13,597	13,691	Level 1
Unlisted equity security	13,400	13,400	Level 3
<b>Financial assets at FVTPL</b>			
Listed equity security	2,727	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

	31 March 2022		31 December 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000 (Audited)
<b>Financial assets</b>				
Receivables under service concession arrangements <sup>(a)</sup>	17,804,062	18,626,677	17,943,313	18,631,768
<b>Financial liabilities</b>				
Bank and other borrowings (Fixed rate borrowings) <sup>(a)</sup>	(3,790,798)	(3,646,555)	(3,457,803)	(3,341,343)
Other non-current liabilities <sup>(a)</sup>	(38,495)	(30,755)	(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 1QFY2022.

## 19. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## 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 31 March 2022, there were no treasury shares held (31 December 2021: Nil). Total number of issued shares as at 31 March 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 31 March 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 31 March 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 three-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 RMB1,621.8 million in 1QFY2021 to RMB1,784.9 million in 1QFY2022, representing an increase of 10.1%. Gross profit ("GP") has increased from RMB553.5 million in 1QFY2021 to RMB578.2 million in 1QFY2022.

Meanwhile, the Group's profit for the period amounted to RMB255.8 million, up 6.4% as compared to 1QFY2021. The Group's profit after tax (attributable to owners of the Company) increased from RMB160.1 million in 1QFY2021 to RMB175.8 million in 1QFY2022, representing an increase of 9.8%.

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 RMB570.9 million and RMB611.2 million in 1QFY2021 and 1QFY2022 respectively. The Group's benchmark solid waste treatment and power generation project "Shanghai Baoshan Renewable Energy Utilization Centre" is expected to commence operation in 2022, the progress has contributed a higher construction revenue as compared to 1QFY2021, which 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 RMB981.5 million and RMB1,074.4 million in 1QFY2021 and 1QFY2022 respectively. The higher revenue was underpinned by the increase in both wastewater treatment volume and average treatment tariff per tonne and higher finance income derived from the service concession arrangement.

#### **Service Income**

Service income from non-service concession arrangements amounted to RMB39.16 million and RMB39.32 million in 1QFY2021 and 1QFY2022 respectively. The service income is relatively stable in both comparative periods.

#### **Other Revenue**

Other revenue for 1QFY2021 and 1QFY2022 were RMB30.25 million and RMB59.94 million respectively. The 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 RMB24.70 million or 4.5% from RMB553.5 million in 1QFY2021 to RMB578.2 million in 1QFY2022. The increase in GP was driven by the rise in construction revenue arising from the higher amount of construction activities in progress and higher finance income derived from the service concession arrangement.

GPM recorded a slight decrease of 1.7%, from 34.1% in 1QFY2021 to 32.4% in 1QFY2022. The decrease was mainly due to the sharp spike in both electricity and chemical costs in Mainland China. The rise of electricity cost was brought about by the soaring energy price and shrinking government subsidies as compared to the corresponding period of prior year. On the other hand, the Covid situation in Mainland China has tighten the logistic supply chain volume, indirectly driven the rise in chemical costs. Furthermore, the consumption of chemical was higher during this period, to ensure safe water supply to citizens and ensure the output wastewater fulfils the required standards.



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

### **(C) Other Income**

Other income amounted to RMB44.47 million and RMB31.34 million in 1QFY2021 and 1QFY2022 respectively. The decrease in 1QFY2022 as compared to 1QFY2021 was mainly due to the reduction in government grant income.

### **(D) Other Gains and Losses**

Other gains and losses remained constant at net loss of RMB2.86 million and net loss of RMB2.92 million for 1QFY2021 and 1QFY2022, respectively.

### **(E) Selling and Distribution Costs**

Selling and distribution costs decreased from RMB19.36 million in 1QFY2021 to RMB19.19 million in 1QFY2022. The selling and distribution costs are relatively stable in both comparative periods.

### **(F) Administrative Expenses**

Administrative expenses increased 2.4% from RMB95.18 million in 1QFY2021 to RMB97.50 million in 1QFY2022. The slight changes in administrative expenses was mainly contributed by the increase in staff remuneration.

### **(G) Finance Expenses**

Finance expenses amounted to RMB169.2 million in 1QFY2021 and RMB165.5 million in 1QFY2022. The saving in finance costs was mainly due to the loan restructuring effort to replace the higher interest rate borrowings with two tranches of Corporate Bonds issued in March and November 2021 with lower interest rate.

### **(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 which are accounted for using equity method.

The increase in share of results of associates in 1QFY2022 as compared to 1QFY2021 was mainly due to higher contribution from associates.

The increase in share of results of joint ventures in 1QFY2022 as compared to 1QFY2021 was mainly due to better performance achieved by joint ventures.

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

### **(I) Income Tax Expenses**

Income tax expense amounted to RMB77.05 million and RMB82.61 million in 1QFY2021 and 1QFY2022, respectively. The increase in income tax expense was in line with the increase in profit generated in 1QFY2022 as compared to 1QFY2021.

## **STATEMENTS OF FINANCIAL POSITION**

### **(J) Current Assets**

Current assets as at 31 March 2022 amounted to RMB8.50 billion (31 December 2021: RMB7.49 billion). The jump in current assets was mainly due to the classification of assets classified as held for sale, which reclassified the non-current assets of the disposal groups to current assets.

