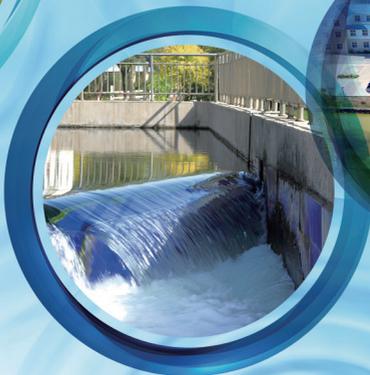
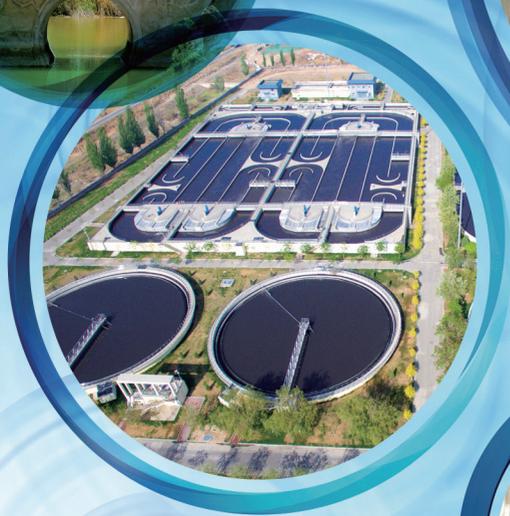


# TIL ENVIRO LIMITED

## 達力環保有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1790



INTERIM REPORT  
**2022**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Chairman and Non-executive Director

Mr. Lim Chin Sean

### Executive Director and Chief Executive Officer

Mr. Wong Kok Sun

### Independent Non-executive Directors

Mr. Tan Yee Boon

Mr. Hew Lee Lam Sang

Mr. Tam Ka Hei Raymond

## AUDIT COMMITTEE

Mr. Hew Lee Lam Sang (*Chairman*)

Mr. Lim Chin Sean

Mr. Tam Ka Hei Raymond

## REMUNERATION COMMITTEE

Mr. Tan Yee Boon (*Chairman*)

Mr. Tam Ka Hei Raymond

Mr. Hew Lee Lam Sang

## NOMINATION COMMITTEE

Mr. Lim Chin Sean (*Chairman*)

Mr. Tam Ka Hei Raymond

Mr. Tan Yee Boon

## AUTHORISED REPRESENTATIVES

Mr. Wong Kok Sun

Ms. Tsui Sum Yi

## COMPANY SECRETARY

Ms. Tsui Sum Yi (ACG, HKACG)

## AUDITOR

PricewaterhouseCoopers

(*Certified Public Accountants and*

*Registered Public Interest Entity Auditor*)

## REGISTERED OFFICE IN CAYMAN ISLANDS

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## HEADQUARTERS

Unit 08, Level 61, CITIC Plaza

No. 233 Tianhe North Road

Tianhe District, Guangzhou

Guangdong Province

The PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1603, 16/F

China Building, 29 Queen's Road Central

Central

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## **CORPORATE INFORMATION**

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor  
Services Limited  
Shops 1712–1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### **PRINCIPAL BANKERS**

Bank of Communications  
Yinchuan Xita Sub-branch  
No. 51 Xinhua West Road  
Xingqing District Yinchuan  
750001  
Ningxia  
The PRC

CIMB Bank Berhad Shanghai Branch  
Unit 1805–1807, AZIA Center  
1233 Lujiazui Ring Road  
Pudong New District  
Shanghai 200120  
The PRC

### **LEGAL ADVISER AS TO HONG KONG LAWS**

Loong & Yeung Solicitors

### **STOCK CODE**

1790 (listed on the Main Board of  
The Stock Exchange of Hong Kong Limited)

### **COMPANY WEBSITE**

[www.tilenviro.com](http://www.tilenviro.com)

# DEFINITIONS

In this interim report, unless the context other requires, the following terms shall have the meanings set forth below.

“Board”	our board of Directors
“BVI”	British Virgin Islands
“Company”	TIL Enviro Limited (達力環保有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 17 April 2018, whose Shares are listed on the Main Board of the Stock Exchange
“Concert Party Deed”	a confirmatory deed in relation to parties acting in concert dated 11 April 2018 entered into between Mr. Lim Chee Meng and Mr. Lim Chin Sean to confirm and record the agreement and understanding between the parties for the acknowledgement of their acting in concert (having the meaning as ascribed to it under the Takeovers Code)
“Concession Agreement”	the concession arrangement dated 21 September 2011 entered into between TYW and Bureau of Housing and Urban-Rural Development of Yinchuan* (銀川市住房和城鄉建設局) pursuant to which TYW was granted a concession right for a term of 30 years expiring on 21 September 2041 to, among other things, operate, manage and maintain our four wastewater treatment plants to provide wastewater treatment services in Yinchuan and to undertake upgrading and expansion works (where applicable) on the facilities
“Director(s)”	the director(s) of our Company
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing and the commencement of trading and dealing of our Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplement or modified from time to time

## DEFINITIONS

“Main Board”	the stock market (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with GEM operated by the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Plant 1” or “Yinchuan Wastewater Treatment Plant 1”	<p>Yinchuan Wastewater Treatment Plant No. 1 (銀川市第一污水處理廠) previously operated and managed by TYW pursuant to the Concession Agreement, which is located at Bali Bridge, Manchun Town, Xingqing District, Yinchuan* (銀川市興慶區滿春鄉八里橋)</p> <p>Due to the rapid urbanisation in Yinchuan city, Plant 1 has ceased operations on 14 July 2021 and it was subsequently closed down on 14 October 2021</p>
“Plant 2” or “Yinchuan Wastewater Treatment Plant 2”	Yinchuan Wastewater Treatment Plant No. 2 (銀川市第二污水處理廠) operated and managed by TYW pursuant to the Concession Agreement, which is located at Liziyuan North Road, Xixia District, Yinchuan* (銀川市西夏區麗子園北路)
“Plant 3” or “Yinchuan Wastewater Treatment Plant 3”	Yinchuan Wastewater Treatment Plant No. 3 (銀川市第三污水處理廠) operated and managed by TYW pursuant to the Concession Agreement, which is located at South of Jingtian East Road, Xixia District, Yinchuan* (銀川市西夏區經天東路以南)
“Plant 4” or “Yinchuan Wastewater Treatment Plant 4”	Yinchuan Wastewater Treatment Plant No. 4 (銀川市第四污水處理廠) operated and managed by TYW pursuant to the Concession Agreement, which is located at Ping Fu Qiao Village, Fengdeng Town, Jinfeng District, Yinchuan* (銀川市金鳳區豐登鎮平伏橋村)
“PRC” or “China”	the People’s Republic of China
“Prospectus”	the prospectus of our Company dated 31 October 2018 (as supplemented by the supplemental prospectus of our Company dated 14 November 2018 (the “ <b>Supplemental Prospectus</b> ”)) in relation to the initial public offering and the listing of the Shares on the Stock Exchange
“Reporting Period”	1 January 2022 to 30 June 2022

## DEFINITIONS

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share Offer"	issuance of 250,000,000 Shares with the offer price of HK\$0.58
"Share(s)"	ordinary share(s) in the share capital of our Company with a nominal value of HK\$0.01 each
"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-Backs, as amended, supplemented or otherwise modified from time to time
"TYW"	Taliworks (Yinchuan) Wastewater Treatment Co. Ltd* (達力(銀川) 污水處理有限公司), a company established with limited liability under the laws of the PRC on 6 May 2011, a wholly-owned and operating subsidiary of our Company
"Wastewater Treatment Plants"	Plant 2, Plant 3 and Plant 4
"%"	per cent
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"SG\$"	Singapore dollars, the lawful currency of Singapore
"US\$"	United States dollars, the lawful currency of the United States of America

*If there is any inconsistency between the Chinese names of entities or enterprises established in China and their English translations, the Chinese names shall prevail. The English translations of official Chinese names which are marked with "\*" are for identification purpose only.*

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

We are a wastewater treatment service provider operating and managing three wastewater treatment facilities located in Yinchuan, being the capital city of Ningxia Hui Autonomous Region (“Ningxia”), the PRC, providing wastewater treatment services to the local government. We operate and manage our Wastewater Treatment Plants on a Transfer — Operate — Transfer (“TOT”) basis for 30 years since September 2011. We also undertake the upgrading and expansion of our wastewater treatment facilities to achieve higher wastewater discharge standards and to increase our designed treatment capacities.

