



GREEN BUILD TECHNOLOGY

GREEN BUILD TECHNOLOGY LIMITED

(Co. Reg. No. 200401338W)

AND ITS SUBSIDIARIES

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED
31 MARCH 2022**

This condensed interim financial statement is issued pursuant to the SGX's requirements under Listing Rule 705(2C) of the SGX-ST Listing Rules (Mainboard) in view of the material uncertainty relating to going concern raised by the Company's statutory auditor.

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(Incorporated in Singapore)
(Co. Reg. No. 200401338W)

A. Condensed interim consolidated statement of profit and loss and other comprehensive income

		Group		
	Note	1Q2022 RMB'000	1Q2021 RMB'000	Increase/ (Decrease)
Revenue	3	1,498	1,136	31.9%
Cost of sales		(803)	(1,100)	-27.1%
Gross profit		695	36	1830.5%
Other income		44	155	-71.5%
Finance income		12,581	13,284	-5.3%
Expenses				
Administrative expenses		(1,151)	(1,857)	-38.0%
Interest expenses on borrowings		(9,536)	(9,667)	-1.4%
Profit before tax	4	2,633	1,951	35.0%
Income tax expense		(603)	(607)	-0.7%
Profit for the period		2,030	1,344	51.1%
Other comprehensive income for the period, net of tax				
Foreign currency translation differences arising on consolidation		27	39	-30.7%
Total comprehensive income for the period, net of tax		2,057	1,383	48.7%
Profit for the period attributable to:				
Owners of the Company		2,030	1,344	51.1%
Total comprehensive income for the period, attributable to:				
Owners of the Company		2,057	1,383	48.7%
"1Q2021" - 3 months from 1 January 2021 to 31 March 2021				
"1Q2022" - 3 months from 1 January 2022 to 31 March 2022				

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B. Condensed interim statements of financial position

	Note	Group		Company	
		31.03.2022 RMB'000	31.12.2021 [^] RMB'000	31.03.2022 RMB'000	31.12.2021 [^] RMB'000
Non-current assets					
Plant and equipment		285	322	-	-
Intangible assets		1,072	1,072	-	-
Subsidiaries		-	-	- *	- *
Investment in associated company		248	248	-	-
Service concession receivables	5	713,970	717,994	-	-
Contract assets	5	49,077	49,077	-	-
Prepayments		4,290	4,620	-	-
Total non-current assets		768,942	773,333	-	-
Current assets					
Service concession receivables	5	131,900	121,057	-	-
Trade and other receivables	6	37,799	36,993	13,211	13,612
Prepayments		4,623	4,665	-	-
Cash and cash equivalents		934	6,101	518	50
Total current assets		175,256	168,816	13,729	13,662
Total assets		944,198	942,149	13,729	13,662
Equity					
Share capital	7	124,909	124,909	124,909	124,909
Foreign currency translation reserve		1,607	1,580	1,561	1,539
Accumulated losses		(59,231)	(61,261)	(131,486)	(130,859)
Equity attributable to equity holders of the Company		67,285	65,228	(5,016)	(4,411)
Non-controlling interests		1,919	1,919	-	-
Total equity		69,204	67,147	(5,016)	(4,411)
Non-current liabilities					
Borrowings	8	568,000	568,000	-	-
Total non-current liabilities		568,000	568,000	-	-
Current liabilities					
Trade and other payables	9	276,363	274,490	13,442	13,214
Contract liabilities		581	646	-	-
Borrowings	8	6,774	9,193	5,303	4,859
Tax payable		23,276	22,673	-	-
Total current liabilities		306,994	307,002	18,745	18,073
Total liabilities		874,994	875,002	18,745	18,073
Total equity and liabilities		944,198	942,149	13,729	13,662

[^] Based on unaudited financial results for FY2021 as announced on 1 April 2022.

* Less than RMB1,000.

