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## **CHINA EVERBRIGHT INTERNATIONAL LIMITED**

**中國光大國際有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code : 257)**

### **INSIDE INFORMATION – RESULTS ANNOUNCEMENT OF A SUBSIDIARY**

This announcement is made by China Everbright International Limited (the “Company”) pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Pursuant to Rule 705 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX”), China Everbright Water Limited (“CEWL”), a public company listed on the SGX and a 74.40% owned subsidiary of the Company, announced the unaudited consolidated results of CEWL and its subsidiaries for the first quarter ended 31 March 2015 on the website of [www.sgx.com](http://www.sgx.com) of SGX on 8 May 2015.

The attachment is the results announcement of CEWL presented in thousands of Hong Kong dollars unless otherwise stated and the English version of the results announcement shall prevail over the Chinese version.

By Order of the Board  
**China Everbright International Limited**  
**Wong Kam Chung, Raymond**  
*Executive Director*

Hong Kong, 8 May 2015

*As at the date of this announcement, the Board comprises: (i) six executive directors, namely Mr. Tang Shuangning (Chairman), Mr. Liu Jun (Vice-chairman), Mr. Chen Xiaoping (Chief Executive Officer), Mr. Wang Tianyi, Mr. Wong Kam Chung, Raymond and Mr. Cai Shuguang; and (ii) four independent non-executive directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Li Kwok Sing, Aubrey and Mr. Zhai Haitao.*

**CHINA EVERBRIGHT WATER LIMITED**

Unaudited financial statements for the first quarter ended 31 March 2015

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Group</b>		Increase/ -decrease %
	<b>1QFY2015</b> <i>HKD'000</i>	1QFY2014 <i>HKD'000</i>	
Revenue	<b>436,326</b>	241,902	80%
Cost of sales	<u><b>(218,687)</b></u>	<u>(108,574)</u>	101%
Gross profit	<b>217,639</b>	133,328	63%
Other income	<b>9,035</b>	2,708	234%
Administrative expenses	<u><b>(45,774)</b></u>	<u>(19,985)</u>	129%
Operating profit	<b>180,900</b>	116,051	56%
Finance costs	<u><b>(37,124)</b></u>	<u>(15,352)</u>	142%
Profit before tax	<b>143,776</b>	100,699	43%
Income tax	<u><b>(39,129)</b></u>	<u>(27,985)</u>	40%
<b>Net profit for the period</b>	<b>104,647</b>	72,714	44%
Other comprehensive income	<u><b>4,713</b></u>	<u>(70,609)</u>	-107%
Total comprehensive income for the financial period	<u><b>109,360</b></u>	<u>2,105</u>	5095%

	<b>Group</b>		Increase/ -decrease
	<b>1QFY2015</b>	1QFY2014	%
	<i>HKD'000</i>	<i>HKD'000</i>	
<b>Net profit attributable to:</b>			
Owners of the Company	<b>100,861</b>	67,754	49%
Non-controlling interests	<b>3,786</b>	4,960	-24%
	<u><b>104,647</b></u>	<u>72,714</u>	44%
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	<b>105,019</b>	4,169	2419%
Non-controlling interests	<b>4,341</b>	(2,064)	-310%
	<u><b>109,360</b></u>	<u>2,105</u>	5095%

*Note 1*

Profit from operating activities is derived after charging the following items:

Depreciation	4,749	4,792	-1%
Amortisation of intangible assets	13,279	1,274	942%
Interest expense on:			
related party bank	1,674	1,805	-7%
other bank borrowings	31,548	10,710	195%
amounts due to group companies	3,902	2,837	38%