As at 30 June 2022, our aggregate daily wastewater treatment capacity was 375,000 cubic metres per day pursuant to the cessation of Plant 1 operations (30 June 2021: 475,000 cubic metres per day) and the discharge standard for all Wastewater Treatment Plants were Class IA and Quasi Surface Water Standard Class IV (準四類水標準).

For the Reporting Period, the total quantity of wastewater treated was approximately 36.6 million cubic metres, representing a decrease of approximately 33.7% from the corresponding period ended 30 June 2021 at approximately 55.2 million cubic metres, mainly due to the cessation of Plant 1 operations by the local government.

Our Group has actively adhered to all the prescribed discharge standards/parameters set in the national policies throughout the Reporting Period and had not encountered any material quality problems or disruption with respect to our wastewater treatment services.

Despite the on-going coronavirus (“COVID-19”) pandemic, our Group has experienced minimal disruption on our Wastewater Treatment Plants’ operations as our operations are not very labour intensive, where our Wastewater Treatment Plants’ set up are largely automated and monitored through our quality control system. We also have enough stock of consumables to ensure minimal disruption to our operations. Our Group has adopted precautionary measures for all the staff’s safety by carrying out daily cleaning and disinfection throughout our Wastewater Treatment Plants.

During the Reporting Period, the Group reported revenue and profit after tax (“PAT”) of HK\$105.8 million and HK\$34.7 million, respectively, lower than revenue and PAT of HK\$132.3 million and HK\$57.9 million achieved during the corresponding period of last year.

The lower revenue and PAT for the Reporting Period was primarily attributable to the lower revenue derived from the wastewater treatment operation services by approximately HK\$22.7 million. Please refer to the section headed “Financial Review — Revenue” in this interim report for further analysis.

# MANAGEMENT DISCUSSION AND ANALYSIS

## DEVELOPMENT STRATEGY AND PROSPECTS

For the first half of 2022, China has experienced an economic slowdown due to the strict lockdowns imposed across major cities to contain the COVID-19 outbreaks. This led to lower consumer spending, while the real estate investment has contracted.<sup>1</sup> As a result, China's economy is forecasted to slow to approximately 4.3% in 2022.<sup>2</sup>

Macroeconomic policies have been eased to mitigate the ongoing economic slowdown. The People's Bank of China has implemented policy rate and reserve requirement cuts, relaxed regulations on bank loans for low-cost rental housing, and allowed commercial banks to lower mortgage rates. Hence, the infrastructure investment has rebounded. China's economy is forecasted to grow by approximately 5.2% in 2023.<sup>2</sup>

For the second half of 2022, our Group will focus on finalising the new tariff and new basic volume with the local authority for the expansion and/or upgrading works done on Plant 2 Phase 1, Plant 4 Phase 1 (upgrading works) and Plant 4 Phase 2 (expansion works), respectively. The management will continue to work closely with the local authorities and the independent auditor which are jointly appointed by the Municipal Administration of Yinchuan\* (銀川市市政管理局) ("Yinchuan Municipal"), Yinchuan Treasury Bureau\* (銀川市財政局) and our Group on this matter.

Pursuant to the meeting hosted by Yinchuan Municipal on 14 July 2021, our Group will focus on finalising the compensation agreement with Yinchuan Municipal regarding the closing down of Plant 1. Yinchuan Municipal has set up a committee and appointed an independent third party to verify the assets of Plant 1 for the purpose of finalising the compensation agreement with TYW. The management will work closely with Yinchuan Municipal and the independent third party on this matter.

Operationally, our Group will continue to strengthen our mission of ensuring stable operation, stable outflow of treated wastewater as per required discharge standards (穩定達標排放) under the Concession Agreement. Our Group will also continue to focus on cost optimisation and increase efficiency in managing our Wastewater Treatment Plants. Moreover, our Group strives to manage cash flow prudently especially during the on-going COVID-19 pandemic.

Our Group is also eyeing for potential merger and acquisition opportunities for wastewater treatment assets in Yinchuan, Ningxia and other regions within the PRC with the aim of strengthening our footprint in the PRC and the region.

<sup>1</sup> Source: *World Economic Outlook – July 2022*, International Monetary Fund

<sup>2</sup> Source: *Global Economic Prospects – June 2022*, World Bank Group

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Results of Operations

The following table sets out a summary of consolidated statement of comprehensive income of our Group for the periods indicated:

#### Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Revenue</b>	<b>105,788</b>	132,270
Cost of sales	<b>(34,196)</b>	(35,727)
<b>Gross profit</b>	<b>71,592</b>	96,543
Other income	<b>1,088</b>	818
Other losses, net	<b>(1,021)</b>	(13)
General and administrative expenses	<b>(7,416)</b>	(6,523)
Finance costs	<b>(20,612)</b>	(20,434)
<b>Profit before taxation</b>	<b>43,631</b>	70,391
Income tax expense	<b>(8,963)</b>	(12,463)
<b>Profit for the period</b>	<b>34,668</b>	57,928
Other comprehensive (losses)/income	<b>(64,466)</b>	15,358
<b>Total comprehensive (loss)/income for the period</b>	<b>(29,798)</b>	73,286

# MANAGEMENT DISCUSSION AND ANALYSIS

## Revenue

Our Group’s revenue is derived from (i) wastewater treatment operation services; (ii) wastewater treatment construction services for the upgrading and expansion of our existing wastewater treatment facilities; and (iii) finance income from service concession arrangement, despite that we generally only receive payments for our services rendered during the operational phase.

Our revenue decreased from approximately HK\$132.3 million for the six months ended 30 June 2021 to approximately HK\$105.8 million for the Reporting Period, representing a decrease of approximately HK\$26.5 million or approximately 20.0%.

Further analysis on the revenue is set out below:

- revenue derived from the wastewater treatment operation services decreased from approximately HK\$65.6 million for the six months ended 30 June 2021 to approximately HK\$42.9 million for the Reporting Period, representing a decrease of approximately HK\$22.7 million or approximately 34.6%.

The decrease was primarily attributable to the fair value (“**FV**”) variance computed in the IFRIC 12 model, as shown in the table below:

FV Variance	Six months ended 30 June		Difference HK\$’000
	2022	2021	
	(Unaudited) HK\$’000	(Unaudited) HK\$’000	
FV (loss)/gain	<b>(8,827)</b>	17,317	(26,144)

# MANAGEMENT DISCUSSION AND ANALYSIS

## **FV loss for the Reporting Period**

The FV loss for the Reporting Period of approximately HK\$8.8 million was attributable to a combined effect as set out below:

- (i) lower total quantity of wastewater treated in the Reporting Period, as compared to the forecasted quantity of wastewater in the IFRIC 12 model; and

The total quantity of water effluent treated for the Reporting Period was approximately 202,000 cubic metres per day as compared to the forecasted quantity of 230,000 cubic metres per day, representing a decrease of approximately 28,000 cubic metres per day (*primarily from Plant 4 Phase 1 and Plant 4 Phase 2 — actual wastewater volume: approximately 90,400 cubic metres per day; forecasted wastewater volume: approximately 110,000 cubic metres per day*). This is because the forecasted quantity of wastewater in the IFRIC 12 model is based on the average annual production volume.

- (ii) lower costs of wastewater treatment operation during the Reporting Period by approximately HK\$13.7 million, as compared to the forecasted cost of wastewater treatment operation in the IFRIC 12 model.