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C. Condensed interim statement of changes in equity

	Attributable to equity holders of the Company					
	Share capital RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Sub-Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Group						
As at 1 January 2022	124,909	1,580	(61,261)	65,228	1,919	67,147
Profit for the period	-	-	2,030	2,030	-	2,030
Other comprehensive income						
- Foreign currency translation differences arising on consolidation	-	27	-	27	-	27
Total comprehensive income for the period, net of tax	-	27	2,030	2,057	-	2,057
As at 31 March 2022	124,909	1,607	(59,231)	67,285	1,919	69,204
As at 1 January 2021	124,909	1,408	(67,146)	59,171	1,919	61,090
Profit for the period	-	-	1,344	1,344	-	1,344
Other comprehensive income						
- Foreign currency translation differences arising on consolidation	-	39	-	39	-	39
Total comprehensive income for the period, net of tax	-	39	1,344	1,383	-	1,383
As at 31 March 2021	124,909	1,447	(65,802)	60,554	1,919	62,473
Company						
As at 1 January 2022	124,909	1,539	(130,859)	(4,411)	-	(4,411)
Loss for the period	-	-	(627)	(627)	-	(627)
Other comprehensive income						
- Foreign currency translation differences	-	22	-	22	-	22
Total comprehensive income/(loss) for the period, net of tax	-	22	(627)	(605)	-	(605)
As at 31 March 2022	124,909	1,561	(131,486)	(5,016)	-	(5,016)
As at 1 January 2021	124,909	1,406	(128,299)	(1,984)	-	(1,984)
Loss for the period	-	-	(574)	(574)	-	(574)
Other comprehensive income						
- Foreign currency translation differences	-	27	-	27	-	27
Total comprehensive income/(loss) for the period, net of tax	-	27	(574)	(547)	-	(547)
As at 31 March 2021	124,909	1,433	(128,873)	(2,531)	-	(2,531)

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D. Condensed interim consolidated statement of cash flows

	Group	
	1Q2022 RMB'000	1Q2021 RMB'000
Cash flows from operating activities		
Profit before tax	2,633	1,951
Adjustments for:		
Depreciation of plant and equipment	37	35
Amortisation of intangible assets	-	1
Interest expense	9,536	9,667
Unwinding of discount on service concession receivables and contract assets	(12,581)	(13,284)
Operating loss before working capital changes	(375)	(1,630)
Changes in working capital:		
Service concession receivables and contract assets	5,760	(349)
Trade and other receivables	(806)	2,920
Prepayments	372	(915)
Contract liabilities	(65)	2
Trade and other payables	385	(1,097)
Currency translation adjustments	27	39
Cash generated from/(used in) operating activities	5,298	(1,030)
Income tax paid	-	-
Net cash generated from/(used in) operating activities	5,298	(1,030)
Cash flows from investing activities		
Purchase of plant and equipment	-	(1)
Net cash used in investing activities	-	(1)
Cash flows from financing activities		
(Repayment)/Proceeds from bank borrowings	(2,700)	2,700
Proceeds from/(repayment to) a director	1,489	(3,255)
Proceeds from related parties	(188)	12,335
Proceeds from loan from investor	469	-
Interest paid	(9,536)	(11,119)
Net cash (used in)/generated from financing activities	(10,465)	661
Net decrease in cash and cash equivalents	(5,167)	(370)
Cash and cash equivalents at beginning of period	6,101	801
Cash and cash equivalents at end of period	934	431

E. Notes to the condensed interim consolidated financial statements

1 Corporate information

Green Build Technology Limited (the “Company”) (Co. Reg. No. 200401338W) is incorporated and domiciled in Singapore and listed on the Main Board of the Singapore Exchange Securities Trading Limited.

The registered office of the Company is at 24 Raffles Place, #20-03 Clifford Centre, Singapore 048621. The principal place of business of the Group is at 7 Hongjun Street, Nangang District, Harbin City, Heilongjiang Province, the People’s Republic of China (the “PRC”).

The principal activity of the Company is that of investment holding. The principal activities of the Group are (i) construction, operation and management of sustainable development projects, (ii) trading of construction materials, (iii) energy conservation services and installation of green technology and architecture and (iv) investment holdings.

2 Basis of preparation

The condensed interim financial statements for the financial period ended 31 March 2022 (“1Q2022”) have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual financial statements for the financial 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, except for the adoption of new and amended standards as set out in Note 2.2. The condensed interim financial statements are presented in Renminbi (“RMB”) and all values in the tables are rounded to the nearest thousand (“RMB’000”), except where otherwise indicated.

2.1 Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2.4 below.

