CHINA EVERBRIGHT WATER LIMITED
中國光大水務有限公司

(Incorporated in Bermuda with limited liability)
(Hong Kong Stock Code: 1857)
(Singapore Stock Code: U9E)

ANNOUNCEMENT
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

HIGHLIGHTS

- Revenue increased by 5% to HK$2,485,366,000 (1HFY2018: HK$2,360,475,000)
- EBITDA increased by 6% to HK$830,769,000 (1HFY2018: HK$781,256,000)
- Profit before tax remained stable of HK$603,166,000 (1HFY2018: HK$600,958,000)
- Profit attributable to equity holders of the Company increased by 13% to HK$420,487,000 (1HFY2018: HK$370,737,000)
- Interim dividend of HK3.74 cents (equivalent to 0.65 Sing cents) per ordinary share (1HFY2018: 0.49 Sing cents per ordinary share)

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of China Everbright Water Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the second quarter and six months ended 30 June 2019 ("2QFY2019" and "1HFY2019" respectively), together with the comparative figures for the second quarter and six months ended 30 June 2018 ("2QFY2018" and "1HFY2018" respectively). The interim financial results are unaudited, but the interim financial results for the six months ended 30 June 2019 have been reviewed by Ernst & Young LLP, in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the International Auditing and Assurance Standards Board ("IAASB"). Ernst & Young LLP's report on review of the interim financial information is attached to the Appendix of this announcement. The report is unqualified, does not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report. The interim financial results have also been reviewed by the Company's Audit Committee.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the second quarter and six months ended 30 June 2019

	Notes	**2QFY2019 (Unaudited)** *HK$'000*	2QFY2018 (Unaudited) *HK$'000*	Increase/ (decrease) %	**1HFY2019 (Unaudited)** *HK$'000*	1HFY2018 (Unaudited) *HK$'000*	Increase/ (decrease) %
REVENUE	4	**1,171,908**	1,319,368	(11%)	**2,485,366**	2,360,475	5%
Direct costs and operating expenses		**(678,242)**	(892,945)	(24%)	**(1,565,281)**	(1,572,445)	–
Gross profit		**493,666**	426,423	16%	**920,085**	788,030	17%
Other income and gains, net	5	**17,653**	38,884	(55%)	**43,139**	73,315	(41%)
Administrative and other operating expenses		**(118,594)**	(74,712)	59%	**(193,319)**	(132,911)	45%
Finance income	6	**9,226**	2,919	216%	**13,439**	9,225	46%
Finance costs	6	**(88,516)**	(71,022)	25%	**(179,266)**	(135,643)	32%
Share of profits and losses of associates		**(2,157)**	(1,781)	21%	**(912)**	(1,058)	(14%)
PROFIT BEFORE TAX	7	**311,278**	320,711	(3%)	**603,166**	600,958	–
Income tax	8	**(75,410)**	(111,046)	(32%)	**(154,432)**	(200,186)	(23%)
PROFIT FOR THE PERIOD		**235,868**	209,665	12%	**448,734**	400,772	12%
OTHER COMPREHENSIVE INCOME							
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:							
Exchange differences on translation of foreign operations		**(56,697)**	(21,276)	166%	**(18,122)**	(7,099)	155%
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:							
Exchange differences on translation of the Company's financial statements into the presentation currency		**(322,430)**	(184,678)	75%	**(51,302)**	263,010	(120%)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		**(379,127)**	(205,954)	84%	**(69,424)**	255,911	(127%)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(143,259)**	3,711	NM	**379,310**	656,683	(42%)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

For the second quarter and six months ended 30 June 2019

	Notes	**2QFY2019 (Unaudited)** *HK$'000*	2QFY2018 (Unaudited) *HK$'000*	Increase/ (decrease) %	**1HFY2019 (Unaudited)** *HK$'000*	1HFY2018 (Unaudited) *HK$'000*	Increase/ (decrease) %
PROFIT ATTRIBUTABLE TO:							
Equity holders of the Company		**214,136**	192,618	11%	**420,487**	370,737	13%
Non-controlling interests		**21,732**	17,047	27%	**28,247**	30,035	(6%)
		235,868	209,665	12%	**448,734**	400,772	12%
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:							
Equity holders of the Company		**(142,710)**	(2,491)	NM	**354,696**	609,531	(42%)
Non-controlling interests		**(549)**	6,202	(109%)	**24,614**	47,152	(48%)
		(143,259)	3,711	NM	**379,310**	656,683	(42%)
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*10*						
– Basic and diluted		**HK7.80 cents**	HK7.33 cents	6%	**HK15.51 cents**	HK14.11 cents	10%

NM – Not meaningful

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2019

		Group		Company	
		30 June 2019	31 December 2018	**30 June 2019**	31 December 2018
		(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment		**144,831**	144,779	**15**	18
Right-of-use assets		**27,891**	–	**–**	–
Prepaid land lease payments		**–**	5,372	**–**	–
		172,722	150,151	**15**	18
Goodwill		**1,237,502**	1,242,713	**–**	–
Intangible assets		**1,624,969**	1,536,169	**–**	–
Interests in subsidiaries		**–**	–	**10,167,953**	10,741,587
Interests in associates		**2,189**	3,011	**–**	–
Contract assets	*11*	**12,657,115**	11,727,822	**–**	–
Other financial assets		**439,940**	–	**412,442**	–
Trade and other receivables	*12*	**137,396**	159,259	**–**	–
Total non-current assets		**16,271,833**	14,819,125	**10,580,410**	10,741,605
CURRENT ASSETS					
Inventories		**88,421**	40,436	**–**	–
Contract assets	*11*	**1,428,092**	1,424,161	**–**	–
Trade and other receivables	*12*	**1,435,398**	1,025,044	**4,720,003**	3,663,426
Fixed deposits with maturity period of over three months	*13*	**255,305**	547,050	**–**	–
Cash and cash equivalents	*14*	**1,809,022**	1,728,573	**375,179**	31,661
Total current assets		**5,016,238**	4,765,264	**5,095,182**	3,695,087

STATEMENTS OF FINANCIAL POSITION *(continued)*

As at 30 June 2019

		Group		Company	
		30 June 2019 (Unaudited)	31 December 2018 (Audited)	**30 June 2019 (Unaudited)**	31 December 2018 (Audited)
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
CURRENT LIABILITIES					
Trade and other payables	*15*	**2,010,890**	1,895,095	**180,446**	102,001
Borrowings		**1,290,402**	2,160,400	**876,175**	1,053,319
Lease liabilities		**8,842**	–	**–**	–
Tax payable		**49,719**	45,083	**–**	–
Total current liabilities		**3,359,853**	4,100,578	**1,056,621**	1,155,320
NET CURRENT ASSETS		**1,656,385**	664,686	**4,038,561**	2,539,767
TOTAL ASSETS LESS CURRENT LIABILITIES		**17,928,218**	15,483,811	**14,618,971**	13,281,372
NON-CURRENT LIABILITIES					
Borrowings		**7,110,347**	5,440,376	**4,544,099**	3,511,586
Lease liabilities		**13,949**	–	**–**	–
Deferred tax liabilities		**1,441,793**	1,379,738	**–**	–
Total non-current liabilities		**8,566,089**	6,820,114	**4,544,099**	3,511,586
NET ASSETS		**9,362,129**	8,663,697	**10,074,872**	9,769,786
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	*16*	**2,812,531**	2,676,062	**2,812,531**	2,676,062
Reserves		**5,814,966**	5,307,128	**7,262,341**	7,093,724
		8,627,497	7,983,190	**10,074,872**	9,769,786
Non-controlling interests		**734,632**	680,507	**–**	–
TOTAL EQUITY		**9,362,129**	8,663,697	**10,074,872**	9,769,786

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the second quarter and six months ended 30 June 2019

	Attributable to equity holders of the Company									
	Share capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Foreign currency translation reserve (Unaudited) *HK$'000*	Statutory reserve (Unaudited) *HK$'000*	Contributed surplus reserve (Unaudited) *HK$'000*	Other reserves (Unaudited) *HK$'000*	Retained earnings (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
Group										
At 1 January 2019	2,676,062	1,333,181	(502,623)	300,386	1,229,302	(2,181)	2,949,063	7,983,190	680,507	8,663,697
Profit for the period	–	–	–	–	–	–	206,351	206,351	6,515	212,866
Foreign currency translation differences	–	–	291,055	–	–	–	–	291,055	18,648	309,703
At 31 March 2019	2,676,062	1,333,181	(211,568)	300,386	1,229,302	(2,181)	3,155,414	8,480,596	705,670	9,186,266
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**214,136**	**214,136**	**21,732**	**235,868**
Foreign currency translation differences	**-**	**-**	**(356,846)**	**-**	**-**	**-**	**-**	**(356,846)**	**(22,281)**	**(379,127)**
2018 final dividend declared	**-**	**-**	**-**	**-**	**-**	**-**	**(77,476)**	**(77,476)**	**-**	**(77,476)**
Issue of shares under global offering	**103,970**	**206,900**	**-**	**-**	**-**	**-**	**-**	**310,870**	**-**	**310,870**
Share issue expenses in relation to global offering	**-**	**(11,643)**	**-**	**-**	**-**	**-**	**-**	**(11,643)**	**-**	**(11,643)**
Issue of shares pursuant to scrip dividend scheme *(Note)*	**32,499**	**35,533**	**-**	**-**	**-**	**-**	**-**	**68,032**	**-**	**68,032**
Share issue expenses in relation to scrip dividend scheme	**-**	**(172)**	**-**	**-**	**-**	**-**	**-**	**(172)**	**-**	**(172)**
Capital contribution from a non-controlling shareholder of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**29,511**	**29,511**
At 30 June 2019	**2,812,531**	**1,563,799**	**(568,414)**	**300,386**	**1,229,302**	**(2,181)**	**3,292,074**	**8,627,497**	**734,632**	**9,362,129**

Note: During the 1HFY2019, the Company allotted and issued 32,498,492 new ordinary shares to the shareholders of the Company (the "Shareholders") who had elected to participate in the scrip dividend scheme.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

For the second quarter and six months ended 30 June 2019

	Attributable to equity holders of the Company									
	Share capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Foreign currency translation reserve (Unaudited) *HK$'000*	Statutory reserve (Unaudited) *HK$'000*	Contributed surplus reserve (Unaudited) *HK$'000*	Other reserves (Unaudited) *HK$'000*	Retained earnings (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
Group										
At 1 January 2018										
Originally stated	2,625,642	1,266,248	(22,051)	200,799	1,229,302	(2,181)	2,559,424	7,857,183	684,622	8,541,805
Effect on adoption of International Financial Reporting Standard 9	–	–	–	–	–	–	(35,669)	(35,669)	–	(35,669)
At 1 January 2018 (restated)	2,625,642	1,266,248	(22,051)	200,799	1,229,302	(2,181)	2,523,755	7,821,514	684,622	8,506,136
Profit for the period	–	–	–	–	–	–	178,119	178,119	12,988	191,107
Foreign currency translation differences	–	–	433,903	–	–	–	–	433,903	27,962	461,865
Capital contribution from a non- controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	192	192
At 31 March 2018	2,625,642	1,266,248	411,852	200,799	1,229,302	(2,181)	2,701,874	8,433,536	725,764	9,159,300
Profit for the period	–	–	–	–	–	–	192,618	192,618	17,047	209,665
Foreign currency translation differences	–	–	(195,109)	–	–	–	–	(195,109)	(10,845)	(205,954)
2017 final dividend declared	–	–	–	–	–	–	(76,920)	(76,920)	–	(76,920)
Issue of shares pursuant to scrip dividend scheme *(Note)*	24,411	35,657	–	–	–	–	–	60,068	–	60,068
Share issue expenses in relation to scrip dividend scheme	–	(176)	–	–	–	–	–	(176)	–	(176)
Dividend paid to a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	(6,184)	(6,184)
At 30 June 2018	2,650,053	1,301,729	216,743	200,799	1,229,302	(2,181)	2,817,572	8,414,017	725,782	9,139,799

Note: During the 1HFY2018, the Company allotted and issued 24,411,431 new ordinary shares to the Shareholders who had elected to participate in the scrip dividend scheme.