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

	<b>Group</b>		<b>Company</b>	
	<b>31 March 2015 HKD'000</b>	<b>31 December 2014 HKD'000</b>	<b>31 March 2015 HKD'000</b>	<b>31 December 2014 HKD'000</b>
<b>Current Assets</b>				
Cash and cash equivalents	<b>336,771</b>	681,101	<b>43,265</b>	103,109
Trade and other receivables	<b>725,540</b>	515,363	<b>95,391</b>	48,232
Financial receivables	<b>538,269</b>	483,143	–	–
Inventories	<b>39,876</b>	28,912	–	–
	<b><u>1,640,456</u></b>	<u>1,708,519</u>	<b><u>138,656</u></b>	<u>151,341</u>
<b>Non-current Assets</b>				
Property, plant and equipment	<b>170,929</b>	173,559	<b>8</b>	10
Financial receivables	<b>4,526,927</b>	4,483,539	–	–
Intangible assets	<b>938,190</b>	950,594	–	–
Goodwill	<b>1,043,923</b>	1,043,545	–	–
Investment in subsidiaries	–	–	<b>9,974,512</b>	9,931,051
Other receivables	<b>1,774,740</b>	1,751,793	–	–
	<b><u>8,454,709</u></b>	<u>8,403,030</u>	<b><u>9,974,520</u></b>	<u>9,931,061</u>
<b>Current Liabilities</b>				
Borrowings	<b>717,932</b>	762,718	<b>290,339</b>	281,248
Trade and other payables	<b>795,298</b>	599,843	<b>60,575</b>	68,795
Other financial liabilities	<b>23,308</b>	23,230	<b>23,308</b>	23,230
Provision for income tax	<b>30,581</b>	19,566	–	–
	<b><u>1,567,119</u></b>	<u>1,405,357</u>	<b><u>374,222</u></b>	<u>373,273</u>

	<b>Group</b>		<b>Company</b>	
	<b>31 March</b> <b>2015</b> <i>HKD'000</i>	31 December 2014 <i>HKD'000</i>	<b>31 March</b> <b>2015</b> <i>HKD'000</i>	31 December 2014 <i>HKD'000</i>
<b>Net current assets/(liabilities)</b>	<b>73,337</b>	303,162	<b>(235,566)</b>	(221,932)
<b>Non-current Liabilities</b>				
Borrowings	<b>1,021,642</b>	1,061,730	–	–
Other payables	–	264,325	–	–
Deferred tax liabilities	<b>845,884</b>	828,977	–	–
	<b>1,867,526</b>	2,155,032	–	–
<b>Net assets</b>	<b>6,660,520</b>	<b>6,551,160</b>	<b>9,738,954</b>	<b>9,709,129</b>
<b>Capital and Reserve</b>				
Share capital	<b>2,549,345</b>	2,549,345	<b>2,549,345</b>	2,549,345
Reserves	<b>3,881,154</b>	3,776,135	<b>7,189,609</b>	7,159,784
Equity attributable to owners of the Company	<b>6,430,499</b>	6,325,480	<b>9,738,954</b>	9,709,129
Non-controlling interests	<b>230,021</b>	225,680	–	–
	<b>6,660,520</b>	<b>6,551,160</b>	<b>9,738,954</b>	<b>9,709,129</b>

## 1(b)(ii) Aggregate amount of group's borrowings and debt securities

*Amount payable within one year or less, or on demand*

<b>As at 31 March 2015</b>		<b>As at 31 December 2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<i>(HKD'000)</i>	<i>(HKD'000)</i>	<i>(HKD'000)</i>	<i>(HKD'000)</i>
<b>365,727</b>	<b>352,205</b>	440,673	322,045

*Amount payable after one year*

<b>As at 31 March 2015</b>		<b>As at 31 December 2014</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<i>(HKD'000)</i>	<i>(HKD'000)</i>	<i>(HKD'000)</i>	<i>(HKD'000)</i>
<b>931,628</b>	<b>90,014</b>	906,435	155,295

*Details of Collateral*

The secured borrowings of the Group as at 31 March 2015 and 31 December 2014 were secured by certain revenue, receivables and intangible assets in connection with the Group's service concession arrangements, bank deposits and fixed assets. Certain bank facilities were guaranteed by related parties of the Group.