The carrying amounts of cash and cash equivalents, current service concession receivables, trade and other current receivables and payables, and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2.2 New and revised standards that are adopted

The Group and the Company have adopted the new and revised SFRS(I)s, and interpretations of SFRS(I) (“SFRS(I) INTs”) that are effective for the annual period beginning on 1 January 2022. The adoption of these SFRS(I)s and SFRS(I) INTs did not have any significant effect on the condensed interim financial statements of the Group and the Company.

2.3 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incurs expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

2.4 Critical accounting judgements and key sources of estimation uncertainty

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management has made the following judgements that have the most significant effect on the amounts recognised in the condensed interim financial statements (apart from those involving estimations).

Going concern assumption

As at 31 March 2022, the Group's and the Company's current liabilities exceeded current assets by RMB131,738,000 (31 December 2021: RMB138,186,000) and RMB5,016,000 (31 December 2021: RMB4,411,000) respectively. During the financial period ended 31 March 2022, the Company incurred a net loss of RMB627,000 (1Q2021: RMB574,000). In addition, the COVID-19 pandemic has brought about uncertainties to the Group's and the Company's operating environments and has impacted the Group's operations in the PRC and its financial performance, cash flow and liquidity during the financial period.

These factors indicate the existence of material uncertainties that may cast significant doubt on the Group's and the Company's ability to continue as going concerns and to realise their assets and discharge their liabilities in the ordinary course of business.

Nevertheless, the management believes that the use of the going concern assumption in the preparation and presentation of the condensed interim financial statements for the financial period ended 31 March 2022 is appropriate after taking into consideration the following factors:

- (i) Barring any unforeseen circumstances, the Group expects subsidies to be received pursuant to service concession agreements from certain government bodies and agencies of the PRC during the period from 1 January 2022 to 31 December 2022 as follows:
 - RMB68.2 million in relation to phase one of the underground utility tunnel project; and
 - RMB29.8 million in relation to the completed insulation project; and
- (ii) In March 2022, the Company obtained a loan of RMB0.5 million from a lender for working capital purposes;

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- (iii) Certain related parties (entities in which the controlling shareholder, Mr Zhao Lizhi, has substantial financial interests) have agreed to unconditionally provide continuous financial assistance to the Group to enable it to meet its obligations and to carry on its business for a period of not less than fifteen months from 10 November 2021; and
- (iv) There are existing extension of time arrangements in place for the repayment of the principal loan amount and interest payments by the Group to Harbin Bank in relation to a facility previously obtained, of which the Group is currently in the process of obtaining such document setting out the agreed arrangements.

The condensed interim financial statements have been prepared on the assumptions that the Group and the Company will continue as going concerns. If the Group and the Company are unable to continue in operational existence for the foreseeable future, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. No such adjustments have been made to these financial statements.

3 Revenue

	Group	
	1Q2022 RMB'000	1Q2021 RMB'000
Project management & consultancy fees	-	123
Sales of goods	-	663
Operation revenue	1,498	350
	<u>1,498</u>	<u>1,136</u>

4 Breakdown of profit before tax is arrived at after charging/(crediting) the following:

	Group		Increase/ (Decrease)
	1Q2022 RMB'000	1Q2021 RMB'000	
Depreciation of plant and equipment	37	35	5.7%
Amortisation of intangible assets	-	1	-100.0%
Staff costs	654	602	8.6%
Interest expense on loans and borrowings	9,536	9,667	-1.4%
Unwinding of discount on service concession receivables and contract assets	(12,581)	(13,284)	-5.3%
Foreign exchange loss/(gain), net	<u>34</u>	<u>(155)</u>	N.M

GREEN BUILD TECHNOLOGY LIMITED(Incorporated in Singapore)
(Co. Reg. No. 200401338W)**5 Service concession receivables and contract assets**

	Group	
	31.03.2022	31.12.2021
	RMB'000	RMB'000
Non-current assets		
Service concession receivables	736,245	740,269
Less: Allowance for expected credit losses	(22,275)	(22,275)
	713,970	717,994
Contract assets	49,077	49,077
	763,047	767,071
Current assets		
Service concession receivables	131,900	121,057
Net carrying amount	894,947	888,128

The Group has entered into three service concession arrangements with a government agency of the PRC to construct and operate underground utility tunnel and upgrade the existing housing estate ("Insulation") on Public-Private Partnership ("PPP") basis ("project"). These service concession arrangements generally involve the Group constructing and operating an asset or a group of assets at a specified level of serviceability on behalf of the government agency of the PRC for periods ranging from 11 to 26 years (the "service concession periods"), and the Group will be paid for its services over the relevant service concession periods at prices stipulated through agreed pricing mechanisms with the government agency of the PRC and/or certain amounts from the residents of the existing housing estate which will be collected on behalf by the government agency of the PRC. At the end of the service concession periods, the assets will be transferred to the respective grantors.