STATEMENT OF CHANGES IN EQUITY

For the second quarter and six months ended 30 June 2019

	Share capital (Unaudited) *HK$'000*	Share premium (Unaudited) *HK$'000*	Foreign currency translation reserve (Unaudited) *HK$'000*	Contributed surplus reserve (Unaudited) *HK$'000*	Other reserves (Unaudited) *HK$'000*	Retained earnings (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
Company							
At 1 January 2019	2,676,062	123,131	(934,538)	7,639,082	64,953	201,096	9,769,786
Loss for the period	–	–	–	–	–	(58,558)	(58,558)
Foreign currency translation differences	–	–	271,128	–	–	–	271,128
At 31 March 2019	2,676,062	123,131	(663,410)	7,639,082	64,953	142,538	9,982,356
Profit for the period	**–**	**–**	**–**	**–**	**–**	**125,335**	**125,335**
Foreign currency translation differences	**–**	**–**	**(322,430)**	**–**	**–**	**–**	**(322,430)**
2018 final dividend declared	**–**	**–**	**–**	**–**	**–**	**(77,476)**	**(77,476)**
Issue of shares under global offering	**103,970**	**206,900**	**–**	**–**	**–**	**–**	**310,870**
Share issue expenses in relation to global offering	**–**	**(11,643)**	**–**	**–**	**–**	**–**	**(11,643)**
Issue of shares pursuant to scrip dividend scheme	**32,499**	**35,533**	**–**	**–**	**–**	**–**	**68,032**
Share issue expenses in relation to scrip dividend scheme	**–**	**(172)**	**–**	**–**	**–**	**–**	**(172)**
At 30 June 2019	**2,812,531**	**353,749**	**(985,840)**	**7,639,082**	**64,953**	**190,397**	**10,074,872**
At 1 January 2018	2,625,642	56,198	(492,810)	7,639,082	64,953	79,382	9,972,447
Loss for the period	–	–	–	–	–	(45,363)	(45,363)
Foreign currency translation differences	–	–	447,688	–	–	–	447,688
At 31 March 2018	2,625,642	56,198	(45,122)	7,639,082	64,953	34,019	10,374,772
Profit for the period	–	–	–	–	–	214,442	214,442
Foreign currency translation differences	–	–	(184,678)	–	–	–	(184,678)
2017 final dividend declared	–	–	–	–	–	(76,920)	(76,920)
Issue of shares pursuant to scrip dividend scheme	24,411	35,657	–	–	–	–	60,068
Share issue expenses in relation to scrip dividend scheme	–	(176)	–	–	–	–	(176)
At 30 June 2018	2,650,053	91,679	(229,800)	7,639,082	64,953	171,541	10,387,508

CONSOLIDATED STATEMENT OF CASH FLOWS

For the second quarter and six months ended 30 June 2019

	2QFY2019 (Unaudited) *HK$'000*	2QFY2018 (Unaudited) *HK$'000*	**1HFY2019 (Unaudited) *HK$'000***	1HFY2018 (Unaudited) *HK$'000*
Cash flows from operating activities				
Profit before tax	**311,278**	320,711	**603,166**	600,958
Adjustments for:				
Depreciation of property, plant and equipment	**4,533**	3,951	**8,732**	8,622
Depreciation of right-of-use assets	**2,158**	–	**2,245**	–
Amortisation of prepaid land lease payments	**–**	93	**–**	185
Amortisation of intangible assets	**18,701**	14,857	**37,360**	35,848
Loss on disposal of property, plant and equipment	**–**	346	**–**	346
Finance costs	**88,516**	71,022	**179,266**	135,643
Interest income	**(9,226)**	(2,919)	**(13,439)**	(9,225)
Share of profits and losses of associates	**2,157**	1,781	**912**	1,058
Fair value adjustment of contingent consideration receivable	**(727)**	–	**(727)**	–
Fair value changes of other financial assets, net	**3,456**	–	**3,456**	–
Provision for impairment of trade receivables	**110**	2,865	**1,997**	2,865
Effect of foreign exchange rates changes, net	**214**	(3,519)	**(9,586)**	(13,826)
Operating cash flows before working capital changes	**421,170**	409,188	**813,382**	762,474
Changes in working capital:				
(Increase)/decrease in inventories	**(7,060)**	7,752	**(49,050)**	(15,612)
Increase in contract assets	**(462,033)**	(662,383)	**(1,007,158)**	(987,274)
(Increase)/decrease in trade and other receivables	**(232,038)**	32,630	**(397,833)**	(327,877)
Increase/(decrease) in trade and other payables	**116,537**	271,319	**96,057**	(77,288)
Cash (used in)/generated from operations	**(163,424)**	58,506	**(544,602)**	(645,577)
People's Republic of China ("PRC") income tax paid	**(45,775)**	(43,251)	**(80,149)**	(85,460)
Net cash flows (used in)/generated from operating activities	**(209,199)**	15,255	**(624,751)**	(731,037)

CONSOLIDATED STATEMENT OF CASH FLOW *(continued)*

For the second quarter and six months ended 30 June 2019

	2QFY2019 (Unaudited) *HK$'000*	2QFY2018 (Unaudited) *HK$'000*	**1HFY2019 (Unaudited) *HK$'000***	1HFY2018 (Unaudited) *HK$'000*
Cash flows from investing activities				
Payment for acquisition of subsidiaries, net of cash acquired	**–**	(6,521)	**–**	(6,521)
Purchase of items of property, plant and equipment	**(2,153)**	(2,053)	**(9,409)**	(5,092)
Payment for additions of intangible assets	**(29,514)**	(131,884)	**(134,844)**	(157,431)
(Increase)/decrease in amounts due from an associate	**(164)**	7,607	**(4,373)**	–
Increase in other financial assets	**(451,563)**	–	**(451,563)**	–
Decrease in fixed deposits with maturity period of over three months and restricted balances in financial institutions	**57,635**	49,657	**293,102**	183,915
Interest received	**9,226**	2,919	**13,439**	9,225
Net cash flows (used in)/generated from investing activities	**(416,533)**	(80,275)	**(293,648)**	24,096
Cash flows from financing activities				
Proceeds from issue of shares under global offering	**310,870**	–	**310,870**	–
Payment for listing expenses	**(11,643)**	–	**(11,643)**	–
Capital contribution from a non-controlling shareholder of a subsidiary	**29,511**	–	**29,511**	192
Increase/(decrease) in amounts due to intermediate holding companies	**394**	(4)	**394**	–
Decrease in amounts due to fellow subsidiaries	**–**	(3)	**–**	–
Proceeds from the issuance of corporate bonds, net of related expenses paid	**–**	–	**804,235**	–
New bank loans	**798,655**	1,108,567	**1,887,440**	1,529,643
Repayments of bank and other loans	**(720,174)**	(698,499)	**(1,869,738)**	(1,159,825)
Interest paid	**(54,691)**	(44,873)	**(122,117)**	(106,427)
Principal elements of lease payments	**(1,989)**	–	**(1,989)**	–
Interest elements of lease payments	**(250)**	–	**(250)**	–
Increase in pledged bank deposits	**–**	–	**(9)**	–
Dividend paid to shareholders of the Company	**(8,675)**	(15,166)	**(8,675)**	(15,166)
Share issue expenses in relation to scrip dividend scheme	**(172)**	(176)	**(172)**	(176)
Dividend paid to a non-controlling shareholder of a subsidiary	**(28,990)**	(6,184)	**(28,990)**	(6,184)
Net cash flows generated from financing activities	**312,846**	343,662	**988,867**	242,057
Net (decrease)/increase in cash and cash equivalents	**(312,886)**	278,642	**70,468**	(464,884)
Cash and cash equivalents at beginning of the period	**2,137,171**	1,410,530	**1,706,871**	2,074,414
Effect of exchange rate fluctuations on cash and cash equivalents, net	**(38,246)**	(22,570)	**8,700**	57,072
Cash and cash equivalents at end of the period	**1,786,039**	1,666,602	**1,786,039**	1,666,602

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard ("IAS") 34 "*Interim Financial Reporting*" issued by the International Accounting Standards Board ("IASB"), the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "SEHK") (the "HK Listing Rules") and Rule 705(2) of the Listing Manual (the "SGX Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX").

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim financial information are consistent with those adopted in the annual financial statements for the year ended 31 December 2018 except for the changes in accounting policies made thereafter in adopting the new and revised International Financial Reporting Standards ("IFRSs") issued by the IASB, which became effective for the first time for the current period's financial information, as further detailed in note 2 below. The unaudited interim financial information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with IFRSs.

The financial information relating to the year ended 31 December 2018 that is included in this unaudited interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 *Leases* that requires restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have a significant impact on the interim condensed consolidated financial statements of the Group.

IFRS 16 *Leases*

IFRS 16 supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is of low value ("low-value assets").

The Group's prepaid land lease payments represent right-of-use assets under IFRS 16. These were classified as right-of-use assets as at 1 January 2019.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP *(continued)*

IFRS 16 *Leases* *(continued)*

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of comprehensive income on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under "Prepayments" and "Trade and other payables", respectively.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 was applied to these leases from 1 January 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP *(continued)*

IFRS 16 *Leases* *(continued)*

a) Nature of the effect of adoption of IFRS 16 *(continued)*

Based on the foregoing, as at 1 January 2019:

- No right-of-use assets were recognised and presented separately in the statement of financial position.

- No additional lease liabilities were recognised.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018 as follows:

	HK$'000
Operating lease commitments as at 31 December 2018	10,678
Weighted average incremental borrowing rate as at 1 January 2019	4.56%
Discounted operating lease commitments at 1 January 2019	9,315
Less:	
Commitments relating to short-term leases	(9,315)
Lease liabilities as at 1 January 2019	–

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

- Right-of-use assets

  The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP *(continued)*

IFRS 16 *Leases* *(continued)*

b) Summary of new accounting policies *(continued)*

- Lease liabilities

  At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

  In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

- Short-term leases and leases of low-value assets

  The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this financial statements.