**1(c) Consolidated statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>1QFY2015</b> <i>HKD'000</i>	1QFY2014 <i>HKD'000</i>
<b>Cash flow from operating activities</b>		
Profit before tax	<b>143,776</b>	100,699
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	<b>4,749</b>	4,792
Amortisation of intangible assets	<b>13,279</b>	1,274
Unrealised exchange loss	<b>3,665</b>	4,939
Net finance costs	<b>36,703</b>	14,752
Operating cash flow before working capital changes	<b>202,172</b>	126,456
<b>Changes in working capital</b>		
Financial receivables	<b>(81,774)</b>	15,183
Inventories	<b>(10,867)</b>	(236)
Trade and other receivables	<b>(225,484)</b>	(124,807)
Trade and other payables	<b>(46,776)</b>	(196,898)
<b>Cash used in operations</b>	<b>(162,729)</b>	(180,302)
Income tax paid	<b>(15,164)</b>	(12,354)
<b>Net cash used in operating activities</b>	<b>(177,893)</b>	(192,656)
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	<b>(1,534)</b>	(2,127)
Interest received	<b>421</b>	600
<b>Net cash used in investing activities</b>	<b>(1,113)</b>	(1,527)

	<b>1QFY2015</b> <i>HKD'000</i>	1QFY2014 <i>HKD'000</i>
<b>Cash flow from financing activities</b>		
Proceeds from bank borrowings	<b>132,560</b>	79,465
Repayment of bank borrowings	<b>(238,050)</b>	(50,264)
Decrease in pledged bank deposits	<b>31,635</b>	42,445
Increase in amount due from intermediate holding company	<b>(27,800)</b>	(50,592)
Increase in amount due to immediate holding company	–	19,075
Increase in amount due to fellow subsidiary	<b>2,791</b>	127,808
Interest paid	<b>(37,124)</b>	(15,352)
	<hr/>	<hr/>
<b>Net cash (used in)/generated from financing activities</b>	<b>(135,988)</b>	152,585
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(314,994)</b>	(41,598)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>499,331</b>	246,945
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,685</b>	(5,813)
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period</b>	<b>186,022</b>	199,534
	<hr/>	<hr/>



**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issued and distributions to shareholders, together with a comparative statement for the corresponding period of the immediate preceding financial year**

	Share capital <i>HKD'000</i>	Share premium <i>HKD'000</i>	Foreign currency translation reserve <i>HKD'000</i>	Statutory reserve <i>HKD'000</i>	Other reserve <i>HKD'000</i>	Retained earnings <i>HKD'000</i>	Total <i>HKD'000</i>	Non-controlling interests <i>HKD'000</i>	Total equity <i>HKD'000</i>
<b>Group</b>									
At 1 January 2015	2,549,345	1,914,548	266,571	94,999	(2,181)	1,502,198	6,325,480	225,680	6,551,160
Profit for the period	-	-	-	-	-	100,861	100,861	3,786	104,647
Other comprehensive income	-	-	4,158	-	-	-	4,158	555	4,713
At 31 March 2015	<u>2,549,345</u>	<u>1,914,548</u>	<u>270,729</u>	<u>94,999</u>	<u>(2,181)</u>	<u>1,603,059</u>	<u>6,430,499</u>	<u>230,021</u>	<u>6,660,520</u>
At 1 January 2014	-	-	344,486	71,979	-	1,232,422	1,648,887	342,508	1,991,395
Profit for the period	-	-	-	-	-	67,754	67,754	4,960	72,714
Other comprehensive income	-	-	(63,585)	-	-	-	(63,585)	(7,024)	(70,609)
At 31 March 2014	<u>-</u>	<u>-</u>	<u>280,901</u>	<u>71,979</u>	<u>-</u>	<u>1,300,176</u>	<u>1,653,056</u>	<u>340,444</u>	<u>1,993,500</u>
<b>Company</b>									
At 1 January 2015	2,549,345	11,584,834	(59,686)	-	64,953	(4,430,317)	9,709,129	-	9,709,129
Loss for the period	-	-	-	-	-	(19,337)	(19,337)	-	(19,337)
Other comprehensive income	-	-	49,162	-	-	-	49,162	-	49,162
At 31 March 2015	<u>2,549,345</u>	<u>11,584,834</u>	<u>(10,524)</u>	<u>-</u>	<u>64,953</u>	<u>(4,449,654)</u>	<u>9,738,954</u>	<u>-</u>	<u>9,738,954</u>
At 1 January 2014	614,415	1,561,725	-	-	8,141	605,823	2,790,104	-	2,790,104
Loss for the period	-	-	-	-	-	(177,534)	(177,534)	-	(177,534)
Other comprehensive income	-	-	(24,416)	-	-	-	(24,416)	-	(24,416)
Exercise of Warrants	4,765	37,468	-	-	-	-	42,233	-	42,233
Issue of ordinary shares related to acquisition of subsidiary	18,218	133,378	-	-	-	-	151,596	-	151,596
Issue of employee share options	-	-	-	-	16,750	-	16,750	-	16,750
At 31 March 2014	<u>637,398</u>	<u>1,732,571</u>	<u>(24,416)</u>	<u>-</u>	<u>24,891</u>	<u>428,289</u>	<u>2,798,733</u>	<u>-</u>	<u>2,798,733</u>