A summary of the major terms of the service concession arrangements entered into by the Group is set out below:

Name of subsidiary as operator	Project name	Location in PRC	Name of grantor	Type of service concession arrangements	Expected service concession period
Harbin Utility Tunnel Construction and Management Co., Ltd.	Underground utility tunnel project - phase one 哈尔滨市地下综合管廊项目 - 第一期	Harbin City, Heilongjiang Province	Harbin Urban and Rural Construction Committee ("Government agency") 哈尔滨市城乡建设委员会 ("委员会")	PPP	From 2015 to 2041
Harbin Prevailing Municipal Engineering Co., Ltd.	Insulation project 哈尔滨市既有建设一般性节能改造项目	Harbin City, Heilongjiang Province	Government agency 委员会	PPP	From 2015 to 2026
Harbin Utility Tunnel Phase Two Construction and Management Co., Ltd.	Underground utility tunnel project - phase two 哈尔滨市地下综合管廊项目 - 第二期	Harbin City, Heilongjiang Province	Government agency 委员会	PPP	From 2021 to 2040

The service concession receivables represent amounts due from grantors (except for RMB17,480,000 due from residents) in respect of the Insulation project and phase one of the underground utility tunnel project where the construction services have been completed.

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5 Service concession receivables and contract assets (continued)

As at 31 March 2022, the construction services of the phase one of the underground utility tunnel project have been completed and accepted by the government agency of the PRC but is currently pending cost finalisation by the government agency of the PRC. The outbreak of the COVID-19 pandemic had prompted the PRC Government to place a lockdown on Harbin City on several occasions in 2020, 2021 and in early 2022, and strict preventive measures were put in place to combat the COVID-19 pandemic from 2020 to early 2022. This has led to the delay in the cost finalisation for phase one of the underground utility tunnel project. However, while the cost finalisation is still ongoing as at 31 March 2022, the General Office of Harbin Municipal People's Government has paid the Group government subsidies of RMB6.2 million in 1Q2022. Following the cost finalisation of phase one of the underground utility project, the amount of government subsidies, determined according to the formula stipulated in the agreement, shall be approved and disbursed by the Harbin Municipal People's Government on a quarterly basis over a concession period of 25 years.

For phase two of the underground utility tunnel project, the Group has commenced some construction work and recognised contract assets of RMB49,077,000 as at 31 March 2022, but the financing from the banks has been affected by the borrowing ratios of the Harbin government exceeding the nationwide benchmark in the PRC. The Harbin government is in discussions with the Group for the acquisition of the completed portions of phase two of the underground utility tunnel project. In the interim, the Group has completed, with its main contractor and construction supervisor, and submitted, the preliminary review of the work which was carried out by the Group for phase two of the underground utility tunnel project and for which the Group would want to bill.

6 Trade and other receivables

	Group		Company	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
- Third parties	30,395	29,436	-	-
Less: Allowance for expected credit losses	(8,768)	(8,768)	-	-
	21,627	20,668	-	-
Non-trade amounts due from subsidiaries	-	-	13,197	13,598
Other receivables	15,461	15,614	-	-
Deposits	2,650	2,650	14	14
Less: Allowance for expected credit losses	(1,939)	(1,939)	-	-
	16,172	16,325	13,211	13,612
	37,799	36,993	13,211	13,612

7 Share capital

Issued and Paid-Up Capital	Company		
	Number of Shares	Share Capital (S\$'000)	Share Capital (RMB'000)
As at 31 December 2021 and 31 March 2022	246,677,796	25,345	124,909

The Company did not have any outstanding convertibles and treasury shares as at the end of the current financial period reported on and as at the end of the corresponding year of the immediately preceding financial year.