Amendments to IFRS 3	*Definition of a Business*[4]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 No mandatory effective date yet determined but available for adoption

4 Effective for business combination for which the acquisition date is on or after 1 January 2020 and to asset acquisition that occurs on or after the beginning of that period.

3. OPERATING SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Company's senior management and the Board for the purpose of resource allocation and performance assessment.

The Group operates in a single business segment which is the water environment management business in the PRC. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expense, interest-bearing borrowings and related expenses and income and deferred taxes. No operating segments have been aggregated to form the following reportable operating segment.

Business segment

There is only one operating segment as the Group's operations related to water environment management for the six months ended 30 June 2019 and 2018:

- Water environment management – Engage in municipal waste water treatment, industrial waste water treatment, water supply, reusable water, sludge harmless treatment, sponge city construction, river-basin ecological restoration, waste water source heat pump, leachate treatment, research and development of water environment technologies and engineering construction.

Geographical information

All of the Group's revenues are derived from the Group's operations in the PRC. All non-current assets are located in the PRC.

Major customers

	1HFY2019	1HFY2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Customer 1**	**618,367**	627,502
Customer 2**	**N/A***	262,000

* The corresponding revenues from these customers are not disclosed as the revenue individually did not account for 10% or more of the Group's revenue.

** The customers are local government authorities.

4. REVENUE

	1HFY2019 (Unaudited) *HK$'000*	1HFY2018 (Unaudited) *HK$'000*
Construction service revenue from service concession arrangements	**1,324,147**	1,241,194
Finance income from service concession arrangements	**391,823**	382,722
Operation income from service concession arrangements	**697,023**	601,076
Operation income from reusable water supply services	**15,716**	15,403
Construction contract revenue and technical service income	**56,657**	120,080
	2,485,366	2,360,475
Timing of revenue recognition:		
At a point in time	**15,716**	15,403
Over time	**2,077,827**	1,962,350
	2,093,543	1,977,753
Finance income from service concession arrangements	**391,823**	382,722
	2,485,366	2,360,475

The aggregated revenues from construction services, operation income and finance income derived from the local government authorities in the PRC amounted to HK$2,396,552,000 and HK$2,206,214,000 for the six months ended 30 June 2019 and 2018, respectively.

5. OTHER INCOME AND GAINS, NET

	1HFY2019 (Unaudited) *HK$'000*	1HFY2018 (Unaudited) *HK$'000*
Government grants	**12,174**	7,950
Value-added tax ("VAT") refunds	**30,309**	60,822
Fair value gain/(loss), net:		
Contingent consideration receivable	**727**	–
Other financial assets – unlisted investment	**(3,814)**	–
Other financial assets – unlisted equity investment	**358**	–
Sundry income	**3,385**	4,543
	43,139	73,315

6. NET FINANCE COSTS

	1HFY2019	1HFY2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Finance income		
Interest income on bank deposits	**13,439**	9,225
Finance costs		
Interest expense on:		
Bank and other loans	**(118,290)**	(107,978)
Corporate bonds	**(60,726)**	(27,665)
Lease liabilities	**(250)**	–
	(179,266)	(135,643)
Net finance costs	**(165,827)**	(126,418)

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	1HFY2019	1HFY2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation		
– property, plant and equipment	**8,732**	8,622
– right-of-use assets	**2,245**	–
Amortisation		
– prepaid land lease payments	**–**	185
– intangible assets	**37,360**	35,848
Loss on disposals of property, plant and equipment	**–**	346
Cost of construction services from service concession arrangements	**983,466**	1,042,926
Research and development costs	**13,231**	10,057
Rental expense from short-term leases	**3,329**	5,093
Impairment of trade receivables	**1,997**	2,865
Foreign exchange differences, net	**6,283**	(11,264)
Listing expenses	**19,065**	11,933
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**85,100**	76,547
Defined contribution plans	**28,507**	23,972
Welfare and other benefits	**15,364**	10,642
	128,971	111,161

8. INCOME TAX

No provision for Singapore and Hong Kong income tax was made as the Group did not earn any income subject to Singapore and Hong Kong income tax during the six months ended 30 June 2019 and 2018.

Tax for the PRC operations is charged at the statutory rate of 25% of the assessable profits under tax rules and regulations in the PRC. During the six months ended 30 June 2019, certain PRC subsidiaries are subject to a preferential tax rate of 15% under the relevant tax rules and regulations. During the six months ended 30 June 2019 and 2018, certain PRC subsidiaries are subject to tax at 50% of the standard rates or fully exempted from income tax under the relevant tax rules and regulations.

	1HFY2019	1HFY2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – PRC:		
Charge for the period	**86,593**	84,699
(Overprovision)/underprovision in prior years	**(1,528)**	4,427
Deferred	**69,367**	111,060
Total tax expense for the period	**154,432**	200,186

9. DIVIDENDS

	1HFY2019	1HFY2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividends attributable to the period:		
Interim – HK3.74 cents (equivalent to 0.65 Singapore cents ("Sing cents")) (1HFY2018: 0.49 Sing cents) per ordinary share	**105,122**	74,644
Dividends paid during the period:		
Final in respect of the previous financial year – 0.50 Sing cents (1HFY2018: 0.49 Sing cents) per ordinary share	**77,476**	76,920

10. EARNINGS PER SHARE

The calculation of the basic earnings per share amount is based on the Group's profit for the period attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the period.

	1HFY2019	1HFY2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period attributable to equity holders of the Company	**420,487**	370,737
	'000	*'000*
Weighted average number of ordinary shares in issue during the period	**2,711,232**	2,626,856
	HK cents	*HK cents*
Basic and diluted earnings per share	**15.51**	14.11

11. CONTRACT ASSETS

	At 30 June 2019	At 31 December 2018
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Non-current	**12,657,115**	11,727,822
Current	**1,428,092**	1,424,161

Included in "contract assets" as at 30 June 2019 and 31 December 2018 are amounts of HK$566,366,000 and HK$582,215,000, respectively, which are due from a non-controlling shareholder of a non wholly-owned subsidiary, and amounts of HK$682,164,000 and HK$603,995,000, respectively, which are due from a related company.

Contract assets as at 30 June 2019 and 31 December 2018 totalling HK$14,085,207,000 and HK$13,151,983,000, respectively, bear interest at rates ranging from 4.90% to 7.83% and 4.90% to 7.83%, respectively, per annum. As at 30 June 2019 and 31 December 2018, HK$7,749,057,000 and HK$5,443,224,000, respectively, related to the service concession arrangements with operation commenced. The amounts for the service concession arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the service concession arrangements. Amounts billed will be transferred to trade receivables (note 12). No impairment loss was recognised by the Group at 30 June 2019 and 31 December 2018 in respect of the contract assets.

12. TRADE AND OTHER RECEIVABLES

Group

	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
Non-current		
Trade receivables	**26,546**	50,216
VAT receivable	**95,371**	92,341
Other receivables	**7,336**	10,518
Amount due from an associate	**8,143**	4,029
	137,396	157,104
Contingent consideration receivable	**–**	2,155
	137,396	159,259
Current		
Trade receivables	**873,806**	720,953
Less: Impairment	**(51,637)**	(49,888)
	822,169	671,065
VAT receivable	**144,717**	131,658
Other receivables and sundry deposits	**134,550**	90,918
Prepayments	**324,744**	125,017
	1,426,180	1,018,658
Contingent consideration receivable	**9,218**	6,386
	1,435,398	1,025,044
Total	**1,572,794**	1,184,303

12. TRADE AND OTHER RECEIVABLES *(continued)*

The movements in provision for impairment of trade receivables are as follows:

	At 30 June 2019 (Unaudited) ***HK$'000***	At 31 December 2018 (Audited) *HK$'000*
At the beginning of the period/year	**49,888**	–
Effect on adoption of IFRS 9	**–**	35,669
Impairment losses recognised (note 7)	**1,997**	16,664
Exchange realignment	**(248)**	(2,445)
At the end of the period/year	**51,637**	49,888

The ageing analysis of trade receivables, based on the date of invoice (or date of revenue recognition, if earlier) and net of provision, as at the end of the reporting period is as follows:

Group

	At 30 June 2019 (Unaudited) ***HK$'000***	At 31 December 2018 (Audited) *HK$'000*
Within 1 month	**308,099**	295,894
More than 1 month but within 2 months	**90,313**	67,763
More than 2 months but within 4 months	**108,001**	67,071
More than 4 months but within 7 months	**136,249**	147,661
More than 7 months but within 13 months	**118,668**	53,203
More than 13 months	**87,385**	89,689
	848,715	721,281

Included in "Trade and other receivables" of the Group as at 30 June 2019 and 31 December 2018 were trade receivables of HK$848,715,000 and HK$721,281,000, respectively, of which HK$81,431,000 and HK$148,663,000, respectively, are due from a non-controlling shareholder of a non wholly-owned subsidiary, HK$11,434,000 and HK$10,612,000, respectively, are due from a related company, HK$59,000,000 and HK$51,960,000, respectively, are due from fellow subsidiaries.

13. FIXED DEPOSITS WITH MATURITY PERIOD OF OVER THREE MONTHS

Group

	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
Pledged bank deposits	**234,945**	547,050
Fixed deposits	**20,360**	–
	255,305	547,050

Deposits with banks with original maturity of more than three months are not included in cash and cash equivalents.

As at 30 June 2019 and 31 December 2018, bank deposits were pledged to secure certain bank and other loans of the Group.

Pledged bank deposits earn interest at the respective time deposit rates, and are deposited with a creditworthy bank with no recent history of default.

As at 30 June 2019, the fixed deposit of RMB18,000,000 (equivalent to approximately HK$20,360,000) had a maturity period of 180 days from the date of acquisition, of which RMB12,000,000 carried the expected rate of return at 1.82% and RMB6,000,000 carried the expected rate of return at 1.55% per annum. The balance was principal-protected and the Group would redeem such deposit in August 2019.

14. CASH AND CASH EQUIVALENTS

Group

	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
Cash on hand and bank balances	**1,786,039**	1,706,871
Pledged bank deposits	**22,983**	21,702
	1,809,022	1,728,573

As at 30 June 2019 and 31 December 2018, the pledged bank deposits are pledged to banks for the issuance of guarantees by the banks to the grantors in respect of the specific performance duties by the Group under certain service concession agreements.

Included in "Cash and cash equivalents" of the Group as at 30 June 2019 and 31 December 2018 are deposits of HK$10,486,000 and HK$6,926,000, respectively, placed with a related party bank, which is a fellow subsidiary of the Company.

15. TRADE AND OTHER PAYABLES

Group

	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
Trade payables	**1,605,515**	1,472,377
Amounts due to intermediate holding companies	**398**	4
Dividend payable to a non-controlling shareholder of a non wholly-owned subsidiary	**–**	28,583
Interest payable	**120,822**	64,776
Payable for acquisition	**9,275**	14,994
Tax payables	**31,758**	42,541
Other creditors and accrued expenses	**243,122**	271,820
	2,010,890	1,895,095

Included in "Trade and other payables" are trade payables with the following ageing analysis based on the date of invoice as at the end of the reporting period:

Group

	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
Within 6 months	**1,393,391**	1,219,776
Over 6 months	**212,124**	252,601
	1,605,515	1,472,377

15. TRADE AND OTHER PAYABLES *(continued)*

Trade payables totalling HK$1,321,630,000 and HK$1,231,468,000 as at 30 June 2019 and 31 December 2018 represent construction payables for the Group's Build-Operate-Transfer arrangements. The construction payables are not yet due for payment.