**1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial year reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The Company does not have any outstanding convertibles, preference shares and treasury shares for the financial quarter ended 31 December 2014 and 31 March 2015, except for outstanding warrants of 263,462.

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

The total number of issued shares excluding treasury shares were as follows:

**31 March 2015 ('000): 2,487,261**

31 December 2014 ('000): 2,487,261

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

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

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

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The same accounting policies and methods of computations have been applied.

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

There are no changes in accounting policies.

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

**Basic/Diluted earnings per share**

	<b>1QFY2015</b>	1QFY2014
Profit attributable to owners of the Company ( <i>HKD'000</i> )	<b>100,861</b>	67,754
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<b>2,487,261</b>	1,940,269
Basic/Diluted earnings per share ( <i>HKD</i> )	<b><u>0.041</u></b>	<u>0.035</u>

For the purpose of calculation of earnings per share, the weighted average number of shares in issue for period ended 31 March 2014 is deemed as 1,940,269,305 shares.

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year**

	<b>Group</b>		<b>Company</b>	
	<b>31 March 2015 <i>HKD</i></b>	31 December 2014 <i>HKD</i>	<b>31 March 2015 <i>HKD</i></b>	31 December 2014 <i>HKD</i>
Net asset value per ordinary share based on the existing issued share capital as at the respective period	<b><u>2.68</u></b>	<u>2.63</u>	<b><u>3.92</u></b>	<u>3.90</u>

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of any significant factors that effected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

### **Overview**

For 1QFY2015, the revenue of the Group has increased by 80% to HKD436.3 million compared with the revenue of HKD241.9 million for 1QFY2014. Gross profit of the Group has increased from HKD133.3 million to HKD217.6 million from 1QFY2014 to 1QFY2015, an increment of 63%. Gross profit margin of the Group decreased to 50% (1QFY2014: 55%). The net profit of the Group increased from HKD72.7 million to HKD104.6 million from 1QFY2014 to 1QFY2015, an increment of 44%.

### **Statement of Comprehensive Income**

#### *Revenue*

Revenue increased by 80% from HKD241.9 million in 1QFY2014 to HKD436.3 million in 1QFY2015. The increase is mainly attributable to the increase of HKD111.5 million in construction revenue, increase of HKD42.1 million in operating income and increase of HKD40.6 million in finance income. Revenue from construction of water treatment plants was mainly attributed to the expansion projects of Boxing and Suzhou water plants.

#### *Cost of sales*

Cost of sales increased by 101% from HKD108.6 million in 1QFY2014 to HKD218.7 million in 1QFY2015. This is mainly attributable to the expansion of Boxing and Suzhou projects, which result in the increase of HKD61.9 million in construction cost. And the cost of sales increased by HKD48.2 million in accordance with the operating income increment.

Overall gross profit margin decreased to 50% (1QFY2014: 55%). This is mainly due to a larger portion of construction revenue recognized in the mix of the revenue of 1QFY2015 as compared to 1QFY2014. Construction activities have a lower profit margin as compared to operation activities in general. However, compared with 1QFY2014, the gross profit margin for construction activities has been improved as most of construction works done by Jiangsu Tongyong, a subsidiary of the group, which resulted in cost saving.

#### *Other income*

Other income has increased by 234% to HKD9.0 million as compared with HKD2.7 million in 1QFY2014. The increase of other income is mainly due to the increase in government grant received for the efforts made on sewage and emission reduction by Jiangyin water plants during the period.