### **(K) Non-current Assets**

Non-current assets as at 31 March 2022 amounted to RMB29.69 billion (31 December 2021: RMB30.02 billion). The decrease was mainly due to classification of assets classified as held of sales as mentioned in (J) and partially offset by the increase in receivables under service concession arrangements.

### **(L) Current Liabilities**

Current liabilities as at 31 March 2022 amounted to RMB9.29 billion (31 December 2021: RMB9.43 billion). The decrease was mainly due to the reduction in trade and other payables, which partially offset by the classification of liabilities directly associated with assets classified as held for sale.

### **(M) Non-current Liabilities**

Non-current liabilities as at 31 March 2022 amounted to RMB14.51 billion (31 December 2021: RMB14.04 billion). The increase was mainly due to new long-term borrowings taken up in 1QFY2022.

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

**STATEMENT OF CASH FLOWS**

As at 31 March 2022, the Group's cash and cash equivalents stood at RMB2,684.3 million (31 December 2021: RMB2,795.0 million). In 1QFY2022, net cash of RMB478.0 million was used in the Group's operating activities, a 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 1QFY2022 was RMB121.9 million.

Net cash used in the Group's investing activities of RMB194.1 million in 1QFY2022 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 RMB561.9 million in 1QFY2022 was mainly due to the net proceeds from bank and other borrowings, which are partially offset by interest paid.

**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.**

Since March 2022, the number of confirmed COVID-19 cases in the People's Republic of China ("PRC" or "China") has rebounded and control measures have been tightened in various regions, with Shanghai gradually implementing territory-wide static management since 28 March. Shanghai Baoshan Renewable Energy Utilization Center ("Baoshan Project"), the Group's major solid waste project currently under construction, prepared in advance and activated its emergency plan in a timely manner. Its construction progress is generally under control, and key targets have been successfully achieved. While delays in construction progress may still be seen due to shortages of certain materials, such impact is expected to be mitigated by optimization of management, better collaboration among all parties, and the Group's active coordination of resources. The Group remains highly concerned about the epidemic situation and related prevention and control measures. By guaranteeing employees' livelihood and stable operation of projects across the country, it will, as always, fulfill its corporate and social responsibilities.

**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.**

Policies continue to show a favorable trend. “Yangtze River Protection” and “Development of Yangtze River Economic Belt”, which are the Group’s bases for development, have always been China’s major national strategies. Moreover, the National Development and Reform Commission ( “NDRC”) of the PRC issued the "Implementation Plan for the Development of the City Cluster along the Middle Reaches of the Yangtze River during the 14th Five-Year Plan Period" (長江中游城市群發展「十四五」實施方案) on 15 March, requiring relevant departments in provinces and cities, such as Jiangxi and Hubei, to promote collaborative management of the Yangtze River water environment. The Group has always been actively expanding its business in the Yangtze River Basin. To date, it has close to one hundred projects in the region, involving multiple fields such as wastewater treatment, reclaimed water treatment and water supply. The Group will continue to focus on opportunities in the market and strive to achieve organic growth of water projects.

In February this year, the NDRC, in conjunction with three other departments, formulated the "Guideline to Accelerate Construction of Urban and Rural Environmental Infrastructure" ( “Guideline ” ) (關於加快推進城鎮環境基礎設施建設的指導意見). The Guideline proposes to realize intelligent upgrade of urban and rural environmental infrastructure and achieve high-quality development by fully utilizing technologies such as big data and IoT. While making the most of its geographical advantages to develop new projects, the Group has incorporated informatization reform of existing projects into its work priorities, demonstrating its determination to improve technological standards and deepen core technologies. As of the end of last year, the initial phase of the Group’s intelligent management and control platform was completed, providing strong technical support for the Group’s financial, human resources, and water operational management. The digital transformation of related business segments has also been in progress. Through upgrading and replacement of both hardware equipment and software systems, the Group will realize management of higher quality, and achieve synergic water management, efficient utilization of water resources and convenient water services. While complying with China’s national policies, the Group will continue to lower expenses, boost efficiency, and thus bring long-term profit to shareholders.

In terms of solid waste incineration, the NDRC and the National Energy Administration issued the "14th Five-Year Plan for the Modern Energy System" (「十四五」現代能源體系規劃) in March, including the steady construction of urban household waste incineration power generation projects as one of its goals. The NDRC also approved the "Key Tasks for the Development of New Urbanization and Urban-Rural Integration in 2022" (2022年新型城鎮化和城鄉融合發展重點任務) in the same month, which specifies the need to improve the comprehensive utilization system for bulk waste, implying that the waste-to-energy industry still has room for development. In order to comply with the trend of green and low-carbon development, the Group will continue its search for suitable investment targets. The aforementioned Baoshan Project, though facing the possibility of a slightly delayed construction progress, maintains its significance to Shanghai’s infrastructure construction, thanks to its first-class equipment and facilities and sufficient production capacity. Moreover, a neighbor-friendly design, plus planned functions of cultural activities and sports, will help it to become a benchmark solid waste incineration project in the Yangtze River Delta region, which will in turn strengthen the Group’s strategic planning.

**11. Dividend**

**If a decision regarding dividend has been made:**

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

None

**(b) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None

**Corresponding Period of the Immediately Preceding Financial Year**

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

There was no interim dividend declared for 1QFY2021.

**(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 p.m.) will be registered before entitlements.**

Not applicable.

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

The Company did not declare any dividend as the Company requires cash to fund its capital expenditure and investment in projects.

**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 31 March 2022, to be false or misleading, in any material aspect.

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

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**

13 May 2022