Included in "Trade payables" of the Group as at 30 June 2019 and 31 December 2018 are trade payables of HK$1,697,000 and HK$1,136,000, respectively, due to a non-controlling shareholder of a non wholly-owned subsidiary, which are unsecured, interest free and repayable on credit terms similar to those offered by the non-controlling shareholder to its major customers.

Included in "Trade payables" of the Group as at 30 June 2019 and 31 December 2018 are trade payables of HK$8,464,000 and HK$6,940,000, respectively, due to an associate, which are unsecured, interest free and repayable on credit terms similar to those offered by the associate to its major customers.

Included in "Other creditors and accrued expenses" of the Group as at 30 June 2019 and 31 December 2018 is a guarantee deposit of HK$14,213,000 and HK$14,230,000, respectively, from a former director of a subsidiary.

The amounts due to intermediate holding companies of the Group as at 30 June 2019 and 31 December 2018 are unsecured, interest free and repayable on demand.

16. SHARE CAPITAL

Group and Company

	At 30 June 2019 (Unaudited) ***HK$'000***	At 31 December 2018 (Audited) *HK$'000*
Authorised:		
10,000,000,000 ordinary shares of HK$1 each	**10,000,000**	10,000,000
Issued and fully paid:		
2,812,530,678 and 2,676,062,186 ordinary shares of HK$1 each	**2,812,531**	2,676,062

	No. of shares *'000*	**Amount** *HK$'000*
Issued and fully paid:		
At 31 December 2018 and 1 January 2019 (audited)	2,676,062	2,676,062
Issue of shares under global offering *(Note (a))*	103,970	103,970
Issue of shares pursuant to scrip dividend scheme *(Note (b))*	32,499	32,499
At 30 June 2019 (unaudited)	2,812,531	2,812,531

16. SHARE CAPITAL *(continued)*

Notes:

(a) The Company completed its global offering by issuing 10,398,000 new ordinary shares with par value of HK$1 each for Hong Kong public offer on 7 May 2019 and 93,572,000 new ordinary shares with par value of HK$1 each for international offer on 8 May 2019, respectively. The offer price of these new ordinary shares was HK$2.99 per share. Since then, these new ordinary shares issued under the global offering have been listed on the Main Board of SEHK on 8 May 2019.

The total gross proceeds from the global offering amounted to approximately HK$310,870,000, among which HK$103,970,000 was credited to share capital and HK$206,900,000 was credited to share premium, net of share issue expenses of HK$11,643,000.

(b) The Company declared a final dividend of 0.50 Sing cents per ordinary share for the financial year ended 31 December 2018. According to the result of an election between a cash dividend and a scrip dividend by the Shareholders, the Company allotted and issued 32,498,492 new ordinary shares to the Shareholders who had elected to participate in the scrip dividend scheme with approximately HK$32,498,000 credited to share capital and HK$35,533,000 credited to share premium, net of share issue expenses of SGD30,000 (equivalent to approximately HK$172,000).

17. EVENT AFTER THE REPORTING PERIOD

On 2 July 2019, the Company entered into an agreement with the Tongliao Economic and Technological Development Zone Management Committee relating to the Inner Mongolia Tongliao Development Zone Waste Water Treatment Project ("Tongliao Project") Upgrading and Expansion. The total investment amount of the Tongliao Project Upgrading and Expansion is expected to be approximately RMB169.4 million.

BUSINESS REVIEW AND PROSPECTS

OPERATING RESULTS

In the 1HFY2019, despite the complicated and changing internal and external conditions, as well as downward pressure on the economy, the Chinese economy maintained momentum towards steady growth and stable progress. Since 2019, China has established a fundamental policy regime for the environmental protection industry and developed a regulatory framework that becomes increasingly stringent. The launch of various environmental protection policies in the 1HFY2019 has emphasised again the priorities of several key tasks in the area of water environment management. The said key tasks include accelerating the treatment of black and odorous water bodies, facilitating the integrated treatment of major basins and nearshore waters, and boosting the construction of urban waste water pipeline network and treatment facilities. Such policies, complemented by regular enforcement, have created both opportunities and challenges for the industry to seek optimisation and upgrading, as well as to improve its standards and efficiencies.

As an environmental protection company focusing on water environment management, the Group adheres to its corporate mission of being "Devoted to Ecology and Environment for a Beautiful China", and abides by its core value of "Creating Better Investment Value and Undertaking More Social Responsibility". In the meantime, the Group has been closely following relevant national strategic planning and its "Innovation-driven Development" ethos, while adopting a sustainable operating model that "Takes Quality as the Top Mission and Keeps Efficiency as the Priority with Support by Scale". The Group is principally engaged in municipal waste water treatment, industrial waste water treatment, sludge harmless treatment, water supply, reusable water, water environment treatment, waste water source heat pump, research and development ("R&D") of water technologies, and engineering and construction, etc.

As at 30 June 2019, the Group had secured 121 environmental protection projects, with a total investment of approximately RMB22.416 billion. Among these projects, 91 projects completed construction and commenced operation, with a total investment of approximately RMB11.579 billion; 1 project completed construction, with an investment of approximately RMB38 million; 8 projects were under construction, with a total investment of approximately RMB3.525 billion; and 21 projects were in the preparatory stage, with a total investment of approximately RMB7.274 billion. In addition, the Group undertook 2 engineering, procurement and construction ("EPC") projects and 1 operations and maintenance ("O&M") project, with a total contract value of approximately RMB146 million.

In the 1HFY2019, the Group continued riding through the challenging macro and market environment. It maintained sound development momentum and achieved steady operating results, focusing on water environment management, integrated utilisation of water resources and comprehensive protection of water ecology. With its strengths, the Group once again ranked among the Top 10 Most Influential Enterprises in China's Water Industry. On 8 May 2019, the Company was successfully listed on the Main Board of SEHK, achieving dual listing status in Singapore and Hong Kong (the "Dual Primary Listing"). The Dual Primary Listing status will help the Company to attract different investors, broaden its Shareholder base, and contribute to its long-term growth.

In terms of operating results, the Group's revenue and profit recorded steady growth in the 1HFY2019. During the 1HFY2019, the Group's revenue amounted to HK$2.49 billion, an increase of 5% from HK$2.36 billion in the same period of last year. Earnings before interest, taxes, depreciation and amortisation ("EBITDA") in the 1HFY2019 amounted to HK$830.77 million, an increase of 6% from HK$781.26 million in the same period of last year. Profit attributable to equity holders of the Company for the 1HFY2019 was HK$420.49 million, an increase of 13% from HK$370.74 million recorded in the same period of last year. Basic earnings per share for the 1HFY2019 were HK15.51 cents, HK1.40 cents more than HK14.11 cents in the 1HFY2018. The Group has ready access to financing channels, with an abundance of cash on hand which continues to rise, and has performed well in all financial ratios.

In terms of market expansion, during the 1HFY2019, the Group expanded to Zhejiang Province by securing its first drinking water sources wetland protection project, while strengthening its market presence in Shandong, Jiangsu, Hubei and Liaoning Provinces. During the 1HFY2019, the Group secured 11 environmental projects and signed 1 supplementary agreement for the existing project, commanding a total investment of approximately RMB3.674 billion. These included 6 waste water treatment projects, 3 reusable water projects, 1 water supply project, 1 waste water pipeline network project and 1 supplementary agreement for the existing project. In addition, the Group undertook 2 EPC projects and 1 O&M project, with a total contract value of approximately RMB146 million. The new projects contributed to the increases in daily waste water treatment capacity by 405,000 m^3, daily reusable water supply capacity by 85,000 m^3, daily water supply capacity by 600,000 m^3, and daily sludge treatment and disposal capacity by 200 tonnes.

In relation to project construction, the Group has adhered to its construction philosophy of "Excellent Design, State-of-art Technology, Advanced Equipment, High Quality Construction and First Class Management". It has adopted strict quality controls throughout the project construction process, and strived to develop benchmark projects with high quality, strict standard and advanced technology. During the 1HFY2019, the Group had 16 projects under construction. These included 7 waste water treatment projects, 2 waste water pipeline network projects, 2 water environment treatment projects, 1 reusable water project, 2 water supply projects and 2 sludge treatment and disposal projects, with all construction works having progressed smoothly. 9 projects completed construction and commenced operation, contributing 240,000 m^3 to the aggregated daily waste water treatment capacity and 150,000 m^3 to the aggregated daily water supply capacity. As at 30 June 2019, the Group had 21 projects in preparatory stage, with a daily water treatment capacity of over 1,200,000 m^3.

In terms of engineering design, following the acquisition of Xuzhou Municipal Engineering Design Institute Co., Ltd. ("Xuzhou Design Institute") in Jiangsu Province in 2018, the Group continued promoting the integration of engineering design works and has been actively exploring the organic development of investment, as well as engineering and operations management, which is driven by the planning and design businesses during the 1HFY2019. Xuzhou Design Institute undertook 164 engineering design service projects during the 1HFY2019, covering several specialised areas, such as water supply, waste water treatment, leachate treatment, sludge treatment and disposal, reusable water and municipal public engineering consultancy. This helped the Group to build up relevant experience and solidify new sources of profit growth.

As for the operations management, during the 1HFY2019, the Group established the Safety and Environmental Management Department to develop a more robust long-term environmental management mechanism. In addition, the Group continued promoting the adoption and pilot programs of "Intelligent Water" management system, as well as strengthening the implementation of the Environmental, Safety, Health and Social Responsibility ("ESHS") management system and risk management system at all levels within the Group. It also continued carrying out the "Safe Operation Month" initiative at all projects and strived to fulfil its "Three Zeros" goal (zero excessive discharge of pollutants, zero work safety accident and zero case for violation of regulations or discipline) through various activities, such as: themed presentations, trainings, safety inspections and emergency drills. During the 1HFY2019, riding on the effective management, a total of 8 waste water treatment plants of the Group received regulatory approval for tariff hikes, ranging from 4% to 56%.

In light of excellent engineering construction and operations management, the Group has seen a number of its projects receive recognitions at the national, provincial and municipal levels. In addition, in the 1HFY2019, the Group's projects received various subsidies exceeding RMB8 million in total.

In the capital market, apart from achieving the Dual Primary Listing, the Company completed the issuance of its RMB-denominated corporate bonds (the "Panda Bonds") with a principal amount of RMB700 million to qualified investors in China in early 2019. This marked the completion of issuance of the Company's first Panda Bonds since July 2017. The issuance of the Panda Bonds has further improved the Company's financing structure and made good use of financial leverage. It also demonstrated the substantial progress achieved by the Group in broadening its financing channels.