#### *Administrative expenses*

Administrative expenses increased by 129% to HKD45.8 million (1QFY2014: HKD20.0 million) which is mainly due to the inclusion of HKD22.9 million of administrative expenses after the completion of the reverse takeover (“RTO”) on 12 December 2014 of the Hankore Group.

#### *Finance costs*

Finance cost has increased by HKD21.7 million or 142% from HKD15.4 million in 1QFY2014 to HKD37.1 million in 1QFY2015. The increase in finance cost is due to the consolidation of Hankore Group’s interest expense on bank borrowing and multicurrency Medium Term Notes (the “MTN”) of HKD22.5 million after the RTO.

#### *Income tax*

The income tax mainly consists of current tax expenses of HKD26.1 million (1QFY2014: HKD16.6 million) and deferred tax expense of HKD13.0 million (1QFY2014: HKD11.4 million). The increase in income tax is attributable to the increase of taxable income of the Group as compared with 1QFY2014.

## Statement of Financial Position

### *Assets*

The total assets of the Group was maintained at HKD10.1 billion as at 31 March 2015 with a slight decrease of HKD16.4 million when compared to that at 31 December 2014. The decrease in total assets is mainly attributable to the decrease of HKD344.3 million in cash and cash equivalents, decrease of HKD2.6 million in property, plant and equipment and decrease of HKD12.4 million in intangible assets. While the decrease is offset by the increase of HKD233.1 million in trade and other receivables, HKD98.5 million in financial receivables, and HKD11.0 million in inventories.

Cash and cash equivalents decreased from HKD681.1 million as at 31 December 2014 to HKD336.8 million as at 31 March 2015. The decrease is due to the net cash outflow of HKD177.9 million from operating activities and net cash outflow from investing activities amounting to HKD1.1 million. Meanwhile, a net cash outflow from financing activities amounting to HKD136.0 million recorded resulted from the repayment of bank borrowings and amount due to related parties in the first quarter of 2015.

Financial receivables (including current and non-current) increased from HKD5.0 billion to HKD5.1 billion as at 31 March 2015, an increase of HKD98.5 million. The increase in financial receivables is mainly attributable to the recognition of construction revenue from Suzhou and Boxing water plants during the period.

The current portion of trade and other receivables of the Group increased by HKD210.2 million from HKD515.3 million as at 31 December 2014 to HKD725.5 million as at 31 March 2015. The increase is mainly due to the growth of operating income of HKD80.8 million during this period and delay in receipt of water tariff amounting to HKD130.0 million, most of which have been received in April 2015.

### *Liabilities*

Total borrowings including current and non-current borrowings decreased by HKD84.9 million. The movement mainly comprised of the proceeds from bank amounting to approximately HKD132.6 million, and repayments made to the bank borrowings and other loans amounting to HKD238.0 million during the period.

Increase of HKD195.5 million in current portion of trade and other payables were mainly due to reclassification of HKD264.3 million payables that are mainly payables to related parties from non-current liabilities to current liabilities. Regardless of the effect of reclassification, the trade and other payables will decrease by HKD68.8 million, of which HKD45.2 million is due to repayment to suppliers and others are due to the repayment to the related parties.

The Group was in a net current asset position of HKD73.3 million as at 31 March 2015 as compared to a net current asset position of HKD303.2 million as at 31 December 2014. The decrease of HKD229.9 million net current liability position was mainly due to the reclassification of HKD264.3 million payables from non-current liabilities to current liabilities. Regardless of the effect of reclassification, the net current asset will increase by HKD34.4 million compared to that of 31 December 2014.

### *Equity*

Except for the recognition of profit attributable to owners of the Company amounting to HKD100.9 million and HKD4.2 million of the foreign exchange differences on translation from RMB to HKD, there are no other significant changes in equity.