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8 BorrowingsAmount repayable in one year or less, or on demand

	Group		Company	
	31.03.2022	31.12.2021^	31.03.2022	31.12.2021^
	RMB'000	RMB'000	RMB'000	RMB'000
Loan from bank (a)	1,000	1,000	-	-
Loan from bank (b)	-	2,700	-	-
Loans from related parties (c)	5,305	5,493	4,834	4,859
Loan from a lender (d)	469	-	469	-
	6,774	9,193	5,303	4,859

Amount repayable after one year

	Group		Company	
	31.03.2022	31.12.2021^	31.03.2022	31.12.2021^
	RMB'000	RMB'000	RMB'000	RMB'000
Loan from bank (e)	28,000	28,000	-	-
Loan from bank (a)	540,000	540,000	-	-
	568,000	568,000	-	-

Details of any collateral:

- (a) The bank borrowings are secured over (i) the service concession arrangements with a government agency of the PRC to construct and operate underground utility tunnel on a PPP basis; (ii) the Company's entire shareholding held in a wholly-owned subsidiary, Harbin Utility Tunnel Construction and Management Co., Ltd; and (iii) the joint and several guarantees provided by the controlling shareholder, Mr Zhao Lizhi, the Group's CEO, and another wholly-owned subsidiary. As at 31 March 2022, the outstanding amount of RMB 541.0 million is repayable progressively with final maturity due in 2041.
- (b) The bank borrowings are for general working capital and is secured by guarantees provided by the controlling shareholder, Mr Zhao Lizhi. The bank loan was fully repaid in January 2022.
- (c) Loans from related parties, which are controlled by controlling shareholder, Mr Zhao Lizhi, are unsecured, interest-free and repayable on demand.
- (d) Loan from a lender secured by a guarantee provided by the Company's director, Mr Li Mingyang, which is used for the Group's general working capital purposes. The loan is repayable by the Group to the lender 2 months from the drawdown date of the loan.
- (e) The bank borrowings are secured over the service concession arrangements with the government agency of the PRC for the insulation project on a PPP basis. This outstanding bank loan of RM28.0 million is repayable progressively with final maturity on 14 April 2023.

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9 Trade and other payables

	Group		Company	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	197,806	197,741	-	-
Other payables	5,654	5,654	-	-
Accrued operating expenses	65,460	65,473	3,203	3,305
Loan from a shareholder and a director	2,631	1,142	403	405
Interest payable	-	-	-	-
Non-trade amount due to a shareholder/ key management personnel	-	3,165	-	3,165
Non-trade amount due to directors	4,812	1,315	4,812	1,315
Non-trade amount due to a subsidiary	-	-	5,024	5,024
	276,363	274,490	13,442	13,214

The loan from a shareholder and a director is unsecured and repayable on demand.

Non-trade amounts due to a shareholder/key management personnel, a shareholder, a director and a subsidiary are unsecured and repayable on demand.

10 Segmented revenue and results

For management purpose, the Group is organised into business units based on their products and services. The Group has four reportable segments; being the Insulation segment, underground utility tunnel segment, project management segment and materials trading segment for the financial period ended 31 March 2022 and 2021.

	Insulation	Underground Utility Tunnel	Project Management	Materials Trading	Adjustment and Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
1Q2022						
Revenue						
External customers	350	1,148	-	-	-	1,498
Inter-segment revenue	-	-	330	-	(330)	-
Segment results						
Segment profit/(loss)	1,163	2,201	173	(265)	(639)	2,633
1Q2021						
Revenue						
External customers	350	-	123	663	-	1,136
Inter-segment revenue	-	-	330	-	(330)	-
Segment results						
Segment profit/(loss)	1,232	2,243	(882)	(56)	(586)	1,951

No further geographical segment information is presented as 100% of the Group's revenue is derived from customers based in the PRC.

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F. Other information required by Listing Rule 7.2

1. **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.**

	Company	
	As at 31 March 2022	As at 31 December 2021
Total number of issued shares	246,677,796	246,677,796

2. **A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

3. **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

4. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the auditors.

5. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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

- (i) **Updates on the efforts taken to resolve each outstanding audit issues.**
 - (ii) **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.

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

Earnings per ordinary share for the period:	Group	
	1Q2022	1Q2021
Net profit for the period attributable to the shareholders of the Company (RMB '000)	2,030	1,344
Weighted average number of ordinary shares in issue ('000)	246,678	246,678
(a) Basic earnings per share (RMB cents)	0.82	0.54
(b) On a fully diluted basis (RMB cents)	0.82	0.54

Basic and fully diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2022 and 31 March 2021.

8. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
	31.03.2022	31.12.2021	31.03.2022	31.12.2021
Net assets/(liabilities) (RMB'000)	67,285	65,228	(5,016)	(4,411)
Net assets/(liabilities) value per ordinary share based on issued share capital as at the end of the period/year reported on (RMB cents)	27.28	26.44	(2.03)	(1.79)

The net assets/(liabilities) value per ordinary share for the Group and the Company is calculated based on the issued ordinary shares of 246,677,796 as at 31 March 2022 and 31 December 2021 respectively.

Net assets/(liabilities) are defined as total assets less total liabilities and non-controlling interests.

9. 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 affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review for the performance of the Group for the financial period ended 31 March 2022 ("1Q2022") as compared to the financial period ended 31 March 2021 ("1Q2021").

(A) Performance Review - Overall

During the period under review, the Group's revenue of RMB1.5 million for 1Q2022 was mainly derived from maintenance services provided. The net profit after tax attributable to equity holders of the Company was RMB2.0 million for 1Q2022 as compared to RMB1.3 million for the corresponding period in 1Q2021.

(B) Revenue

Revenue of RMB1.5 million in 1Q2022 was derived mainly from maintenance services provided. Revenue increased by RMB0.4 million in 1Q2022 as compared to 1Q2021. This was due mainly to maintenance income of RMB1.1 million arising from phase one of the underground utility tunnel project which was partially offset by the decline in revenue from the trading of construction materials in 1Q2022 as compared with 1Q2021.

(C) Gross Profit

Gross profit margin increased by 43.2% from 3.1% in 1Q2021 to 46.3% in 1Q2022. This was due mainly to the higher gross margin arising from the maintenance income from phase one of the underground utility tunnel project in 1Q2022.

(D) Other Profit and Loss Items

Finance income was mainly related to the unwinding of discount on the service concession receivables and contract assets from the Group's Insulation and underground utility tunnel projects, which decreased slightly by RMB0.7 million or 5.3% in 1Q2022 from 1Q2021. This was due mainly to lower service concession receivables as at 31 March 2022 as compared with 31 March 2021 as a result of government subsidies of RMB99.0 million received by the Group in 2021 for phase one of the underground utility tunnel project and the Insulation project; and government subsidies of RMB6.2 million received by the Group in 1Q2022 for phase one of the underground utility tunnel project.

The decrease in administrative expenses of RMB0.7 million in 1Q2022 was due to the rise in COVID-19 cases in Harbin city in the 1Q2022 resulting in travel restrictions and estate/city wide lock-downs, and a corresponding reduction in business activities in Harbin city and a reduction in business expenses incurred by the Group as compared with 1Q2021.

Interest expenses on borrowings decreased by RMB0.1 million in 1Q2022 mainly due to lower average bank borrowings in 1Q2022 as compared to 1Q2021 as a result of the principal repayment of loan (net) of approximately RMB9.7 million during the period from 1 April 2021 to 31 March 2022.

Income tax expenses of RMB0.6 million for 1Q2022 was mainly due to profit generated from phase one of the underground utility tunnel project.

(E) Statements of Financial Position

Service concession receivables is mainly related to the receivables from the PRC government for the Insulation project and phase one of the underground utility tunnel project. Service concession receivables of RMB714.0 million was classified as non-current, as such amounts will be received from the government after 12 months from 31 March 2022. The net increase in service concession receivables (current and non-current portion) in 1Q2022 by RMB6.9 million was mainly due to finance income of RMB12.6 million related to the unwinding of discount on the service concession receivables from the Group's Insulation and underground utility tunnel project, partially offset by the collections of service concession from the government of RMB6.2 million for phase one of the underground utility tunnel project. Currently, phase one of the underground utility tunnel project is under cost finalisation by the PRC government. Following cost finalisation of phase one of the underground utility tunnel project, the amount of government subsidies, determined according to the formula stipulated in the agreement (where such formula is to remain confidential), shall be approved and disbursed by the Harbin Municipal Government on a quarterly basis over a concession period of 25 years.

Contract assets is mainly related to the receivable from the PRC government for phase two of the underground utility tunnel project. There has been no change in contract assets as at 31 March 2022 and 31 December 2021.

Prepayments (current and non-current portion) decreased marginally by RMB0.4 million in 1Q2022. This was mainly due to the recognition of prepayment as maintenance costs arising from the maintenance work for the Insulation project.