The Group adheres to the "Innovation-driven Development" ethos and has set "application-oriented research" as its direction. The Group not only focuses on its in-house technological R&D in the water sector, but also proactively takes reference from external advanced technologies and experiences through "industrial-academic" collaboration. During the 1HFY2019, the Group actively promoted and progressed with technological R&D subjects in the areas including waste water and sludge treatment, energy conservation at waste water treatment plants, etc. In the 1HFY2019, the Group was granted 14 patents and published 1 thesis, mainly in the areas of biological aerated filter, high-efficiency sedimentation tank, among others.

As an environmental protection company, the Group always regards ecological and environmental protection as a key corporate social responsibility. Following the initiative of opening the Group's environmental protection facilities for public visits in 2018, the Group progressively opened up 12 operating projects to the public during the 1HFY2019. The Group's projects received a total of 452 batches of more than 11,000 visitors from all social circles. During the "World Environment Day" event on 5 June 2019, the Group's project companies in various cities, including Nanjing, Nanning, Beijing, Sanmenxia and Suzhou, collaborated with the local governments and relevant institutions to organise innovative activities to promote environmental protection, in an effort to promote advanced water technologies and enhance public awareness of environmental protection.

The Company is committed to creating value for its Shareholders and sharing operating results with its Shareholders as appropriate. The Board has declared to pay an interim dividend of HK3.74 cents (equivalent to 0.65 Sing cents) per ordinary share for the 1HFY2019 (for the 1HFY2018: 0.49 Sing cents per ordinary share).

BUSINESS PROSPECTS

Following continued enhancement of ecological conservation and regional environmental management, water environment management and rural waste water treatment have become the areas of focus in the water industry. This has offered enormous room for growth in the water environment management sector. In addition, supported by the implementation of various environmental protection policies and the reinforcement of the regulatory system over the past few years, the water industry has gradually established a policy regime and a regulatory framework that are more comprehensive and mature, laying a solid foundation for the industry's sound and rapid growth.

Over the past few years, the Chinese government has set a series of goals to be accomplished by 2020 and such goals focus on areas like the treatment of black and odorous water bodies and waste water treatment in urban and rural areas. Now, with less than two years left, the tasks remain arduous and urgent. This will allow capable, responsible and accountable companies to further outperform their peers. Separately, as traditional areas in the water industry have become more mature, areas such as industrial waste water treatment, sludge harmless treatment, water plant and pipeline integration, and the mixed-ownership reform of the local state-owned water enterprises are expected to become new development trends, which are expected to continue unleashing the industry's potential for growth. Meanwhile, asset-light business models focusing on areas such as project planning and design, engineering consultancy, technical services and O&M, which could offer profitable returns on invested capital, have also gradually become important sources of growth in future for companies that focus on the water environment management sector.

As an enterprise listed in both Singapore and Hong Kong, the Company will leverage on the opportunity arising from the Dual Primary Listing and navigate through external volatility. It will continue pursing growth that is driven by technology, boost technological R&D and "industrial-academic" collaboration, expand into new business areas and models, enhance proficiencies in operations management and risk control, and explore investment and financing channels that fit its own development needs. The Company has set the goals of creating sustainable returns for its Shareholders and continuing contributing to water environment management, through a long-term view for its business planning and an optimised development path towards sustainability.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

In 1HFY2019, the revenue of the Group increased by 5% to HK$2,485.37 million compared with the revenue of HK$2,360.48 million in 1HFY2018. Gross profit of the Group increased from HK$788.03 million in 1HFY2018 to HK$920.09 million in 1HFY2019, representing an increase of 17%. The profit of the Group increased from HK$400.77 million in 1HFY2018 to HK$448.73 million in 1HFY2019, representing a rise of 12%. The profit attributable to equity holders of the Company in 1HFY2019 amounted to HK$420.49 million, which increased by 13% over 1HFY2018.

In 2QFY2019, the revenue of Group decreased by 11% to HK$1,171.91 million compared with the revenue of HK$1,319.37 million in 2QFY2018. Gross profit of the Group increased by 16% to HK$493.67 million in 2QFY2019 compared with the gross profit of HK$426.42 million in 2QFY2018. The profit of the Group increased by 12% from HK$209.67 million in 2QFY2018 to HK$235.87 million in 2QFY2019. The profit attributable to equity holders of the Company in 2QFY2019 amounted to HK$214.14 million, which increased by 11% over 2QFY2018.

Consolidated Statement of Comprehensive Income

Revenue

Overall, the Group's revenue increased by HK$124.89 million or 5%, from HK$2,360.48 million in 1HFY2018 to HK$2,485.37 million in 1HFY2019, while the revenue of the Group decreased by HK$147.46 million or 11%, from HK$1,319.37 million in 2QFY2018 to HK$1,171.91 million in 2QFY2019.

Construction revenue amounted to HK$1,324.15 million in 1HFY2019 and HK$590.28 million in 2QFY2019 respectively (1HFY2018: HK$1,241.19 million; 2QFY2018: HK$715.55 million). Construction revenue increased slightly in 1HFY2019 compared to 1HFY2018, while construction revenue in 2QFY2019 had dropped by 18% compared to 2QFY2018. The decrease was due to drop in construction activities in progress in 2QFY2019 as the upgrading and expansion of several large-scale waste water treatment projects commenced in 2QFY2018 and the constructions were completed in 1QFY2019, while at the same time several new projects obtained by the Group late last year and early this year were still in the preparation stage.

Operation revenue in 1HFY2019 increased by HK$96.26 million or 16% over 1HFY2018 and operation revenue in 2QFY2019 increased by HK$46.76 million or 15% over 2QFY2018. The increase in operation revenue was the result of (i) commencement of operation of new projects during the remaining period of FY2018 and 1HFY2019; and (ii) tariff hikes for several projects effected during the remaining period of FY2018 and 1HFY2019.

Direct costs and operating expenses

Direct costs and operating expenses in 1HFY2019 remained stable at HK$1,565.28 million as compared to HK$1,572.45 million in 1HFY2018, while direct costs and operating expenses in 2QFY2019 decreased by 24% from HK$892.95 million in 2QFY2018 to HK$678.24 million in 2QFY2019. The decrease in 2QFY2019 was due to decrease in construction activities in progress which is in line with the drop in construction revenue in 2QFY2019. As a result, the decrease in direct costs and operating expenses in 2QFY2019 has offset with the increase in direct costs and operating expenses in 1QFY2019.

Gross profit margin

Overall gross profit margin in 1HFY2019 and 2QFY2019 increased to 37% and 42% respectively (1HFY2018: 33%; 2QFY2018: 32%). The increases were mainly due to a lower portion of construction revenue and construction contract revenue and technical service income recognised in the mix of the total revenue of 1HFY2019 and 2QFY2019 as compared to the respective corresponding periods of last year. Construction revenue and construction contract revenue and technical service income comprised approximately 56% (1HFY2018: 58%) of total revenue in 1HFY2019 and 52% (2QFY2018: 61%) of total revenue in 2QFY2019. In general, construction services and construction contract and technical services have a lower gross profit margin than operation services, and thus a larger (smaller) portion of construction revenue and construction contract revenue and technical service income will reduce (increase) the overall gross profit margin.

Other income and gains, net

Other income and gains, net mainly consisted of VAT refund, government grants, fair value change on financial assets at fair value through profit or loss, and other sundry income. Other income and gains, net decreased by 41% to HK$43.14 million in 1HFY2019 as compared with HK$73.32 million in 1HFY2018, while other income and gains, net in 2QFY2019, amounted to HK$17.65 million, representing a decrease of HK$21.23 million or 55% over 2QFY2018. The decreases in other income and gains, net were mainly due to the decrease of VAT refund. The decrease in VAT refund was the result of less VAT paid during the period, as a number of operating projects were undergoing expansion or upgrading. The construction activities led to the accumulation of input VAT, which offset the output VAT and decreased the VAT payment, and in turn resulted in the decrease of VAT refund. The breakdown of other income and gains, net was set out below.

	2QFY2019 (Unaudited) ***HK$'000***	2QFY2018 (Unaudited) *HK$'000*	**1HFY2019 (Unaudited)** ***HK$'000***	1HFY2018 (Unaudited) *HK$'000*
Government grants	**6,670**	4,284	**12,174**	7,950
VAT refunds	**11,736**	31,398	**30,309**	60,822
Fair value gain/(loss), net:				
Contingent consideration receivable	**727**	–	**727**	–
Other financial assets – unlisted investment	**(3,814)**	–	**(3,814)**	–
Other financial assets – unlisted equity investment	**(358)**	–	**(358)**	–
Sundry income	**1,976**	3,202	**3,385**	4,543
	17,653	38,884	**43,139**	73,315

Administrative and other operating expenses

Administrative and other operating expenses mainly consisted of staff costs, business development expenses, net foreign exchange differences, legal and professional fees, R&D expenses, other taxes and provision for impairment of trade receivables.

Other operating expenses for 1HFY2019 and 2QFY2019 were the provision for impairment of trade receivables amounting to HK$2.00 million and HK$0.11 million respectively. (1HFY2018: HK$2.87 million; 2QFY2018: HK$2.87 million).

Administrative and other operating expenses increased by 45% from HK$132.91 million in 1HFY2018 to HK$193.32 million in 1HFY2019, while the administrative and other operating expenses increased by 59% from HK$74.71 million in 2QFY2018 to HK$118.60 million in 2QFY2019. The increases over both periods of last year were mainly attributable to (i) increase in legal and professional fees incurred in connection with the listing on the Main Board of SEHK; (ii) increase in staff costs, business development expenses and other operating expenses due to business expansion of the Group and the acquisition of Xuzhou Design Institute in June 2018; and (iii) increase in foreign exchange losses due to depreciation of RMB against HK$.

Finance costs

Finance costs increased from HK$135.64 million in 1HFY2018 to HK$179.27 million in 1HFY2019, while at the same time finance costs in 2QFY2019 was HK$17.49 million or 25% more than 2QFY2018. The increase was mainly due to the increase of the average balance of borrowings in 1HFY2019 and 2QFY2019 over their respective corresponding periods of last year, which was a result of the issuance of the second tranche of Panda Bonds of RMB800.00 million in August 2018 and the third tranche of Panda Bonds of RMB700.00 million in January 2019.

Income tax

Income tax in 1HFY2019 decreased by 23% from HK$200.19 million in 1HFY2018 to HK$154.43 million, and income tax in 2QFY2019 decreased by 32% from HK$111.05 million in 2QFY2018 to HK$75.41 million in 2QFY2019. The decreases in income tax were attributable to the decrease in the Group's deferred tax in 1HFY2019 and 2QFY2019 as a result of the tax policy enacted by the relevant PRC government authorities in the end of 2017 in relation to the direct investment made by foreign investors using their profits received from their PRC subsidiaries.

Consolidated Statement of Financial Position

As at 30 June 2019, the Group's total assets approximately amounted to HK$21.29 billion with net assets amounting to HK$9.36 billion. Net asset value per share attributable to equity holders of the Company was HK$3.07 per share, representing an increase of 3% as compared to HK$2.98 per share as at the end of 2018. As at 30 June 2019, gearing ratio (total liabilities over total assets) of the Group was 56.0%, which remained stable as compared to 55.8% at the end of 2018.