## **FV gain for the six months ended 30 June 2021**

The FV gain for the six months ended 30 June 2021 of approximately HK\$17.3 million was attributable to a combined effect as set out below:

- (i) higher total quantity of wastewater treated in the six months ended 30 June 2021, as compared to the forecasted quantity of wastewater in the IFRIC 12 model; and

The total quantity of water effluent treated in the six months ended 30 June 2021 was approximately 305,232 cubic metres per day as compared to the forecasted quantity of 294,000 cubic metres per day, representing an increase of approximately 11,232 cubic metres per day (*primarily from Plant 3 — actual wastewater volume: approximately 75,330 cubic metres per day; forecasted wastewater volume: approximately 60,000 cubic metres per day*). This was because new factories moved into the industrial area where Plant 3 is located.

- (ii) lower costs of wastewater treatment operation during the six months ended 30 June 2021 by approximately HK\$29.8 million, as compared to the forecasted cost of wastewater treatment operation in the IFRIC 12 model.

## MANAGEMENT DISCUSSION AND ANALYSIS

- revenue derived from the wastewater treatment construction services decreased from approximately HK\$0.1 million for the six months ended 30 June 2021 to nil for the Reporting Period, representing a decrease of approximately HK\$0.1 million or approximately 100.0%. As our construction revenue is recognised on the basis of actual cost with reasonable profit margin, the decrease was mainly attributable to no construction cost incurred during the Reporting Period as the expansion works on Plant 4 have been completed. Please refer to the section headed “Financial Review — Cost of sales” in this interim report for further analysis;
- revenue derived from the finance income from service concession arrangement decreased from approximately HK\$63.7 million for the six months ended 30 June 2021 to approximately HK\$62.8 million for the Reporting Period, representing a decrease of approximately HK\$0.9 million or approximately 1.4%, which was primarily attributable to the decrease in the opening balance of receivable under the service concession arrangement; and
- revenue derived from the recycle water supply operation services decreased from approximately HK\$2.8 million for the six months ended 30 June 2021 to nil for the Reporting Period, representing a decrease of approximately HK\$2.8 million or approximately 100.0%, which was primarily attributable to the cessation of the recycle water supply to end-users in Yinchuan city from 1 November 2021 onwards, as the local government decided to take over the entire recycle water sales in the city.

### Cost of sales

Our cost of sales decreased from approximately HK\$35.7 million for the six months ended 30 June 2021 to approximately HK\$34.2 million for the Reporting Period, representing a decrease of approximately HK\$1.5 million or approximately 4.2%, which was primarily attributable to the decrease in costs of wastewater treatment operation, further analysis of which is set out below:

- costs of wastewater treatment operation decreased from approximately HK\$25.7 million for the six months ended 30 June 2021 to approximately HK\$23.7 million for the Reporting Period, representing a decrease of approximately HK\$2.0 million or approximately 7.8%. Such decrease was mainly attributable to lower utility costs by approximately HK\$1.0 million pursuant to the cessation of Plant 1 operations;
- construction costs decreased from approximately HK\$0.1 million for the six months ended 30 June 2021 to nil for the Reporting Period, representing a decrease of approximately HK\$0.1 million or approximately 100.0%. The decrease was primarily attributable to the completion of the expansion works carried out on Plant 4; and

## MANAGEMENT DISCUSSION AND ANALYSIS

- the remaining cost of sales, which consisted primarily of employee benefit expenses, depreciation and amortisation expenses, repair and maintenance costs and other costs, increased from approximately HK\$9.9 million for the six months ended 30 June 2021 to approximately HK\$10.5 million for the Reporting Period, representing an increase of approximately HK\$0.6 million or approximately 6.1%. The increase was mainly attributable to the higher repair and maintenance costs by approximately HK\$0.5 million.

### **Gross profit and gross profit margin**

Our gross profit decreased from approximately HK\$96.5 million for the six months ended 30 June 2021 to approximately HK\$71.6 million for the Reporting Period, representing a decrease of approximately HK\$24.9 million or approximately 25.8%, which was primarily attributable to the decrease in revenue derived from the wastewater treatment operation services during the Reporting Period. Our gross profit margin decreased from 72.9% for the six months ended 30 June 2021 to 67.7% for the Reporting Period.

Further analysis on the gross profit and gross profit margin is set out below:

- gross profit derived from the wastewater treatment operation services and recycle water supply operation services, decreased from approximately HK\$32.8 million in corresponding period last year to approximately HK\$8.7 million for the Reporting Period, representing a decrease of approximately HK\$24.1 million or approximately 73.5%. The decrease was mainly attributable to the decreased in revenue derived from the wastewater treatment operation services caused by the FV loss computed in the IFRIC 12 model as mentioned above; and
- our finance income from service concession arrangement, representing the imputed interest income, amounted to approximately HK\$63.7 million and HK\$62.8 million for the six months ended 30 June 2021 and 2022, respectively.

### **Other income**

Other income increased from approximately HK\$0.8 million for the six months ended 30 June 2021 to approximately HK\$1.1 million for the Reporting Period, representing an increase of approximately HK\$0.3 million or approximately 37.5%. The increase was mainly attributable to the higher interest income by approximately HK\$0.4 million due to the increase in cash and bank balances.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Other losses, net**

Our Group recorded other losses, net of approximately HK\$1.02 million for the Reporting Period, representing an increase of approximately HK\$1.01 million or approximately 10,100.0%, from other losses, net of approximately HK\$0.01 million for the six months ended 30 June 2021. Such increase in the other losses, net balance was mainly attributable to the unfavourable movement in RMB/HK\$ on our RMB cash and bank balances during the Reporting Period which resulted in net foreign exchange losses of approximately HK\$1.02 million.

## **General and administrative expenses**

General and administrative expenses increased from approximately HK\$6.5 million for the six months ended 30 June 2021 to approximately HK\$7.4 million for the Reporting Period, representing an increase of approximately HK\$0.9 million or approximately 13.8%. Such increase was primarily due to: (i) higher employee benefit expenses by approximately HK\$0.7 million; and (ii) higher legal and professional fee by approximately HK\$0.2 million.

## **Finance costs**

Finance costs increased by approximately HK\$0.2 million or approximately 1.0%, to approximately HK\$20.6 million for the Reporting Period from approximately HK\$20.4 million for the six months ended 30 June 2021. Such increase was primarily attributable to higher interest expenses on borrowings, resulted from drawdown of additional long-term loans for the payment to the contractors in relation to the expansion works at Plant 4 Phase 2, as well as drawdown of additional short-term working capital loans during the Reporting Period.

## **Income tax expense**

We incurred income tax expense of approximately HK\$12.5 million for the six months ended 30 June 2021 and approximately HK\$9.0 million for the Reporting Period, representing a decrease of approximately HK\$3.5 million or approximately 28.0%, at effective tax rates of approximately 17.8% and 20.6%, respectively. The low effective tax rate was mainly attributable to the reduced corporate income tax rate (from 25.0% to 15.0%) announced by the China tax administration in April 2019. The new tax incentive policy is applicable to corporates involved in environment protection industry for tax assessment years from 2019 to 2021. In January 2022, this new tax incentive policy was extended for additional two years to 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Profit and total comprehensive income/(loss) for the period**

As a result of the foregoing factors, our profit for the period decreased from approximately HK\$57.9 million for the six months ended 30 June 2021 to approximately HK\$34.7 million for the Reporting Period, representing a decrease of approximately HK\$23.2 million or approximately 40.1%.

The total comprehensive loss for the Reporting Period amounted to approximately HK\$29.8 million as compared to total comprehensive income of approximately HK\$73.3 million for the six months ended 30 June 2021. The difference between the profit for the periods and the total comprehensive income/(loss) for the periods was due to the currency translation differences from the translation of RMB being our functional currency to HK\$ being our reporting currency (30 June 2022 RMB/HK\$ closing rate: 1.1714; 30 June 2021 RMB/HK\$ closing rate: 1.2024).

## **Earnings per Share**

For the Reporting Period, the earnings per Share for profit attributable to owners of the Company (basic and diluted) was HK\$0.03 per Share (30 June 2021: HK\$0.06 per Share). The decrease was primarily due to lower profit attributable to owners of the Company for the Reporting Period.