The increase in trade and other receivables by RMB0.8 million in 1Q2022 was mainly due to the maintenance income of RMB1.1 million generated from phase one of the underground utility tunnel project in 1Q2022.

The increase in trade and other payables of RMB1.9 million in 1Q2022 was mainly due to (i) the increase in loans from a shareholder and a director to the project management business by RMB1.5 million; and (ii) the increase in non-trade balances owing to a shareholder, key management personnel, and directors by the Company of RMB0.3 million in 1Q2022.

The increase in provision for income tax by RMB0.6 million was mainly due to profit generated from phase one of the underground utility tunnel project.

The decrease in loans and borrowings (current and non-current) by RMB2.4 million was due mainly to the repayment of bank loans of RMB2.7 million in 1Q2022.

As at 31 March 2022, the Group's net asset position was approximately RMB67.3 million (31 December 2021: RMB65.2 million) and the Company's net liability position was approximately RMB5.0 million (31 December 2021: RMB4.4 million).

(F) Statement of Cash Flows

The Group reported a net decrease in cash and bank balances of RMB5.2 million from RMB6.1 million as at 31 December 2021 to RMB0.9 million as at 31 March 2022. The decrease is mainly due to net cash outflow from financing activities of RMB10.5 million, which was partially offset by the net cash inflow from operating activities of RMB5.3 million in 1Q2022.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

11. 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.

As at 31 March 2022, phase one of the underground utility tunnel project (including its variation order) has been completed and accepted by the PRC government, pending cost finalisation by the relevant government bodies. However, while the cost finalisation by the PRC government bodies is ongoing, the General Office of Harbin Municipal People's Government paid RMB6.2 million in government subsidies in 1Q2022. Barring any unforeseen circumstances, upon cost finalisation by the PRC government, the Group will manage and operate the underground utility tunnel project over a concession period of 25 years.

The Group has commenced some construction work on phase two of the underground utility tunnel project. However, financing from banks for this project has been affected by the borrowing ratios of local government exceeding the nationwide benchmark in the PRC. The local government is in discussions with the Group to acquire this project from the Group, and the Group has completed, with its main contractor and construction supervisor, and submitted, the preliminary review of the work which was carried out by the Group for phase two of the underground utility tunnel project and for which the Group would want to bill. The Company will provide an update via SGXNET upon any further developments.

The management has taken a strategic approach of partnering state-owned enterprises in a bid to secure more sustainable development projects in 2022 as state-owned enterprises have innate advantages in securing such projects while at the same time, also looking into various other opportunities within the green technology sector. The Group remains optimistic of its green technology business and projects as the market for its energy conservation services is untapped and huge in Northern China. At this juncture, the Group wishes to highlight that COVID-19 cases in the PRC have recently increased in light of the Delta and Omicron variant and there have been lockdowns and travel restrictions imposed in the PRC. In Harbin, measures have also been taken to curb the spread of the virus, which have recently included a semi-shutdown of the Harbin city, and the implementation of restrictive measures to varying degrees. The Group continues to take precautions for all of its employees and to ensure the Group's continued compliance with the government's directives. The ability to procure working capital and/or the appropriate level of financing as well as improving macro conditions (such as improving COVID-19 situation) would be key to securing these projects.

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12. If a decision regarding dividend has been made:

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

No dividend was declared for 1Q2022.

- (b) (i) Amount per share (cents)**

Not applicable.

- (b) (ii) Previous corresponding period (cents)**

No dividend was declared for 1Q2021.

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

Not applicable

- (d) The date the dividend is payable.**

Not applicable.

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

Not applicable.

13. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for 1Q2022 so as to conserve resources to fund current projects and future potential sustainable development projects.

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- 14. 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.**

There were no interested person transactions conducted under the shareholders' mandate obtained by the Company pursuant to Rule 920.

There were also no interested person transactions carried out during the financial period under review, excluding transactions of less than S\$100,000.

- 15. Negative assurance confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of the Company has confirmed that, to the best of its knowledge, nothing has come to its attention which may render the unaudited condensed interim financial statements for the three-month period ended 31 March 2022 set out above to be false or misleading in any material aspect.

- 16. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).**

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1).

BY ORDER OF THE BOARD

Wu Xueying
Chief Executive Officer & Executive Director

14 May 2022