Assets

The total assets of the Group increased from HK$19.58 billion as at 31 December 2018 to HK$21.29 billion as at 30 June 2019, representing a growth of 9%. The increase in total assets was mainly attributable to the net effect of (i) increase in contract assets, intangible assets, trade and other receivables, other financial assets and cash and cash equivalents; and (ii) decrease in fixed deposits with maturity period of over three months.

Contract assets (including both current and non-current) increased from HK$13.15 billion as at 31 December 2018 to HK$14.09 billion as at 30 June 2019, while intangible assets increased from HK$1.54 billion as at 31 December 2018 to HK$1.62 billion as at 30 June 2019. The increase in contract assets and intangible assets was mainly attributable to the recognition of construction revenue for expansion and upgrading projects for several water plants, the water supply projects, the leachate treatment project and other water environment treatment projects during 1HFY2019.

Trade and other receivables (including both current and non-current) of the Group increased from HK$1.18 billion as at 31 December 2018 to HK$1.57 billion as at 30 June 2019. Among them, trade receivables increased by HK$127.43 million from HK$721.28 million as at 31 December 2018 to HK$848.72 million as at 30 June 2019, which was mainly due to (i) increase in operation income as several projects completed construction and commenced operation during 1HFY2019; and (ii) the seasonal settlement pattern as customers normally settle greater portion of trade receivables towards financial year end. Other receivables (including both current and non-current) increased by HK$261.06 million from HK$463.02 million as at 31 December 2018 to HK$724.08 million as at 30 June 2019, which was mainly driven by the increase in prepayments for construction works and tender deposits.

Liabilities

Total borrowings (including both current and non-current) increased by HK$799.97 million. The increase was mainly due to the issuance of corporate bonds with net proceeds amounting to HK$804.24 million and new bank loans amounting to approximately HK$1,887.44 million, offset by repayments of bank and other loans amounting to HK$1,869.74 million in 1HFY2019 with the effect of exchange differences of borrowings.

Increase of HK$115.80 million in trade and other payables was mainly due to the increase in construction payables.

The Group was in a net current asset position of HK$1,656.39 million as at 30 June 2019, representing an increase of HK$991.70 million from HK$664.69 million as at 31 December 2018. The increase was primarily due to a decrease in current liabilities of HK$740.73 million, which was stemmed from the repayment of borrowings due within one year using the net proceeds from the issuance of the third tranche of the Panda Bonds of RMB700.00 million with a five-year maturity in January 2019. The Panda Bonds were classified as non-current liabilities.

Equity

The Group's total equity amounted to HK$9.36 billion as at 30 June 2019 (31 December 2018: HK$8.66 billion). The increase was mainly due to the followings: (i) recognition of profit amounting to HK$448.73 million in 1HFY2019; (ii) foreign currency translation losses of HK$69.42 million arising from depreciation of RMB against HK$; (iii) the decrease of HK$9.62 million in equity due to declaration and payment of 2018 final dividend in 1HFY2019; (iv) increase of HK$299.23 million in equity due to issue of shares under global offering; and (v) capital contribution of HK$29.51 million by a non-controlling shareholder of a subsidiary during 1HFY2019.

Consolidated Statement of Cash Flows

Cash and cash equivalents increased from HK$1.71 billion as at 31 December 2018 to HK$1.79 billion as at 30 June 2019. Cash and cash equivalents included in the consolidated statement of cash flows is reconciled as follows:

	At 30 June 2019 (Unaudited)	At 31 December 2018 (Audited)
	HK$'000	*HK$'000*
Cash and cash equivalents per consolidated statement of financial position	**1,809,022**	1,728,573
Less: Pledged bank deposits	**(22,983)**	(21,702)
Cash and cash equivalents per consolidated statement of cash flows	**1,786,039**	1,706,871

Cash flows from operating activities

The Group had cash inflow of HK$813.38 million and HK$421.17 million before working capital changes during 1HFY2019 and 2QFY2019 respectively (1HFY2018: HK$762.47 million; 2QFY2018: HK$409.19 million). Changes in working capital resulted in cash outflow of HK$1,357.98 million in 1HFY2019 and HK$584.59 million in 2QFY2019, and payment of income tax resulted in cash outflow of HK$80.15 million in 1HFY2019 and HK$45.78 million in 2QFY2019. As a result, the Group recorded a net cash outflow of HK$624.75 million and HK$209.20 million from operating activities in 1HFY2019 and 2QFY2019 respectively. The changes in working capital in 1HFY2019 and 2QFY2019 arose mainly from:

(i) increase in inventories by HK$49.05 million in 1HFY2019 and HK$7.06 million in 2QFY2019;

(ii) increase in contract assets by HK$1,007.16 million in 1HFY2019 and HK$462.03 million in 2QFY2019;

(iii) increase in trade and other receivables by HK$397.83 million in 1HFY2019 and HK$232.04 million in 2QFY2019; and

(iv) increase in trade and other payables by HK$96.06 million in 1HFY2019 and HK$116.54 million in 2QFY2019.

Cash flows from investing activities

In 1HFY2019 and 2QFY2019, the Group recorded a net cash outflow of HK$293.65 million and HK$416.53 million from investing activities respectively. The net cash outflow mainly arose from:

(i) payment for purchase of items of property, plant and equipment of HK$9.41 million in 1HFY2019 and HK$2.15 million in 2QFY2019;

(ii) payment for additions of intangible assets of HK$134.84 million in 1HFY2019 and HK$29.51 million in 2QFY2019;

(iii) increase in other financial assets of HK$451.56 million in both 1HFY2019 and 2QFY2019;

(iv) decrease in fixed deposits with maturity period of over three months and restricted balances in financial institutions of HK$293.10 million in 1HFY2019 and HK$57.64 million in 2QFY2019; and

(v) receipt of interest of HK$13.44 million in 1HFY2019 and HK$9.23 million in 2QFY2019.

Cash flows from financing activities

The Group recorded a net cash inflow from financing activities of HK$988.87 million in 1HFY2019 and HK$312.85 million in 2QFY2019. The net cash inflow was mainly caused by:

(i) receipt of proceeds of HK$299.23 million from issue of shares under global offering, net of payments for listing expenses in both 1HFY2019 and 2QFY2019;

(ii) capital contribution from a non-controlling shareholder of a subsidiary of HK$29.51 million in both 1HFY2019 and 2QFY2019;

(iii) receipt of net proceeds of HK$804.24 million from the issuance of corporate bonds, net of related expenses paid in both 1HFY2019 and 2QFY2019;

(iv) receipt of net proceeds from bank and other loans of HK$17.70 million in 1HFY2019 and HK$78.48 million in 2QFY2019;

(v) payment of principal elements of lease payments of HK$1.99 million in both 1HFY2019 and 2QFY2019;

(vi) payment of interest of HK$122.12 million in 1HFY2019 and HK$54.69 million in 2QFY2019;

(vii) payment of dividend to the shareholders of the Company of HK$8.68 million in both 1HFY2019 and 2QFY2019; and

(viii) payment of dividend to a non-controlling shareholder of a subsidiary of HK$28.99 million in both 1HFY2019 and 2QFY2019.

Earnings Per Share

The calculation of the basic earnings per share amount is based on the Group’s profit for the period attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during 1HFY2019.

	2QFY2019	2QFY2018	**1HFY2019**	1HFY2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit for the period attributable to equity holders of the Company	**214,136**	192,618	**420,487**	370,737
	'000	*'000*	***'000***	*'000*
Weighted average number of ordinary shares in issue during the period	**2,746,016**	2,628,056	**2,711,232**	2,626,856
	HK cents	*HK cents*	***HK cents***	*HK cents*
Basic and diluted earnings per share	**7.80**	7.33	**15.51**	14.11

Net Asset Value

	Group		**Company**	
	At 30 June 2019	At 31 December 2018	**At 30 June 2019**	At 31 December 2018
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	HK$	*HK$*	***HK$***	*HK$*
Net asset value per ordinary share based on the issued share capital as at the end of the respective period	**3.07**	2.98	**3.58**	3.65

Net asset value per ordinary share was calculated by the net asset value attributable to equity holders of the Company divided by the number of ordinary shares outstanding excluding treasury shares as at the end of the respective financial period.

Financial Resources

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and low cost of funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 30 June 2019, the Group had cash and bank balances of HK$2.06 billion, representing a decrease of HK$211.30 million as compared to HK$2.28 billion at the end of 2018. Most of the Group's cash and bank balance, representing approximately 88%, was denominated in HK$ and RMB.

Borrowings of the Group

Amounts payable within one year or less, or on demand

At 30 June 2019		At 31 December 2018	
Secured	**Unsecured**	Secured	Unsecured
(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
442,595	**847,807**	1,062,132	1,098,268

Amounts payable after one year

At 30 June 2019		At 31 December 2018	
Secured	**Unsecured**	Secured	Unsecured
(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
1,375,072	**5,735,275**	1,453,818	3,986,558

The Group is dedicated to enhancing the ways of financing and improving banking facilities to reserve funding to support the development of the environmental protection business. As at 30 June 2019, the Group had outstanding borrowings of HK$8.40 billion, representing an increase of HK$799.97 million as compared to HK$7.60 billion as at the end of 2018. The borrowings included secured interest-bearing borrowings of HK$1.82 billion and unsecured interest-bearing borrowings of HK$6.58 billion. The borrowings are mainly denominated in RMB, representing approximately 58% of the total, and the remainder is denominated in HK$ and United States dollars ("USD"). Most of the borrowings are at floating rates. As at 30 June 2019, the Group had bank and other loan facilities of HK$9.28 billion, of which HK$3.69 billion have not been utilised. The bank and other loan facilities are of 1 to 21 years terms.

Foreign Exchange Risks

The Group mainly operates in the PRC. Currency exposure arises within entities of the Group when transactions are mainly denominated in foreign currencies such as USD, HK$ and RMB. In addition, the Group is exposed to currency translation risk upon translation of the new assets in foreign operations into the Group's reporting currency in HK$. During the 1HFY2019, the Group has been affected by the changes in the exchange rate.

Pledge of Assets

Certain bank and other loan facilities of the Group as at 30 June 2019 and 31 December 2018 were secured by certain revenue, contract assets, receivables and intangible assets in connection with the Group's service concession arrangements, bank balances of the Group and the equity interests of certain subsidiaries of the Company. As at 30 June 2019, the aggregate net book value of assets and equity interests in subsidiaries pledged amounted to HK$3.86 billion.

Commitments

As at 30 June 2019, the Group had purchase commitments of HK$1.72 billion outstanding in connection with the construction contracts and capital commitment of HK$23.62 million outstanding in connection with an unlisted equity investment.

Contingent Liabilities

As at 30 June 2019, the Company issued financial guarantees to 3 subsidiaries. The Board does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 30 June 2019 for the provision of the guarantees was HK$924.89 million.