### **Statement of Cash Flow**

Cash and cash equivalents decreased from HKD681.1 million as at 31 December 2014 to HKD336.8 million as at 31 March 2015. Cash and cash equivalents included in consolidated statement of cash flow are comprised of the following:

	<b>31 March 2015 HKD'000</b>	31 December 2014 HKD'000
Cash and cash equivalents per statement of financial position	<b>336,771</b>	681,101
Less: Pledged bank deposits	<u><b>(150,749)</b></u>	<u>(181,770)</u>
Cash and cash equivalents per statement of cash flow	<u><b>186,022</b></u>	<u>499,331</u>

*Net cash flow from operating activities*

The Group has a cash inflow of HKD202.2 million before changes in working capital. Changes in working capital and payment of income tax has caused a cash outflow of HKD364.9 million and HKD15.2 million respectively. As a result, the Group has recorded a net cash outflow of HKD177.9 million from operating activities. The changes in working capital arose mainly from:

- (1) Increase in financial receivables of HKD81.7 million
- (2) Increase in inventories of HKD10.9 million
- (3) Increase in trade and other receivable of HKD225.5 million
- (4) Decrease in trade and other payable of HKD46.8 million

*Net cash from investing activities*

For 1QFY2015, the Group has recorded a net cash outflow of HKD1.1 million from investing activities. The cash outflow mainly resulted from payment for purchase of property, plant and equipment.

*Net cash from financing activities*

The Group has recorded a net cash outflow from financing activities of HKD136.0 million for 1QFY2015. The net cash outflow was caused by:

- (1) Net decrease in amount due from/to related parties of HKD25.0 million
- (2) Net repayment of borrowings of HKD105.5 million
- (3) Interest paid of HKD37.1 million
- (4) Decrease in pledged bank deposits of HKD31.6 million



## **Subsequent events**

On 19 January 2015, the Company entered into subscription agreements with each of International Finance Corporation (“IFC”) and Dalvey Asset Holding Ltd (“DAH”, together with IFC, the “Investors”). The Company has agreed to allot and issue and the Investors have agreed to subscribe for an aggregate of 120,690,957 new ordinary shares in the capital of the Company (“Subscription Shares”) at an issue price of S\$0.94 per Subscription Share, representing gross proceeds of approximately S\$113,449,500, which will be utilized as working capital to fund the growth and expansion of the Company’s business. The subscription of new shares and other matters in connection with or arising out of the Subscriptions have been approved at a special general meeting held on 12 March 2015. On 21 April 2015, a total of 120,690,957 shares have been issued to the Investors.

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

None.

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

With the implementation of the new Environmental Protection Law (環境保護法) and emergence of new environment protection policies, especially the newly released The Water Pollution Prevention & Control Plan, also known as the Clean Water Action Plan (水十條), the PRC government has further raised its emphasis on the country’s environmental issues to a whole new level. The government will continue to encourage and support the social capital to participate in the investment and operation of urban infrastructure through service concession arrangement.

With strict law enforcement towards sewage treatment, it will bring along a huge market capacity expansion for the industry. The increasing procurement of sewage treatment services by the government will speed up the restructuring and upgrade of the industry. Riding on the favourable trend, the Group will seize the rare historical opportunity and fully utilize its excellent market resources to expand market share and strive to be one of the leading water companies in the PRC within the next three to five years.

**11. Dividend**

(a) *Current financial period reported on*

Nil

(b) *Corresponding Period of the immediately Preceding financial year*

Not applicable

(c) *Date payable*

Not applicable

(d) *Books closure date*

Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect**

Not applicable.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

During this period, the Group does not have any general mandate from shareholders for Interested Person Transactions.

**14. Status on the use of net proceeds raised from share placement and issue of MTN**

On 12 December 2014, pursuant to the completion of the RTO, the Company has allotted and issued 1,940,269,305 Consideration Shares to the Vendor, China Everbright Water Holdings Limited, in satisfaction of the Consideration for the Proposed Acquisition. No cash has been received from issuance of Consideration Shares.

**CONFIRMATION BY THE BOARD  
PURSUANT TO THE RULE 705(5) OF THE LISTING MANUAL**

*I, Wang Tianyi, do hereby confirm on behalf of the Board of Directors of the Company that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the quarter ended 31 March 2015 to be false or misleading in any material aspect.*

**BY ORDER OF THE BOARD**

**Wang Tianyi**

*Executive Director, Vice-Chairman and Chief Executive Officer*

8 May 2015

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*DBS Bank Ltd. acted as the Financial Adviser to the Company in relation to the reverse takeover of the Company by China Everbright Water Holdings Limited which was completed on 12 December 2014. DBS Bank Ltd. assumes no responsibility for the contents of this Announcement.*