## **Receivable under service concession arrangement**

Our receivable under service concession arrangement that were classified as (i) current assets were approximately HK\$267.4 million and HK\$267.3 million as at 31 December 2021 and 30 June 2022, respectively; and (ii) non-current assets were approximately HK\$1,637.7 million and HK\$1,548.7 million as at 31 December 2021 and 30 June 2022, respectively.

Our total receivable under service concession arrangement amounted to approximately HK\$1,905.1 million and HK\$1,816.0 million as at 31 December 2021 and 30 June 2022, respectively. This represented a decrease of approximately HK\$89.1 million or approximately 4.7% from 31 December 2021 to 30 June 2022, primarily due to the FV loss during the Reporting Period.

## **Trade and other receivables**

Our Group's trade and other receivables decreased by approximately HK\$204.2 million or approximately 39.9%, to approximately HK\$307.8 million for the Reporting Period from approximately HK\$512.0 million for the year ended 31 December 2021. The decrease was primarily attributable to the decrease of trade receivables by approximately HK\$206.3 million, resulted from the collection of wastewater treatment service fees from the local authorities of approximately HK\$289.6 million (*equivalent to approximately RMB247.2 million*) during the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cash and bank balances

Our Group's cash and bank balances increased by approximately HK\$171.0 million or approximately 194.3%, to approximately HK\$259.0 million for the Reporting Period as compared to approximately HK\$88.0 million for the year ended 31 December 2021. The increase in cash and bank balances was due to the collection of wastewater treatment service fees from the local authorities of approximately HK\$289.6 million (*equivalent to approximately RMB247.2 million*) during the Reporting Period. The cash and bank balances were denominated in HK\$, RMB, SG\$ and US\$.

## Borrowings

As at 30 June 2022, our Group had bank borrowings, which were denominated in RMB, of approximately HK\$836.3 million (31 December 2021: HK\$881.2 million), represented by short-term working capital loans of approximately HK\$12.4 million (31 December 2021: HK\$19.5 million) and long-term loans of approximately HK\$823.9 million (31 December 2021: HK\$861.7 million), which were denominated in RMB. This represented a decrease of approximately HK\$44.9 million or approximately 5.1%. The decrease in borrowings was primarily due to: (i) the repayment of short-term working capital loans of approximately HK\$15.8 million and long-term loans of approximately HK\$18.7 million during the Reporting Period; and (ii) currency translation differences from the translation of RMB being our functional currency to HK\$ being our reporting currency (30 June 2022 RMB/HK\$ closing rate: 1.1714; 31 December 2021 RMB/HK\$ closing rate: 1.2269).

## Liquidity and Capital Resources

Our principal liquidity and capital requirements primarily related to construction of our wastewater treatment facilities and purchase of equipments, as well as costs and expenses from business operations. As at 30 June 2022, the net current assets and net assets of our Group amounted to approximately HK\$453.4 million and HK\$1,377.1 million, respectively (31 December 2021: net current assets and net assets of approximately HK\$439.0 million and HK\$1,414.0 million, respectively).

## Gearing Ratio

As at 30 June 2022, the gearing ratio (*calculated by net debts divided by total equity; net debts include total borrowings minus cash and bank balances*) was approximately 41.7% (31 December 2021: approximately 56.1%).

## Contingent Liabilities

Our Group did not have any material contingent liabilities or outstanding litigation as at 30 June 2022.

## Off-Balance Sheet Arrangements

As at 30 June 2022, save as disclosed, we have not, nor do we expect, to enter into any off-balance sheet arrangements. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. Furthermore, we do not have any retained or contingent interest in assets transferred to an uncombined entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to us or entity that engages in leasing, hedging or research and development services with us.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Foreign Currency Risk

Our Group principally operates in the PRC with most of the transactions being settled in RMB, which is the functional currency of most of the group entities. Foreign currency risk arises from the recognised assets and liabilities and net investments in foreign operations. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through financing activities denominated in the relevant foreign currencies, including the US\$ (the "**Non-functional Currency**").

Fluctuations in exchange rates between the functional currencies of respective group entities and Non-functional Currency in which our group entities conduct business may affect our Group's financial position and results of operations. Our Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimising its net foreign currency position.

## Charges on the Group's Assets

As at 30 June 2022, the Group's borrowings are secured by contractual rights to receive revenue generated by the Group and the land use right granted by the government in relation to the parcel of land at which our Wastewater Treatment Plants are situated.

## Employees and Remuneration Policies

Our Group had 129 full-time employees as at 30 June 2022 (31 December 2021: 132). Remuneration is determined on various factors such as their work experience, educational background, qualifications and certifications possessed.

The compensation package for our employees generally comprises basic wages, over-time work allowances, bonuses, retirement benefits and other staff benefits. We conduct annual review of the performance of our employees for determining the level of bonus, salary adjustment and promotion of our employees. For the Reporting Period, our employee benefit expenses were approximately HK\$11.7 million (30 June 2021: HK\$10.9 million). Our Company has adopted a share option scheme pursuant to which the Directors and employees of our Group are entitled to participate.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Material Acquisitions and Disposals

During the Reporting Period, our Group did not have any material acquisitions and disposals of subsidiaries.

## Significant Investments Held

As at 30 June 2022, our Group had no significant investments.

## Events after the Reporting Period

Our Group has no material subsequent event after the Reporting Period and up to the date of this interim report.

## Interim Dividends

To reward the Company's Shareholders for their loyal support, the Board has resolved to declare an interim dividend of HK\$0.05 per ordinary share of the Company for the six months ended 30 June 2022 (30 June 2021: Nil). The interim dividends will be paid on Monday, 31 October 2022.

## Closure of Register of Members

The register of members of the Company will be closed from Thursday, 13 October 2022 to Friday, 14 October 2022 (both dates inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 12 October 2022.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of each Director and chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register which have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or are required to be kept under Section 352 of the SFO or required to be notified to our Company and the Stock Exchange pursuant to the Model Code were as follows:

### (i) Long position in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held/ interested in	Approximate Percentage of interest
Mr. Lim Chin Sean ( <i>note</i> )	Interest held jointly with other persons; interest in a controlled corporation	750,000,000	75%

*Note:* Sparkle Century Group Limited ("**Sparkle Century**") is wholly-owned by LGB Group (HK) Limited ("**LGB (HK)**"), which is owned as to 70.00%, 25.00% and 5.00% by LGB (Malaysia) Sdn. Bhd. ("**LGB (Malaysia)**"), Mr. Lim Chee Meng and Mr. Lim Chin Sean, respectively. LGB (Malaysia) is owned as to 30.40%, 30.40%, 10.43%, 10.43%, 10.43%, 5.41% and 2.50% by Mr. Lim Chee Meng, Mr. Lim Chin Sean, Ms. Lim Shiak Ling, Ms. Lim Ai Ling, Ms. Lim Siew Ling, Ms. Geh Sok Lan (also known as Ms. Goay Sook Lan) and Ms. Lim Wang Ling, respectively. As a result of the Concert Party Deed, Mr. Lim Chee Meng and Mr. Lim Chin Sean are deemed, or taken to be, interested in all the Shares held by Sparkle Century for the purposes of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Capacity/Nature of interest	Number of shares held/interested in	Percentage of interest
Mr. Lim Chin Sean	Sparkle Century	Interest held jointly with other persons; interest in controlled corporation	2	100%
	LGB (HK)	Interest held jointly with other persons; interest in a controlled corporation	574,060,260	100%
	LGB (Malaysia)	Interest held jointly with other persons	6,080	60.8%

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of our Company had any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are recorded in the register which have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or are required to be kept under Section 352 of the SFO or required to be notified to our Company and the Stock Exchange pursuant to the Model Code.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## SUBSTANTIAL SHAREHOLDER'S INTERESTS

As at 30 June 2022, according to the register kept by our Company under Section 336 of the SFO, the corporations or persons (other than a Director or chief executives of our Company) had interests or short positions in the Shares or underlying Shares which fell to be disclosed to our Company under Divisions 2 and 3 of Part XV of the SFO were as follows:

### (i) Interests in the Shares of our Company

Name	Capacity/ Nature of interest	Number of Shares held/ interested in <sup>(note 5)</sup>	Percentage of interest
Mr. Lim Chee Meng <i>(notes 1 &amp; 2)</i>	Interest held jointly with other persons; interest in a controlled corporation	750,000,000 (L)	75%
LGB (Malaysia) <i>(note 1)</i>	Interest in a controlled corporation	750,000,000 (L)	75%
LGB (HK) <i>(note 1)</i>	Interest in a controlled corporation	750,000,000 (L)	75%
Sparkle Century	Beneficial owner	750,000,000 (L)	75%
Ms. Lee Li May <i>(note 3)</i>	Interest of spouse	750,000,000 (L)	75%
Ms. Cheong Sze Theng <i>(note 4)</i>	Interest of spouse	750,000,000 (L)	75%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

*Notes:*

1. LGB (Malaysia) beneficially owns 70% of the entire issued share capital of LGB (HK), which beneficially owns 100% of the issued share capital of Sparkle Century. As such, each of LGB (Malaysia) and LGB (HK) is deemed, or taken to be, interested in all the Shares held by Sparkle Century for the purposes of the SFO.
2. Sparkle Century is wholly-owned by LGB (HK), which is owned as to 70.00%, 25.00% and 5.00% by LGB (Malaysia), Mr. Lim Chee Meng and Mr. Lim Chin Sean, respectively. LGB (Malaysia) is owned as to 30.40%, 30.40%, 10.43%, 10.43%, 10.43%, 5.41% and 2.50% by Mr. Lim Chee Meng, Mr. Lim Chin Sean, Ms. Lim Shiak Ling, Ms. Lim Ai Ling, Ms. Lim Siew Ling, Ms. Geh Sok Lan (also known as Ms. Goay Sook Lan) and Ms. Lim Wang Ling, respectively. As a result of the Concert Party Deed, Mr. Lim Chee Meng and Mr. Lim Chin Sean are deemed, or taken to be, interested in all the Shares held by Sparkle Century for the purposes of the SFO.
3. Ms. Lee Li May is the spouse of Mr. Lim Chee Meng and is therefore deemed to be interested in 750,000,000 Shares in which Mr. Lim Chee Meng has, or is deemed to have, for the purpose of the SFO.
4. Ms. Cheong Sze Theng is the spouse of Mr. Lim Chin Sean and is therefore deemed to be interested in 750,000,000 Shares in which Mr. Lim Chin Sean has, or is deemed to have, for the purpose of the SFO.
5. The letter "L" denotes the person's long position in the Shares.

Save as disclosed above, as at 30 June 2022, no other person (other than a Director or chief executives of our Company) had registered an interest or short position in the Shares or underlying Shares of our Company which fell to be disclosed to our Company under Divisions 2 and 3 of Part XV of the SFO.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DISCLOSURE OF CHANGE IN DIRECTOR'S INFORMATION

The change in Director's information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Mr. Tan Yee Boon, an independent non-Executive Director, has been appointed as an independent non-executive director and independent non-executive chairman of Ecoscience International Berhad (which is listed on the ACE Market of Bursa Malaysia Berhad since July 2022) (Stock Code: 0255) from August 2021. He also has been appointed as an independent non-executive chairman of Propel Global Berhad (formerly known as Daya Materials Berhad, which is listed on the Main Market of Bursa Malaysia Berhad) (Stock Code: 0091) since April 2022.

Save as disclosed above, there is no other information in respect of any Director which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither our Company nor any of its subsidiaries had purchased, sold or redeemed any of our Company's listed securities during the Reporting Period.

## MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

Our Company has adopted the Model Code as the code of conduct regarding Directors' securities transactions. Having made specific enquiries with all of our Directors, each of the Directors has confirmed that he has complied with the Model Code throughout the Reporting Period.

## AUDIT COMMITTEE AND REVIEW OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Our Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Listing Rules. The Audit Committee consists of one non-executive Director, namely Mr. Lim Chin Sean, and two independent non-executive Directors, namely Mr. Hew Lee Lam Sang and Mr. Tam Ka Hei Raymond. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control system and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the unaudited interim results for the Reporting Period. The Audit Committee has also discussed matters with respect to the accounting policies adopted with the senior management and the external auditors of our Company.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the related party transactions as disclosed in note 16 to the Condensed Consolidated Interim Financial Information, there were no other transactions, arrangements or contracts of significance in relation to the business of our Group in which a Director or any of his connected entity was materially interested, whether directly or indirectly, subsisted at any time during the Reporting Period.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company focuses on maintain a high standard of corporate governance for purposes of enhancing the value of the Shareholders and protecting their interests. Our Company has adopted the code provisions of the Corporate Governance Code as contained in Appendix 14 to the Listing Rules as our own corporate governance code. Our Company has complied with all the applicable code provisions as stipulated in the Corporate Governance Code for the Reporting Period.

The Board will examine and review, from time to time, our Company's corporate governance practices and operation in order to comply with the relevant provisions under the Listing Rules and to protect Shareholders' interests.

## SHARE OPTION SCHEME

On 4 October 2018, a share option scheme (the "**Share Option Scheme**") was approved and adopted by the then Shareholders, under which, options may be granted to any eligible participants to subscribe for Shares subject to the terms and conditions stipulated in the Share Option Scheme. Our Company has adopted the Share Option Scheme as an incentive to Directors and eligible employees. The Share Option Scheme shall be valid and effective for a period of 10 years commencing from 4 October 2018.

No share option has been granted by our Company and no share options were outstanding, lapsed, cancelled or exercised under the Share Option Scheme during the Reporting Period.

## USE OF PROCEEDS FROM SHARE OFFER

The Shares of our Company were listed on the Main Board of the Stock Exchange on 29 November 2018 with net proceeds received by our Company from the Share Offer in the estimated amount of HK\$104.7 million after deducting underwriting commissions and all related estimated expenses. The net proceeds received from the Share Offer are intended to be used in the manner consistent with that mentioned in the paragraph headed "Future Plans and Use of Proceeds" of the Supplemental Prospectus.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The following table sets forth the status of the use of proceeds from the Share Offer up to 30 June 2022:

	Net proceeds (HK\$ million)					
	Utilised amount from 1 January 2021 to 30 March 2021	Revised allocation of unutilised balance as at 30 March 2021 <sup>(note 1)</sup>	Utilised amount from 31 March 2021 to 31 December 2021	Unutilised balance as at 1 January 2022	Utilised amount from 1 January 2022 to 30 June 2022	Unutilised balance as at 30 June 2022
Original Allocation	30 March 2021	30 March 2021 <sup>(note 1)</sup>	31 December 2021	1 January 2022	30 June 2022	30 June 2022
Complete the contemplated upgrading and expansion works of existing wastewater treatment facilities	83.9	(71.3)	12.6	(12.6)	–	–
Identification and evaluation of new wastewater treatment projects in Yinchuan and/or other regions in the PRC	10.4	–	3.4	–	3.4	3.4 <sup>(note 2)</sup>
Establishing and future upgrading of centralised monitoring system	5.2	–	– <sup>(note 3)</sup>	–	–	–
General working capital for general corporate purposes	5.2	(5.2)	12.2	(8.1)	4.1	1.8 <sup>(note 4)</sup>
<b>Total</b>	<b>104.7</b>	<b>(76.5)</b>	<b>28.2</b>	<b>(20.7)</b>	<b>7.5</b>	<b>5.2</b>

Notes:

- In accordance with the annual results announcement dated 30 March 2021 (the “**2020 Results Announcement**”), due to the reasons and benefits mentioned in the 2020 Results Announcement, the unutilised net proceeds were re-allocated with effect from 30 March 2021. For more details, please refer to the 2020 Results Announcement.
- The original amount of HK\$10.4 million has been revised to HK\$3.4 million, where HK\$7.0 million will be used as general working capital.

Due to the on-going COVID-19 pandemic, an amount of HK\$3.4 million has not yet been utilised for the identification and evaluation of new wastewater treatment projects in the PRC. As at the date of this interim report, no new wastewater treatment project has been identified. It is expected that these unutilised proceeds will be used by December 2022, barring any unforeseen circumstances.

- The original amount of HK\$5.2 million will be used as general working capital.
- It is expected that these unutilised proceeds will be used by December 2022, barring any unforeseen circumstances.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### FURTHER CHANGE IN USE OF PROCEEDS

In order to strengthen the use efficiency of the proceeds, the Board has resolved to further change the use of net proceeds from the Share Offer. The remaining proportion of net proceeds for identification and evaluation of new wastewater treatment projects in Yinchuan and/or other regions in the PRC will be used to supplement the general working capital.

#### Reasons for and Benefits of the Further Change in Use of Proceeds

Due to the on-going COVID-19 pandemic, our Company currently has not yet identified any suitable wastewater treatment project, resulting in a low efficiency of the capital use. Our Company strives to manage cash flow prudently especially during the on-going COVID-19 pandemic.

As at the date of this interim report, the HK\$3.4 million originally allocated for identification and evaluation of new wastewater treatment projects in Yinchuan and/or other regions in the PRC will be reallocated as general working capital and be applied on general uses as required by the Company in its daily operations, is more beneficial to meet the operation needs of our Company and increase its financial effects as well as provide more buffer to cope with the economic uncertainty in the future.

Our Company will use internally generated funds for identification and evaluation of new wastewater treatment projects in the PRC, as our Company expects that the costs are payable in RMB.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

For the reasons set out above, the Board has resolved to further change the use of net proceeds from the Share Offer as follows:

	Net proceeds (HK\$ million)							
	Utilised amount from 1 January 2021 to 30 March 2021	Revised allocation of unutilised balance as at 30 March 2021	Utilised amount from 31 March 2021 to 31 December 2021	Unutilised balance as at 1 January 2022	Utilised amount from 1 January 2022 to the date of this interim report	Unutilised balance as at the date of this interim report	Further revised allocation	
	Original Allocation							
Complete the contemplated upgrading and expansion works of existing wastewater treatment facilities	83.9	(71.3)	12.6	(12.6)	-	-	-	-
Identification and evaluation of new wastewater treatment projects in Yinchuan and/or other regions in the PRC	10.4	-	3.4	-	3.4	-	3.4	-(note 1)
Establishing and future upgrading of centralised monitoring system	5.2	-	-	-	-	-	-	-
General working capital for general corporate purposes	5.2	(5.2)	12.2	(8.1)	4.1	(2.3)	1.8	5.2 (note 2)
<b>Total</b>	<b>104.7</b>	<b>(76.5)</b>	<b>28.2</b>	<b>(20.7)</b>	<b>7.5</b>	<b>(2.3)</b>	<b>5.2</b>	<b>5.2</b>

Notes:

1. The remaining amount of HK\$3.4 million will be reallocated as general working capital.
2. It is expected that these unutilised proceeds will be used by December 2022, barring any unforeseen circumstances.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save for the aforesaid change, there are no other material changes in the use of the net proceeds from the Share Offer. The Board considers that the development direction of our Group is still in line with the disclosure in the Supplemental Prospectus in spite of such change in use of proceeds as stated above. The aforesaid change in the use of net proceeds from the Share Offer is in the interest of our Company and its Shareholders as a whole.

As at the date of this interim report, the unutilised net proceeds from the Share Offer were deposited in the bank accounts of our Group with a licensed bank in Hong Kong. The planned use of proceeds as stated in the Supplemental Prospectus were based on the best estimation and assumption of future market conditions and industry development made by our Company at the time of preparing the Supplemental Prospectus while the proceeds were applied based on the actual development of our Group's business and the industry. The Directors are not aware of any material change to the planned use of proceeds, save as disclosed in the 2020 Results Announcement and the interim report herein, as of the date of this interim report.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF TIL ENVIRO LIMITED**

*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 31 to 51, which comprises the interim condensed consolidated statement of financial position of TIL Enviro Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 29 August 2022

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Revenue</b>			
— Wastewater treatment operation services		<b>42,939</b>	65,601
— Wastewater treatment construction services		—	125
— Finance income from service concession arrangement		<b>62,849</b>	63,727
— Others		—	2,817
	5	<b>105,788</b>	132,270
Cost of sales	7	<b>(34,196)</b>	(35,727)
<b>Gross profit</b>		<b>71,592</b>	96,543
Other income	6	<b>1,088</b>	818
Other losses, net		<b>(1,021)</b>	(13)
General and administrative expenses	7	<b>(7,416)</b>	(6,523)
<b>Operating profit</b>		<b>64,243</b>	90,825
Finance costs		<b>(20,612)</b>	(20,434)
<b>Profit before income tax</b>		<b>43,631</b>	70,391
Income tax expense	8	<b>(8,963)</b>	(12,463)
<b>Profit for the period</b>		<b>34,668</b>	57,928
<b>Profit for the period attributable to:</b>			
Owners of the Company		<b>34,668</b>	57,928
		<b>34,668</b>	57,928
<b>Earnings per Share for profit attributable to owners of the Company</b>			
— Basic and diluted (expressed in HK\$ per Share)	9	<b>0.03</b>	0.06

The notes on pages 37 to 51 are an integral part of this interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Profit for the period	34,668	57,928
<b>Other comprehensive (loss)/income</b>		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	(64,466)	15,330
Reclassification of exchange reserve upon deregistration of a subsidiary	–	28
Total comprehensive (loss)/income for the period attributable to owners of the Company	(29,798)	73,286

The notes on pages 37 to 51 are an integral part of this interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		1,938	2,289
Right-of-use assets		1,386	1,941
Receivable under service concession arrangement	11	1,548,719	1,637,683
Intangible assets		73,306	78,763
Restricted bank balances		4,685	4,908
		<b>1,630,034</b>	1,725,584
<b>Current assets</b>			
Inventories		1,490	1,598
Trade and other receivables	12	307,843	511,962
Receivable under service concession arrangement	11	267,261	267,451
Cash and cash equivalents		259,041	87,975
		<b>835,635</b>	868,986
<b>Total assets</b>		<b>2,465,669</b>	2,594,570
<b>Equity</b>			
<b>Capital and reserves</b>			
Share capital	13	10,000	10,000
Reserves		717,898	782,364
Retained earnings		656,348	621,680
<b>Total equity</b>		<b>1,384,246</b>	1,414,044

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term borrowings	14	537,748	579,109
Lease liabilities		788	1,293
Deferred tax liabilities		160,673	170,180
		<b>699,209</b>	750,582
<b>Current liabilities</b>			
Trade and other payables	15	79,078	123,460
Tax payable		3,654	3,287
Current portion of long-term borrowings	14	286,125	282,604
Short-term borrowings	14	12,416	19,508
Lease liabilities		941	1,085
		<b>382,214</b>	429,944
<b>Total liabilities</b>		<b>1,081,423</b>	1,180,526
<b>Total equity and liabilities</b>		<b>2,465,669</b>	2,594,570
<b>Net current assets</b>		<b>453,421</b>	439,042
<b>Total assets less current liabilities</b>		<b>2,083,455</b>	2,164,626

The notes on pages 37 to 51 are an integral part of this interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to equity shareholders of the Group					
	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>Balance as at 1 January 2021</b>	10,000	708,746	107	30,507	506,411	1,255,771
Profit for the period	–	–	–	–	57,928	57,928
<b>Changes in equity for the six months ended 30 June 2021:</b>						
<b>Other comprehensive income for the period</b>						
Currency translation differences	–	–	15,330	–	–	15,330
Deregistration of a subsidiary	–	–	28	–	–	28
<b>Balance at 30 June 2021</b>	10,000	708,746	15,465	30,507	564,339	1,329,057
<b>Balance as at 1 January 2022</b>	<b>10,000</b>	<b>708,746</b>	<b>43,111</b>	<b>30,507</b>	<b>621,680</b>	<b>1,414,044</b>
Profit for the period	–	–	–	–	<b>34,668</b>	<b>34,668</b>
<b>Changes in equity for the six months ended 30 June 2022:</b>						
<b>Other comprehensive income for the period</b>						
Currency translation differences	–	–	<b>(64,466)</b>	–	–	<b>(64,466)</b>
<b>Balance at 30 June 2022</b>	<b>10,000</b>	<b>708,746</b>	<b>(21,355)</b>	<b>30,507</b>	<b>656,348</b>	<b>1,384,246</b>

The notes on pages 37 to 51 are an integral part of this interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operations	216,748	(19,782)
Income tax paid	(10,465)	(7,424)
<b>Net cash generated from/(used in) operating activities</b>	<b>206,283</b>	<b>(27,206)</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(81)	(11)
Interest received	951	511
<b>Net cash generated from investing activities</b>	<b>870</b>	<b>500</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	29,518	51,344
Repayments of borrowings	(34,525)	(23,009)
Interest paid	(20,612)	(20,434)
Payment of lease liabilities	(558)	(472)
<b>Net cash (used in)/generated from financing activities</b>	<b>(26,177)</b>	<b>7,429</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>180,976</b>	<b>(19,277)</b>
Cash and cash equivalents at beginning of period	87,975	107,325
Currency translation differences	(9,910)	663
<b>Cash and cash equivalents at end of period</b>	<b>259,041</b>	<b>88,711</b>

The notes on pages 37 to 51 are an integral part of this interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

TIL Enviro Limited (the “**Company**”) was incorporated in the Cayman Islands on 17 April 2018 as an exempted company with limited liability. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108.

The ultimate holding company is LGB (Malaysia) Sdn Bhd. (“**LGB (Malaysia)**”), a private limited liability company incorporated in Malaysia.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in the wastewater treatment business in the People’s Republic of China (the “**PRC**”).

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“**HK\$**”), unless otherwise stated. It was authorised for issue by the Board of Directors on 29 August 2022.

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information of the Group (the “**Interim Financial Information**”) for the six months ended 30 June 2022 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2021 (the “**2021 financial statements**”), which has been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The significant accounting policies applied are consistent with those set out in the 2021 financial statements, except for the adoption of new standards as described below.

### 2.1 Standards and amendments to standards adopted

For the six month ended 30 June 2022, the Group has adopted the following new standards, amendments to standards and interpretation which are relevant to its operations:

Annual Improvements Project (Amendments)	Annual Improvements to HKFRSs 2018–2020
HKFRS 3 (Amendments)	Reference to Conceptual Framework
HKAS 16 (Amendments)	Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts — cost of fulfilling a contract

The adoption of the above standards and amendments to standards does not have significant effect on the results and financial position of the Company.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

### 2.2 Standards and amendments to standards which are not yet effective

The following new standards and amendments to standards have been issued and are mandatory for the Group's accounting periods beginning after 1 January 2022 and later periods and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS12 (Amendments)	Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is in the process of making an assessment of the impact of these new standards and amendments in the period of initial application.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3 FINANCIAL RISK MANAGEMENT

### (a) Financial risk factors

The Group's activities expose it to a variety of financial risk: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

The Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2021 financial statements.

There have been no changes in the Group's financial risk management policies and procedures since the last year end.

### (b) Fair value measurements

At 30 June 2022, the carrying amounts of Group's financial assets and liabilities approximate their fair values.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2021 financial statements.

## 5 REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of directors of the Company.

Operating segments are reported in the manner consistent with the internal reporting provided to the CODM. The Group is subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole. The Board of directors of the Company considers the performance assessment of the Group should be based on the profit before income tax of the Group as a whole and regards the Group as a single operating segment and reviews the Interim Financial Information accordingly. Therefore, the Board of directors of the Company considers these to be only one operating segment under the requirements of HKFRS 8 "Operating Segments".

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

The Group provides wastewater treatment services in the PRC.

An analysis of the Group's revenue from contracts with customers is as follows:

	Six months ended 30 June	
	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Revenue</b>		
Wastewater treatment operation services	42,939	65,601
Wastewater treatment construction services	–	125
Finance income from service concession arrangement	62,849	63,727
Recycle water supply operation services	–	2,817
	<b>105,788</b>	132,270

	Six months ended 30 June	
	2022	2021
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
<b>Timing of revenue recognition</b>		
At a point in time	–	2,817
Over time	42,939	65,726
	<b>42,939</b>	68,543
Finance income from service concession arrangement	62,849	63,727
	<b>105,788</b>	132,270

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

### (a) Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by the CODM internally. Accordingly, no segment assets and liabilities are presented.

### (b) Geographical information

During the period, all of the revenue was from customers in the PRC.

In relation to non-current assets held by the Group (primarily represented by property, plant and equipment, rights-of-use assets, receivable under service concession arrangement and intangible asset), these are located in the PRC.

## 6 OTHER INCOME

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest income	951	511
VAT refund ( <i>note</i> )	116	303
Others	21	4
	<b>1,088</b>	818

*Note:* 70% and 50% of the value-added tax ("VAT") paid by the Group in relation to the wastewater processing business and the sales of recycle water respectively are refunded according to Caishui 2015 No. 78. The Group is entitled to claim and have claimed from the governmental authority (the "Grantor") the balance of the VAT payment under the TOT agreement. Hence the Group recognised these VAT refunds attributable to intangible assets as other income.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7 EXPENSES BY NATURE

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Employee benefit expenses including directors' emoluments		
— Cost of sales	7,053	6,910
— General and administrative expenses	4,652	3,963
Depreciation of property, plant and equipment	249	245
Depreciation of right-of-use assets	555	483
Amortisation of intangible assets	1,953	1,933
Construction cost	—	114
Costs of wastewater treatment operation and recycle water supply operation services		
— Chemical	9,360	9,174
— Utility	10,129	11,118
— Others	4,198	5,456
Legal and professional fee	756	509
Rental expenses	13	42
Travelling and transportation expenses	209	190
Repair and maintenance costs	1,323	821
Office expenses	283	362
Information technology ("IT") service fee (note 16)	139	236
Others	740	694
	<b>41,612</b>	<b>42,250</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current income tax	4,049	7,885
Deferred income tax	4,914	4,578
	<b>8,963</b>	12,463

Hong Kong profits tax has not been provided as the Group had no estimated assessable profit (2021: Nil). Taxation on Mainland China profits has been calculated on the estimated taxable profits at the rate of 15% (2021: 15%).

In April 2019, the China tax administration released a new tax incentive policy for corporates involved in environmental protection industry whereby the qualified corporates will be able to enjoy reduced corporate income tax rate of 15% (reducing from 25%) for the next 3 years with effect from years of assessment 2019 to 2021. In January 2022, the new tax incentive policy was extended for 2 years to 2023. The Group is qualified to benefit from this new tax incentive policy during the period ended 30 June 2022.

According to applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax. If a foreign investor is incorporated in Hong Kong and meets the conditions or requirements under the double taxation arrangement entered into between the Mainland China and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9 EARNINGS PER SHARE

### (a) Basic

The basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued during the period.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Profit attributable to the ordinary shareholders of the Company (HK\$'000)	<b>34,668</b>	57,928
Weighted average number of ordinary shares in issue (thousand)	<b>1,000,000</b>	1,000,000
Basic earnings per Share (HK\$)	<b>0.03</b>	0.06

### (b) Diluted

Diluted earnings per Share is the same as basic earnings per Share as there were no potential diluted ordinary shares outstanding as at 30 June 2022 and 2021.

## 10 DIVIDENDS

The Board declared an interim dividend of HK\$0.05 per ordinary Share of the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11 RECEIVABLE UNDER SERVICE CONCESSION ARRANGEMENT

The Group has entered into a service concession arrangement with the Grantor in the PRC under a transfer-operate-transfer (“**TOT**”) model in respect of its wastewater treatment services based on the TOT agreement dated September 2011 (the “**Service Concession Agreement**”). This service concession arrangement involves the Group as an operator (i) paying a specific amount for the wastewater treatment plants (collectively, the “**Facilities**”) for an arrangement under a TOT model; and (ii) operating and maintaining the Facilities at a specified level of serviceability on behalf of the relevant governmental authority for 30 years from September 2011, and the Group will be paid for its services over the service concession period at prices stipulated through a pricing mechanism as defined in the Service Concession Agreement.

The Group is generally entitled to use all the property, plant and equipment of the Facilities, however, the relevant governmental authority as the Grantor will control and regulate the scope of service that the Group must provide with the Facilities, and retain the beneficial entitlement to any residual interest in the Facilities at the end of the service concession period.

The service concession arrangement is governed by a contract and, where applicable, supplementary agreements entered into between the Group and the relevant governmental authority in the PRC that set out, inter alia, performance standards, mechanisms for adjusting prices for the services rendered by the Group, and specific obligations levied on the Group to restore the Facilities to a specified level of serviceability at the end of the service concession period and arrangements for arbitrating disputes.

As further explained in the accounting policy for “Service concession arrangement” set out in note 2.7 in the 2021 financial statements, the consideration paid by the Group for a service concession arrangement is accounted for as an intangible asset (service concession) or a financial asset (receivable under service concession arrangement) or a combination of both, as appropriate.

The service concession arrangement with the government authority is recognised as a combination of financial asset and intangible asset since the project had an unconditional contractual right to receive cash from the government authority based on the guaranteed wastewater treatment volume, and a right to charge the government authority on the additional wastewater treatment volume.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11 RECEIVABLE UNDER SERVICE CONCESSION ARRANGEMENT (CONTINUED)

On 14 July 2021, Yinchuan Municipal hosted a meeting with TYW, a wholly-owned and operating subsidiary of the Company, (the “**14 July 2021 Meeting**”). During the 14 July 2021 Meeting, TYW was informed by the representatives of Yinchuan Municipal, among others, that the wastewater influent to the Plant 1 shall be diverted to the Third Party Plant by 5 p.m. on 14 July 2021 for the Third Party Plant to perform testing and commissioning. The testing and commissioning of the Third Party Plant is tentatively set for 3 months ending on 14 October 2021 (the “**Transition Period**”). TYW shall not be allowed to dispose or change any of the facilities in the Plant 1 during the Transition Period.

During the Transition Period, Yinchuan Municipal shall continue to pay the wastewater treatment service fees to TYW for the wastewater influent which have been diverted to the Third Party Plant. Upon the completion of the testing and commissioning of the Third Party Plant, as well as obtaining the completion acceptance, the wastewater treatment service fees for the Plant 1 which were payable to TYW by Yinchuan Municipal have been discontinued on 14 October 2021.

Yinchuan Municipal had set up a committee and appointed an independent third party to verify the assets of Plant 1 and in the midst of finalising the compensation amount. A compensation, which the amount was estimated according to the calculation basis as set out in the concession agreement, would be entitled by the Group. With the Group’s agreement on Yinchuan Municipal’s proposal on closing down of Plant 1, the management has updated the expected future income generated from Plant 1 with the estimated compensation, which is classified in the non-current portion, under the concession agreement.

On 28 April 2022, the Group had a meeting with the committee and the vice mayor of Yinchuan city. The compensation amount is pending for approval.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11 RECEIVABLE UNDER SERVICE CONCESSION ARRANGEMENT (CONTINUED)

The following is the summarised information of the financial asset component (receivable under service concession arrangement) with respect to the Group's service concession arrangement:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Receivable under service concession arrangement		
— Current	<b>267,261</b>	267,451
— Non-current	<b>1,548,719</b>	1,637,683
	<b>1,815,980</b>	1,905,134

The collection of receivable under the service concession arrangement is closely monitored in order to minimise any credit risk associated with the receivables.

The receivable under the service concession arrangement are future billable receivables. They were mainly due from a governmental authority in the PRC, as the Grantor in respect of the Group's service concession arrangement. All of these financial assets are considered to have low credit risk as the counterparty has strong capability to meet its contractual cash flow obligations. Therefore, impairment provision was limited to twelve months expected losses and estimated to be minimal.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 12 TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Trade receivables	266,064	472,333
Other receivables	39,277	37,366
Prepayment	2,502	2,263
	<b>307,843</b>	511,962

In general, the Group agreed the credit periods with each customer individually. Aging analysis of gross trade receivables at the respective reporting dates, based on the invoice dates are as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
0-30 days	19,840	18,799
31-60 days	18,857	17,580
61-90 days	17,679	21,602
Over 90 days	209,688	414,352
	<b>266,064</b>	472,333

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13 SHARE CAPITAL

	Number of shares	Share capital HK\$'000
<b>Authorised</b>		
Ordinary shares of HK\$0.01 each		
At 31 December 2021 and 30 June 2022	10,000,000,000	100,000
<b>Issued and fully paid</b>		
At 31 December 2021 and 30 June 2022	1,000,000,000	10,000

## 14 BORROWINGS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Non-current		
Long-term borrowings — secured	537,748	579,109
Current		
Current portion of long-term borrowings — secured	53,110	34,284
Current portion of long-term borrowings — unsecured (note)	233,015	248,320
Short-term borrowings	12,416	19,508
	<b>836,289</b>	881,221

Note: Pursuant to the cessation of Plant 1 operations on 14 July 2021 and the closing down of Plant 1 after the transition period has ended on 14 October 2021, the Plant 1 loans (*non-current liabilities portion*) have been reclassified into current liabilities portion as the bank has the right to demand for early repayment of Plant 1 loans as per the bank loan agreements.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15 TRADE AND OTHER PAYABLES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Trade payables	39,856	79,845
Retention payables	30,015	33,523
Other payables and accruals	9,207	10,092
	<b>79,078</b>	123,460

The aging analysis of trade payables based on invoices dates is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
0–30 days	1,982	2,954
31–60 days	1,747	1,925
61–90 days	1,922	1,618
Over 90 days	34,205	73,348
	<b>39,856</b>	79,845

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16 RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Interim Financial Information, the Group had the following material related party transactions:

Name	Relationship	Six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Extra Sdn. Bhd.	Fellow subsidiary		
IT expenses from Extra Sdn. Bhd.		139	236

IT expenses were charged in accordance with the terms of the agreement.

# FINANCIAL SUMMARY 2017–2022

A summary of the results and assets and liabilities of our Group for the last five financial years from 2017 to 2021 and six months ended 30 June 2021 and 2022, as extracted from the Company's consolidated financial statements and the Prospectus, is set out below:

## RESULTS

	Interim results			Annual results			
	Six months ended 30 June			Year ended 31 December			
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000	2021 (Audited) HK\$'000	2020 (Audited) HK\$'000	2019 (Audited) HK\$'000	2018 (Audited) HK\$'000	2017 (Audited) HK\$'000
Revenue	105,788	132,270	248,536	304,978	515,401	492,505	366,381
Profit before tax	43,631	70,391	155,170	154,099	135,362	105,095	80,559
Income tax expense	(8,963)	(12,463)	(39,901)	(27,563)	(27,666)	(34,965)	(21,659)
Profit for the year attributable to:							
Owners of our Company	34,668	57,928	115,269	126,536	107,696	70,130	58,900
Non-controlling interests	–	–	–	–	–	134	(15)

## ASSETS AND LIABILITIES

	As at 30 June			As at 31 December		
	2022 (Unaudited) HK\$'000	2021 (Audited) HK\$'000	2020 (Audited) HK\$'000	2019 (Audited) HK\$'000	2018 (Audited) HK\$'000	2017 (Audited) HK\$'000
	Total assets	2,465,669	2,594,570	2,474,184	2,218,216	1,974,685
Total liabilities	1,081,423	1,180,526	1,218,413	1,158,260	1,004,706	1,593,555
Total equity	1,384,246	1,414,044	1,255,771	1,059,956	969,979	181,486

Comparative Figures of the results for the years ended 31 December 2017, 2018, 2019, 2020 and 2021, for the six months ended 30 June 2021, and assets and liabilities as at 31 December 2017, 2018, 2019, 2020 and 2021 have not been restated to reflect the impacts of the new standards, amendments to standards and interpretation adopted during the period.