Interested Person Transactions Mandate and Aggregate Value of such Transactions

The Group obtained a general mandate ("IPT Mandate") from the Shareholders for interested person transactions ("IPTs") during its annual general meeting held on 25 April 2018 pursuant to Rule 920 of the SGX Listing Manual. The IPT Mandate was renewed during the Company's annual general meeting held on 12 April 2019. The aggregate value of the IPTs in excess of SGD100,000 during 2QFY2019 and 1HFY2019 are set out as follows:

2QFY2019:

Name of interested person	Aggregate value of all IPTs during 2QFY2019 (excluding transactions less than SGD100,000 and transactions conducted under the IPT Mandate)	Aggregate value of all IPTs conducted under the IPT Mandate during 2QFY2019 (excluding transactions less than SGD100,000)
China Everbright International Limited	Nil	HK$8,341,865 (equivalent to SGD1,448,341)
China Everbright Bank Company Limited	Nil	HK$1,446,823 (equivalent to SGD251,202)
Everbright Securities Company Limited	Nil	HK$4,857,675 (equivalent to SGD843,405)

1HFY2019:

Name of interested person	Aggregate value of all IPTs during 1HFY2019 (excluding transactions less than SGD100,000 and transactions conducted under the IPT Mandate)	Aggregate value of all IPTs conducted under the IPT Mandate during 1HFY2019 (excluding transactions less than SGD100,000)
China Everbright International Limited	Nil	HK$10,065,840 (equivalent to SGD1,747,663)
China Everbright Bank Company Limited	Nil	HK$1,446,823 (equivalent to SGD251,202)
Everbright Securities Company Limited	Nil	HK$8,890,025 (equivalent to SGD1,543,514)
Sun Life Everbright Life Insurance Co., Ltd.	Nil	HK$847,058 (equivalent to SGD147,069)

Use of Proceeds from Global Offering

Under the global offering which was completed on 8 May 2019, the Company had allotted and issued 103,970,000 ordinary shares (of which the aggregate nominal value is HK$103,970,000) at an offer price of HK$2.99 per ordinary share and raised HK$310.87 million in total gross proceeds. The net proceeds from the global offering amounted to approximately HK$248.61 million after deduction of related expenses of approximately HK$62.26 million (the "Net Proceeds").

The following table sets out the breakdown of the use of Net Proceeds from the global offering as at the date of this announcement:

	Purpose of Net Proceeds	Amount Allocated *HK$'000*	Amount Utilised *HK$'000*	Balance *HK$'000*
1	Expanding the Group's market share in the PRC water industry and diversifying the Group's project portfolio and creating synergies	211,321	38,453	172,868
2	Enhancing the Group's core technologies through innovation research and development initiatives and acquisitions of advanced technologies	24,861	–	24,861
3	Working capital and other general corporate purposes	12,431	12,431	–
	Total	248,613	50,884	197,729

Approximately HK$38.45 million allocated for expanding the market share in the PRC water industry and diversifying the project portfolio and creating synergies had been utilised for capital injection to the project companies for the construction and operation of Jiangsu Yangzhou Jiangdu Development Zone Industrial Waste Water Centralised Pre-treatment and Ancillary Pipeline Network Project, Shandong Laiyang Economic Development Zone Water Environment Management Public-Private Partnership ("PPP") Project and the relocation and expansion of Zibo Waste Water Treatment Project (Northern Plant).

The amount allocated for working capital and other general corporate purposes had been utilised for payment of normal operational expenses such as staff costs, legal and professional fees, rental expenses and other operating expenses.

The above utilisation is in general in accordance with the intended use of the Net Proceeds and percentage allocated, as stated in the Company's prospectus for the global offering dated 24 April 2019. The Company expects to utilise the remaining balance of the Net Proceeds of approximately HK$197.73 million by the end of year 2020.

The Company will continue to update in periodic announcements on the utilisation of the balance of the Net Proceeds from the global offering as and when the use of the Net Proceeds are materially changed and provide a status report on such use in its annual report, interim report and its quarterly, half-year, and full year financial results announcements.

Internal Management

Strengthening the corporate management and risk management procedures are of paramount importance in ensuring an efficient, healthy and sustainable corporate development. The Group continued to implement the adoption of its ESHS management system across the organisation to standardise the internal process for project investment, construction and operations management, as well as to enhance the overall operating efficiency and proficiency. A sound management structure ensures the realisation of a corporation's development strategies, better operating efficiency and stronger competitiveness. The Group has established 5 Board committees, namely the Nominating Committee, Management Committee, Remuneration Committee, Audit Committee and Strategy Committee to further enhance its corporate governance efficiency. Furthermore, the Group has set up the Investment & Development Department, Operations Management Department, Environment Management Department, Finance Management Department, Human Resources Department, General Management Department, Legal & Risk Management Department and Internal Audit Department, in addition to the Engineering Centre and Technology Centre. Each of the departments has a clear role and responsibility; all the management mechanisms are comprehensive; and the internal control procedures are comprehensive and well implemented.

Human Resources

The Group values talent as its important assets and strictly follows a "People-Oriented" philosophy, as it believes that talent is an important resource for an enterprise's development. The Group has developed a stable and excellent talent team through its comprehensive human resources management system, and undertook human resources management tasks according to its business development needs. During the 1HFY2019, the Group further enhanced the human resources management system by setting up an internal training team and a talent pool, as well as to strengthen talent recruitment, in order to boost corporate development through talent development. As at 30 June 2019, the Group had hired approximately 2,250 employees and continuously optimised its talent pool. It provides a competitive, healthy and pleasant working environment for staff through the comprehensive human resources management system.

PRINCIPAL RISKS AND UNCERTAINTIES

During the 1HFY2019, the Group continuously implemented relevant work of the risk management system to effectively control the risk faced by the Group.

1. Policy changing risk

The Group is subject to risks associated with changes in regulations and policies for waste water treatment, river-basin ecological restoration, sponge city construction, reusable water, water supply and waste water source heat pump projects in the PRC. Any changes in legislative, regulatory or industrial requirements could render certain of the Group's projects or related technologies obsolete or financially unfeasible to operate, which in turn could have a material and adverse impact on the Group's business, financial condition, results of operations and prospects. The Group has been closely monitoring the changes in national environmental protection policies, and adjusted its development direction in response to such changes. The relevant management policies and standards have been updated in a timely manner, in order to enable each technology and environmental protection index to meet the requirements of national standards and achieve the pre-determined goal of sustainable growth.

2. Accounts receivable risk

The Group's operations focus on the Bohai Economic Rim and Yangtze River Delta. The success of its business operation depends heavily on the waste water treatment projects the Group is involved in, and the Group's business, financial condition, results of operations and prospects rely heavily on the economic development, social conditions, government creditworthiness, investment environment, government policies or environmental conditions in areas where its projects are located. If some local government's or client's ability to settle service charge is affected due to financial difficulties, or if the new operating waste water treatment projects cannot obtain the national subsidy timely because they are excluded from the subsidy list temporarily, the Group may be exposed to the effects from the increase of accounts receivable. The Group periodically analyzes the overall status of accounts receivable, so as to ensure the reasonableness of credit period and the effective operation of recovery mechanism. At the same time, the Group made appropriate liquidity management and interim capital arrangements.

3. Financing management risk

Maintaining the Group's competitiveness and implementing growth strategies both require the Group to have sufficient capital resources. Any failure to obtain adequate funding or refinance the Group's existing debt at reasonable rates could adversely affect the Group's business, financial condition and results of operations, and prevent the Group from fulfilling its business objectives. Since banks are facing tight liquidity, the Group may not be able to obtain loans from banks in time after finalization of new project funding proposals or interest may not be charged at contractual rate. Based on the funding requirement of each project, the Group will continuously explore the cooperation model with financial institutions according to the project timeline and progress to improve the efficiency of project funding approval and loan granting.

4. Engineering construction and operational risks

During the construction and operation of a project, risks that are difficult to quantify at the initial stage of the project may cause the Group's actual revenue, construction costs, restoration costs and operational costs to deviate from the Group's initial estimates and may result in losses. In addition, the construction, restoration and operation of the Group's projects, including any new project undertaken by the Group, could be adversely affected by a number of factors which are commonly associated with the construction of infrastructure projects and out of the Group's control. The Group's existing rules and regulations for project construction are comprehensive. Duties of the supervising unit and the vetting procedures for on-site workers are sound and discharged effectively. In respect of constructions in progress, the Group will carry out multi-dimensional safety and environmental inspections and audits so as to identify potential problems and assign the responsibility to the person in charge in a timely manner. During the 1HFY2019, the Group further optimized its ESHS management system, which formulated a contingency plan for emergencies and conducted a comprehensive review on the operation to rectify any identified issues, and proactively accepted the supervision of the general public, demonstrating its determination of fully undertaking its environmental and social responsibilities.

5. **Technology and innovation risks**

The Group's continued success and competitiveness in the industry depend on its ability to develop and improve the technologies and techniques. These technologies and techniques are subject to continuous evolution and changes. Such changes may require substantial investments which increase the operating costs as well as the research and development costs of the Group. Facing the increasingly stringent requirements on environmental protection imposed by the PRC government and considering the actual situations of the Group, during the 1HFY2019, the Group continued its efforts and commitments towards technological innovation and R&D. The Group will continue boosting its efforts in technological R&D and innovation, proactively bring in professional technological talents, carry out in-house technological R&D, and foster the application of technological achievements to its projects, so as to adhere to the "Technology leads Development" ethos.

6. **Compliance risk**

This includes failures to strictly comply with the relevant laws and requirements, the HK Listing Rules, the SGX Listing Manual and industry norms, etc., which may bring negative effects to the Group. The Group emphasizes on the legality and compliance of its operations and provides legal protection through internal legal personnel and external legal experts. The Group had formulated its policies and procedures in strict compliance with laws and regulations and carried out compliance review through implementing reasonable procedures. The Group regularly carries out legal trainings to enhance the legal knowledge of its employees, implements particular inspections on regular or ad hoc basis with regards to material matters and strictly controls the compliance risk in daily affairs and key focuses.

7. Competitive advantage risk

A substantial influx of capital and competitors into the environmental protection industry leads to the rapid change of business model. Under such circumstances, the Group will face intensifying competitions in the industry, which may affect its ability of business expansion and the investment return of projects. Leveraging on its extensive practical experience, the Group actively promotes the PPP between the government and private sectors, regularly collects market information of the industry and makes comprehensive analysis and ensure the steady progress on technological R&D. The Group maintains good relationship with the government as always and participates in PPP projects developed by government institutions at various levels, so as to achieve the win-win between the government and corporations in the environmental protection field.

8. Internal control risk

The internal control risk is the material risk the Group focuses on. The Group established an efficient and appropriate organizational structure to clarify the duties of each level, set up special committees such as investment project risk review committee, engineering technology committee and strengthened specialised review and the efficient progress on material matters. Through establishing a three-tier risk control mechanism comprising project companies, functional departments at the headquarters and the Risk Management Department and Internal Audit Department, effective risk management is achieved. The Internal Audit Department works on internal audit on a regular basis, discovers the deficiencies in internal control and suggests rectification measures in a timely manner, so as to ensure the continuous improvement of the Group's internal control. The Group effectively achieves the management of internal control risk through integrating the Management Committee, the Risk Management Department and the Internal Audit Department.

9. Staffing risk

The Group relies on the experience and ability of the Group's key management team and qualified staff. The training of key staff, management and technical personnel is a cyclical process. With more and more new projects put into operation, the existing management staff and engineers may be redeployed to new project companies, which may result in continual difficulties in allocation of human resources. Although the Group can expand the talent pool through recruitment, the shortage of experienced labor in market, with the restriction on salary or the workplace (i.e. remote areas) may increase the difficulty in recruitment. The Group implements the"regulations of reserve talent" and "management regulations for assessing and recruiting professional and technical staff" to continually enrich and improve the talent pool, and enhance the training and development of staff so as to improve staff training efficiency.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to ensure investor confidence in the Company as a trusted business enterprise. The Board and the management will continue to uphold good corporate governance practices to enhance long-term value of the Company and returns for the Shareholders and protect the Shareholders' interests.

The Company's ordinary shares have been listed on the Main Board of the SEHK since 8 May 2019 (the "Listing Date"). Following the Dual Primary Listing, the Company has adopted the code provisions of the Corporate Governance Code (the "HK CG Code") as set out in Appendix 14 to the HK Listing Rules as part of its governance framework, in addition to the principles and provisions under Singapore Code of Corporate Governance 2018 (the "SG CG Code"). In the event of any conflicts between the SG CG Code and the HK CG Code, the Group will comply with the more stringent requirements. From the Listing Date to the date of this announcement, the Company has complied with the HK CG Code.

Unless otherwise specified herein, all the policies and procedures described in the Corporate Governance Report in the 2018 Annual Report of the Company shall remain applicable to the Company.

BOARD COMMITTEES

The Board holds meetings on a regular basis (at least 4 times in a year). The Board has currently established 5 Board Committees, namely the Audit Committee, the Nominating Committee, the Remuneration Committee, the Strategy Committee and the Management Committee.

Audit Committee

The Audit Committee, currently comprising 4 independent non-executive Directors, namely Mr. Lim Yu Neng Paul (Chairman), Mr. Zhai Haitao, Ms. Cheng Fong Yee and Ms. Hao Gang, is primarily responsible for reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance; reviewing and reporting to the Board the adequacy and effectiveness of the Group's internal controls and risk management systems, comprising financial, operational, compliance and information technology controls (such review can be carried out internally or by third parties); reviewing the effectiveness of the Group's internal audit function; reviewing the scope and results of the external audit, and the independence and objectivity of the external auditor; and making recommendations to the Board on the proposals to the Shareholders on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor. The terms of reference of the Audit Committee are available on the websites of the Company, Hong Kong Exchanges and Clearing Limited ("HKEx") and SGX.

During the 1HFY2019, the members of Audit Committee reviewed the audited consolidated financial results of the Group for the financial year ended 31 December 2018.

Remuneration Committee

The Remuneration Committee, currently comprising 3 independent non-executive Directors, namely Ms. Cheng Fong Yee (Chairman), Mr. Zhai Haitao, Mr. Lim Yu Neng Paul and a non-executive Director and Chairman of the Board, namely Mr. Wang Tianyi, is primarily responsible for implementing a formal, transparent and objective procedure for fixing the remuneration packages of individual Directors and key management personnel (as defined in SG CG Code) (including senior management), and to ensure that the level and structure of their remuneration is aligned with the long-term interest and risk policies of the Group and should be appropriate to attract, retain and motivate (1) the Directors to provide good stewardship of the Group; and (2) key management personnel (as defined in SG CG Code) (including senior management) to successfully manage the Group. The terms of reference of the Remuneration Committee are available on the websites of the Company, HKEx and SGX.

During the 1HFY2019, the members of Remuneration Committee reviewed the 2018 bonus payment and 2019 bonus proposal for the individual Directors and the key management personnel (including senior management) of the Company.

Nominating Committee

The Nominating Committee, currently comprising 2 independent non-executive Directors, namely Mr. Zhai Haitao (Chairman) and Mr. Lim Yu Neng Paul, and a non-executive Director and Chairman of the Board, namely Mr. Wang Tianyi, is primarily responsible for implementing a formal and transparent procedure for appointment and re-appointment of Board members, evaluating performance of Board members and Board Committee members and assessing the overall performance of the Board and its Board Committees. The terms of reference of the Nominating Committee are available on the websites of the Company, HKEx and SGX.

Strategy Committee

The Strategy Committee currently comprises a non-executive Director and Chairman of the Board, namely Mr. Wang Tianyi (Chairman), 2 executive Directors, namely Mr. An Xuesong and Mr. Luo Junling and an independent non-executive Director, namely Ms. Hao Gang. The Strategy Committee is primarily responsible for assisting the Board in providing strategic direction to the Group; overseeing the strategic planning of the Group and implementation of such strategies; reviewing the medium-term and long-term strategic objectives proposed by the management and overseeing management's performance in relation to such strategies; considering sustainability issues in formulating strategies and overseeing the monitoring and management of the environmental, social and governance factors that are material to the business of the Group. The terms of reference of the Strategy Committee are available on the websites of the Company, HKEx and SGX.

Management Committee

The Management Committee currently comprises 2 executive Directors and 7 senior management members. The Management Committee, being chaired by Mr. An Xuesong, the chief executive officer of the Group, is responsible for the management of daily business operations, formulating and implementing annual work tasks and medium-term development plans for the Group. The Management Committee is the decision-making authority for the day-to-day administration, operations, management and personnel matters of the Group. The terms of reference of the Management Committee are available on the websites of the Company, HKEx and SGX.

DEALINGS IN THE SECURITIES

The Company has adopted an internal code (the "Internal Code") governing dealings in securities by Directors, officers and employees of the Company and its subsidiaries who are likely to be in possession of unpublished price sensitive information of the Company and its subsidiaries. Following its Dual Primary Listing, the Company has updated the Internal Code to be in line with the requirements of the HK Listing Rules and HK CG Code on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the HK Listing Rules, in addition to the requirements of the SGX Listing Manual and SG CG Code. This revised Internal Code has been disseminated to all the Directors, officers and relevant employees of the Group.

Directors, officers and relevant employees have been informed not to deal in the Company's securities at all times whilst in possession of unpublished price-sensitive information and during the periods commencing:

(a) 30 days immediately preceding the publication date of the announcement of the Company's quarterly results or half-year results of its financial year or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; and

(b) 60 days immediately preceding the publication date of the announcement of the Company's full-year results or, if shorter, end of financial year and up to the publication date of the results.

The Directors, officers and relevant employees of the Group are also expected to observe relevant insider trading laws at all times, even when dealing in securities within permitted trading period or while they are in possession of unpublished price-sensitive information of the Company and they are not to deal in the Company's securities on short-term considerations.

Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard as set out in the Model Code and the Internal Code throughout the period from the Listing Date and up to 30 June 2019.

Interim Dividend

(a) *Current financial period reported on*

Any dividend declared for the current financial period reported on? Yes

As part of the Directors' continuing efforts to enhance Shareholder's return, when they deem appropriate for the Company to do so, the Directors have declared an interim dividend of HK3.74 cents (equivalent to 0.65 Sing cents) per ordinary share for 1HFY2019.

Name of Dividend	1HFY2019 Interim Dividend
Dividend Type	Cash/Scrip (based on Shareholder's election)
Dividend Amount	HK3.74 cents (equivalent to 0.65 Sing cents) per ordinary share
Tax Rate	One-Tier Tax Exempt

China Everbright Water Limited Scrip Dividend Scheme will be applicable to the 1HFY2019 interim one-tier tax exempt dividend.

(b) *Corresponding period of the immediately preceding financial year*

Name of Dividend	1HFY2018 Interim Dividend
Dividend Type	Cash/Scrip (based on Shareholder's election)
Dividend Amount	0.49 Sing cents per ordinary share
Tax Rate	One-Tier Tax Exempt

(c) *Date payable*

The 1HFY2019 Interim Dividend will be paid on Friday, 18 October 2019, and the new ordinary shares to be allotted and issued pursuant to the Scrip Divided Scheme are expected to be listed and credited on or around Friday, 18 October 2019.

(d) *Books closure date*

For Singapore Shareholders

The Register of Transfer and Register of Members of the Company will be closed at 5:00 p.m. (Singapore time) on Tuesday, 3 September 2019, being the Books Closure Date for the purpose of determining the entitlement of the Shareholders to the 1HFY2019 Interim Dividend.

For Hong Kong Shareholders

The Hong Kong branch register of members of the Company will be closed from Wednesday, 4 September 2019 to Thursday, 5 September 2019, both days inclusive, during this period no transfer of shares will be registered. Shareholders whose names appear on the Hong Kong branch register of members of the Company on the record date, i.e. Tuesday, 3 September 2019 will be entitled to the 1HFY2019 Interim Dividend.

In order to qualify for the 1HFY2019 Interim Dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong Time) on Tuesday, 3 September 2019.

A separate announcement setting out further details on the application of China Everbright Water Limited Scrip Dividend Scheme to the 1HFY2019 Interim Dividend will be made in due course.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities for the six months ended 30 June 2019.

Convertibles, Preference Shares and Treasury Shares

The Company did not have any outstanding convertibles, preference shares and treasury shares as at 30 June 2019 and 30 June 2018. During the second quarter and six months ended 30 June 2019, there were no sales, transfers, disposal, cancellations and/or use of treasury shares.

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

None.

Publication of Interim Results and Interim Report

The interim results announcement for the second quarter and six months ended 30 June 2019 is published on the website of the Company (www.ebwater.com), HKEx (www.hkexnews.hk) and SGX (www2.sgx.com). The 2019 interim report of the Company containing, among others, all the information required by the HK Listing Rules will be published on the websites of the Company, HKEx and SGX and despatched to the Shareholders in due course.

Confirmation that the issuer has undertakings from all its Directors and executive officers under Rule 720(1) of the SGX Listing Manual.

Pursuant to Rule 720(1) of the SGX Listing Manual, the Company has procured undertakings from all its Directors and executive officers.

Confirmation by the Board pursuant to Rule 705(5) of the SGX Listing Manual

I, An Xuesong, do hereby confirm on behalf of the Board that to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the second quarter and six months ended 30 June 2019 to be false or misleading in any material aspect.

By Order of the Board
China Everbright Water Limited
An Xuesong
Executive Director and Chief Executive Officer

Hong Kong and Singapore, 13 August 2019

As at the date of this announcement, the Board comprises: (i) a non-executive Director, Mr. Wang Tianyi (Chairman); (ii) two executive Directors, namely Mr. An Xuesong (Chief Executive Officer) and Mr. Luo Junling; and (iii) four independent non-executive Directors, namely Mr. Zhai Haitao, Mr. Lim Yu Neng Paul, Ms. Cheng Fong Yee and Ms. Hao Gang.

APPENDIX

Report on Review of Interim Financial Information
13 August 2019

The Board of Directors
China Everbright Water Limited

Introduction

We have reviewed the interim financial information, which comprises the condensed consolidated statement of financial position as at 30 June 2019 of China Everbright Water Limited and its subsidiaries, and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. 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 International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board (the "IASB").

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. 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 International 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore