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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 2024

HIGHLIGHTS

- Revenue increased by 9% to HK\$3,352,595,000 (1HFY2023: HK\$3,082,000,000)
- EBITDA decreased by 7% to HK\$1,196,486,000 (1HFY2023: HK\$1,287,800,000)
- Profit before tax decreased by 7% to HK\$815,307,000 (1HFY2023: HK\$879,931,000)
- Profit attributable to equity holders of the Company decreased by 8% to HK\$581,146,000 (1HFY2023: HK\$632,188,000)
- Interim dividend of HK6.09 cents (equivalent to 1.05 Sing cents) per ordinary share (1HFY2023: HK6.63 cents (equivalent to 1.13 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 six months ended 30 June 2024 (“1HFY2024” or the “Review Period”), together with the comparative figures for the six months ended 30 June 2023 (“1HFY2023”). The interim financial results have been reviewed by the audit committee of the Company (the “Audit Committee”). The interim financial report is unaudited, but has been reviewed by KPMG LLP and KPMG in Singapore and Hong Kong respectively, 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>	Increase/ (decrease) %
	<i>Notes</i>			
REVENUE	4	3,352,595	3,082,000	9%
Direct costs and operating expenses		<u>(2,083,362)</u>	<u>(1,672,259)</u>	25%
Gross profit		1,269,233	1,409,741	(10%)
Other income and gains, net	5	42,983	35,837	20%
Administrative and other operating expenses		<u>(227,372)</u>	(280,945)	(19%)
Finance income	6	8,316	12,627	(34%)
Finance costs	6	<u>(277,462)</u>	(299,716)	(7%)
Share of profits and losses of associates		(1,080)	1,126	(196%)
Share of profit of a joint venture		<u>689</u>	<u>1,261</u>	(45%)
PROFIT BEFORE TAX	7	815,307	879,931	(7%)
Income tax	8	<u>(187,739)</u>	<u>(205,077)</u>	(8%)
PROFIT FOR THE PERIOD		<u>627,568</u>	<u>674,854</u>	(7%)
OTHER COMPREHENSIVE LOSS				
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:				
Exchange differences arising on translation of functional currency to the presentation currency		<u>(157,099)</u>	<u>(277,592)</u>	(43%)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX		<u>(157,099)</u>	<u>(277,592)</u>	(43%)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>470,469</u>	<u>397,262</u>	18%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

For the six months ended 30 June 2024

	1HFY2024 (Unaudited) <i>Notes</i> HK\$'000	1HFY2023 (Unaudited) <i>Notes</i> HK\$'000	Increase/ (decrease) %
PROFIT ATTRIBUTABLE TO:			
Equity holders of the Company	581,146	632,188	(8%)
Holders of perpetual capital instruments	–	12,300	(100%)
Non-controlling interests	46,422	30,366	53%
	<u>627,568</u>	<u>674,854</u>	(7%)
TOTAL COMPREHENSIVE INCOME			
ATTRIBUTABLE TO:			
Equity holders of the Company	435,910	375,363	16%
Holders of perpetual capital instruments	–	12,300	(100%)
Non-controlling interests	34,559	9,599	260%
	<u>470,469</u>	<u>397,262</u>	18%
EARNINGS PER SHARE ATTRIBUTABLE			
TO EQUITY HOLDERS OF THE COMPANY 10			
– Basic and diluted	<u>HK20.31 cents</u>	<u>HK22.10 cents</u>	(8%)

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2024

	Notes	Group		Company	
		30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment		990,909	970,663	-	-
Right-of-use assets		86,125	88,500	-	-
Investment properties		10,993	11,096	-	-
		1,088,027	1,070,259	-	-
Intangible assets		2,064,917	2,156,026	-	-
Goodwill		1,351,516	1,364,093	-	-
Interests in subsidiaries		-	-	10,019,961	10,023,114
Interests in associates		10,788	11,953	-	-
Interest in a joint venture		1,903	1,262	-	-
Other receivables	11	312,965	235,125	-	-
Contract assets	12	20,475,038	19,779,711	-	-
Deferred tax assets		-	880	-	-
Total non-current assets		25,305,154	24,619,309	10,019,961	10,023,114
CURRENT ASSETS					
Inventories		43,293	58,336	-	-
Trade and other receivables	11	5,796,871	5,382,761	9,167,188	10,505,695
Contract assets	12	2,196,904	2,157,706	-	-
Other financial assets	13	33,145	121,148	-	88,150
Cash and cash equivalents	14	1,835,044	1,881,401	115,611	42,470
Total current assets		9,905,257	9,601,352	9,282,799	10,636,315

STATEMENTS OF FINANCIAL POSITION (continued)
As at 30 June 2024

		Group		Company	
		30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000	30 June 2024 (Unaudited) HK\$'000	31 December 2023 (Audited) HK\$'000
CURRENT LIABILITIES					
Trade and other payables	15	3,071,671	3,241,736	124,089	183,082
Borrowings		3,739,206	4,606,893	2,532,692	3,624,164
Tax payable		68,433	84,410	-	-
Lease liabilities		5,493	5,412	-	-
Total current liabilities		<u>6,884,803</u>	<u>7,938,451</u>	<u>2,656,781</u>	<u>3,807,246</u>
NET CURRENT ASSETS		<u>3,020,454</u>	<u>1,662,901</u>	<u>6,626,018</u>	<u>6,829,069</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,325,608</u>	<u>26,282,210</u>	<u>16,645,979</u>	<u>16,852,183</u>
NON-CURRENT LIABILITIES					
Other payables	15	80,063	-	-	-
Borrowings		12,381,023	10,798,480	5,914,386	6,049,733
Deferred tax liabilities		2,070,386	2,029,945	-	-
Lease liabilities		1,564	1,443	-	-
Total non-current liabilities		<u>14,533,036</u>	<u>12,829,868</u>	<u>5,914,386</u>	<u>6,049,733</u>
NET ASSETS		<u>13,792,572</u>	<u>13,452,342</u>	<u>10,731,593</u>	<u>10,802,450</u>
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	16	2,860,877	2,860,877	2,860,877	2,860,877
Reserves		8,815,730	8,545,244	7,063,734	7,134,591
		<u>11,676,607</u>	<u>11,406,121</u>	<u>9,924,611</u>	<u>9,995,468</u>
Perpetual capital instruments		806,982	806,982	806,982	806,982
Non-controlling interests		1,308,983	1,239,239	-	-
TOTAL EQUITY		<u>13,792,572</u>	<u>13,452,342</u>	<u>10,731,593</u>	<u>10,802,450</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to equity holders of the Company										
	Share capital	Share premium	Foreign currency translation reserve	Statutory reserve	Contributed surplus reserve	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group											
At 1 January 2024	2,860,877	1,599,765	(1,375,419)	776,715	1,229,302	8,203	6,306,678	11,406,121	806,982	1,239,239	13,452,342
Profit for the period	-	-	-	-	-	-	581,146	581,146	-	46,422	627,568
Foreign currency translation differences	-	-	(145,236)	-	-	-	-	(145,236)	-	(11,863)	(157,099)
2023 final dividend declared	-	-	-	-	-	-	(165,424)	(165,424)	-	-	(165,424)
Capital contributions received by non wholly-owned subsidiaries from non-controlling shareholders	-	-	-	-	-	-	-	-	-	35,185	35,185
At 30 June 2024	<u>2,860,877</u>	<u>1,599,765</u>	<u>(1,520,655)</u>	<u>776,715</u>	<u>1,229,302</u>	<u>8,203</u>	<u>6,722,400</u>	<u>11,676,607</u>	<u>806,982</u>	<u>1,308,983</u>	<u>13,792,572</u>
At 1 January 2023	2,860,877	1,599,765	(962,929)	689,734	1,229,302	8,203	5,542,538	10,967,490	806,982	1,226,406	13,000,878
Profit for the period	-	-	-	-	-	-	632,188	632,188	12,300	30,366	674,854
Foreign currency translation differences	-	-	(256,825)	-	-	-	-	(256,825)	-	(20,767)	(277,592)
2022 final dividend declared	-	-	-	-	-	-	(146,390)	(146,390)	-	-	(146,390)
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	-	(12,300)	-	(12,300)
Capital contributions received by non wholly-owned subsidiaries from non-controlling shareholders	-	-	-	-	-	-	-	-	-	7,890	7,890
At 30 June 2023	<u>2,860,877</u>	<u>1,599,765</u>	<u>(1,219,754)</u>	<u>689,734</u>	<u>1,229,302</u>	<u>8,203</u>	<u>6,028,336</u>	<u>11,196,463</u>	<u>806,982</u>	<u>1,243,895</u>	<u>13,247,340</u>

STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

Company	Attributable to equity holders of the Company								
	Share capital	Share premium	Foreign	Contributed	Other reserves	Retained earnings	Total	Perpetual capital instruments	Total equity
			currency translation reserve	surplus reserve					
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2024	2,860,877	389,715	(1,338,525)	7,639,082	64,953	379,366	9,995,468	806,982	10,802,450
Profit for the period	-	-	-	-	-	171,114	171,114	-	171,114
Foreign currency translation differences	-	-	(76,547)	-	-	-	(76,547)	-	(76,547)
2023 final dividend declared	-	-	-	-	-	(165,424)	(165,424)	-	(165,424)
At 30 June 2024	<u>2,860,877</u>	<u>389,715</u>	<u>(1,415,072)</u>	<u>7,639,082</u>	<u>64,953</u>	<u>385,056</u>	<u>9,924,611</u>	<u>806,982</u>	<u>10,731,593</u>
At 1 January 2023	2,860,877	389,715	(1,143,689)	7,639,082	64,953	343,666	10,154,604	806,982	10,961,586
Profit for the period	-	-	-	-	-	222,273	222,273	12,300	234,573
Foreign currency translation differences	-	-	(106,879)	-	-	-	(106,879)	-	(106,879)
2022 final dividend declared	-	-	-	-	-	(146,390)	(146,390)	-	(146,390)
Distribution to holders of perpetual capital instruments	-	-	-	-	-	-	-	(12,300)	(12,300)
At 30 June 2023	<u>2,860,877</u>	<u>389,715</u>	<u>(1,250,568)</u>	<u>7,639,082</u>	<u>64,953</u>	<u>419,549</u>	<u>10,123,608</u>	<u>806,982</u>	<u>10,930,590</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	<i>Notes</i>	1HFY2024 (Unaudited) HK\$'000	1HFY2023 (Unaudited) HK\$'000
Cash flows from operating activities			
Profit before tax		815,307	879,931
Adjustments for:			
Depreciation of property, plant and equipment	7	24,686	25,391
Depreciation of right-of-use assets	7	5,757	5,055
Amortisation of intangible assets	7	73,274	77,707
Loss on disposals of property, plant and equipment	7	33	196
Loss on disposals of intangible assets	7	–	2,920
Finance costs	6	277,462	299,716
Interest income	6	(8,316)	(12,627)
Share of profits and losses of associates		1,080	(1,126)
Share of profit of a joint venture		(689)	(1,261)
Fair value changes of other financial assets, net	5	(7,492)	8,582
Allowance for expected credit losses on trade receivables, net	7	34,715	123,398
Allowance/(write-back of allowance) for expected credit losses on other receivables, net	7	2,418	(2,768)
Allowance for expected credit losses on contract assets	7	913	445
Effect of foreign exchange rates changes, net		(16,163)	(26,589)
Operating cash flows before working capital changes		1,202,985	1,378,970
Changes in working capital:			
Decrease/(increase) in inventories		14,750	(9,870)
Increase in contract assets		(914,534)	(475,516)
Increase in trade and other receivables		(557,308)	(917,476)
Decrease in trade and other payables		(26,318)	(367,950)
Cash used in operations		(280,425)	(391,842)
People's Republic of China ("PRC") income tax paid		(141,831)	(142,984)
Net cash flows used in operating activities		(422,256)	(534,826)

CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)**For the six months ended 30 June 2024*

	1HFY2024 (Unaudited) <i>Notes</i> HK\$'000	1HFY2023 (Unaudited) <i>HK\$'000</i>
Cash flows from investing activities		
Purchase of property, plant and equipment	(38,945)	(12,474)
Proceeds from disposals of property, plant and equipment	488	26
Payment for additions of intangible assets	–	(171)
(Increase)/decrease in amounts due from associates	(4,422)	4,057
Proceeds from redemption of other financial assets	48,855	–
Interest received	8,316	12,627
	<hr/>	<hr/>
Net cash flows generated from investing activities	14,292	4,065
Cash flows from financing activities		
Capital contributions from non-controlling shareholders of subsidiaries	35,185	7,890
Proceeds from the issuance of medium-term notes (“MTN”), net of related expenses paid	1,626,821	1,125,613
Proceeds from issuance of asset-backed securities (“ABS”), net of related expenses paid	2,060,421	–
Proceeds from the issuance of super and short-term commercial papers (“SCP”), net of related expenses paid	–	1,152,800
New bank loans	2,194,872	2,867,299
Repayments of corporate bonds	(761,460)	–
Repayments of MTN	(1,087,800)	–
Repayments of ABS	(48,803)	(156,245)
Repayments of SCP	–	(1,152,800)
Repayments of bank loans	(3,141,799)	(3,389,658)
Interest paid	(296,017)	(300,614)
Principal elements of lease payments	(3,926)	(3,582)
Interest elements of lease payments	(202)	(145)
Increase in restricted bank balances	(2,530)	(1)
Increase in amounts due to fellow subsidiaries	698	–
Dividend paid to shareholders of the Company (the “Shareholders”)	(167,626)	(146,851)
Distribution paid to holders of perpetual capital instruments	(25,047)	(26,154)
	<hr/>	<hr/>
Net cash flows generated from/(used in) financing activities	382,787	(22,448)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(25,177)	(553,209)
Cash and cash equivalents at beginning of the period	1,861,907	2,844,990
Effect of exchange rate fluctuations on cash and cash equivalents, net	(23,514)	(27,514)
	<hr/>	<hr/>
Cash and cash equivalents at end of the period	1,813,216	2,264,267

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2024 have been prepared in accordance with the International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board (“IASB”).

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 2023, except for the changes in accounting policies made thereafter in adopting the new and amended International Financial Reporting Standards (“IFRSs”) issued by the IASB, which became effective for the first time for the current period’s unaudited interim financial information, as further detailed 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 herein contains condensed consolidated financial statements and selected explanatory notes. The notes include explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

The financial information relating to the year ended 31 December 2023 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.

The Group has adopted the following amended IFRSs for the first time for the current period’s unaudited interim financial information:

Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>

The adoption of the above amended IFRSs had no significant effects on the results and financial position for the current or prior accounting periods which have been prepared and presented.

2. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	<i>Annual Improvements Volume 11</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet but available for adoption

3. OPERATING SEGMENT INFORMATION

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group operates in a single business segment which is the water environment management business. No operating segments have been aggregated to form the following reportable operating segment.

Business segment

The Group had only one operating segment for the six months ended 30 June 2024 and 2023, namely the water environment management business, the details of which are set out below:

- Water environment management – Engagement in municipal waste water treatment, industrial waste water treatment, water supply, reusable water, sludge treatment and disposal, sponge city construction, river-basin ecological restoration, leachate treatment, research and development ("R&D") of water environment technologies and engineering construction.

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) *Revenue from external customers*

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
Mainland China	3,339,163	3,033,746
Germany	13,432	48,254
	<u>3,352,595</u>	<u>3,082,000</u>

The revenue information of continuing operations above is based on the location at which the services were provided.

(b) *Non-current assets*

	At 30 June 2024 (Unaudited) <i>HK\$'000</i>	At 31 December 2023 (Audited) <i>HK\$'000</i>
Mainland China	25,299,378	24,611,079
Hong Kong	2,050	3,164
Singapore	1,669	2,753
Germany	154	171
Mauritius	1,903	1,262
	<u>25,305,154</u>	<u>24,618,429</u>

The non-current assets information of continuing operations above is based on the locations of the assets and excludes deferred tax assets.

Major customers by revenue

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
Customer 1*	587,870	353,189
Customer 2*	390,493	426,620

* The customers are local government authorities.

4. REVENUE

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
Revenue from contracts with customers		
Construction service revenue from service concession arrangements	1,355,412	826,692
Operation income from service concession arrangements	1,301,259	1,557,186
Construction contract revenue and technical service income	<u>131,597</u>	<u>123,540</u>
	2,788,268	2,507,418
Revenue from other sources		
Finance income from service concession arrangements	<u>564,327</u>	<u>574,582</u>
	<u>3,352,595</u>	<u>3,082,000</u>
Timing of revenue recognition:		
At a point in time	119,149	111,526
Over time	<u>2,669,119</u>	<u>2,395,892</u>
	2,788,268	2,507,418
Finance income from service concession arrangements	<u>564,327</u>	<u>574,582</u>
	<u>3,352,595</u>	<u>3,082,000</u>

The aggregated amount of construction service revenue, finance income and operation income derived from the local government authorities in the PRC for the six months ended 30 June 2024 amounted to HK\$3,178,057,000 (1HFY2023: HK\$2,911,497,000).

5. OTHER INCOME AND GAINS, NET

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
Government grants*	16,202	15,650
Value-added tax (“VAT”) refunds**	–	19,532
Fair value gain/(loss), net:		
Other financial assets – unlisted investments	7,036	(6,484)
Other financial assets – unlisted equity investment	456	(2,098)
Sundry income	<u>19,289</u>	<u>9,237</u>
	<u>42,983</u>	<u>35,837</u>

* Government grants of HK\$16,202,000 (1HFY2023: HK\$15,650,000) were granted during the six months ended 30 June 2024 to subsidise certain waste water treatment plants of the Group in the PRC. The receipt of such grants is not subject to any unfulfilled conditions or any other contingencies. There is no assurance that the Group will continue to receive such grants in the future.

** VAT refunds of nil (1HFY2023: HK\$19,532,000) were received/receivable during the six months ended 30 June 2024 in relation to certain of the Group’s water environment management projects in operation in the PRC. The receipt of such tax refunds is not subject to any unfulfilled conditions or any other contingencies. There is no assurance that the Group will continue to receive such tax refunds in the future.

6. NET FINANCE COSTS

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
<u>Finance income</u>		
Interest income on:		
Bank deposits	8,144	12,448
Amount due from an associate	172	179
	<u>8,316</u>	<u>12,627</u>
<u>Finance costs</u>		
Interest expense on:		
Bank and other loans	(167,751)	(189,612)
Corporate bonds, ABS, MTN and SCP	(109,509)	(109,959)
Lease liabilities	(202)	(145)
	<u>(277,462)</u>	<u>(299,716)</u>
Net finance costs	<u>(269,146)</u>	<u>(287,089)</u>

7. PROFIT BEFORE TAX

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

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
Depreciation*		
– property, plant and equipment	24,686	25,391
– right-of-use assets	5,757	5,055
Amortisation		
– intangible assets*	73,274	77,707
Loss on disposals of property, plant and equipment	33	196
Loss on disposals of intangible assets	–	2,920
Cost of construction services from service concession arrangements**	1,105,478	615,951
R&D costs	21,648	21,129
Rental expense from short-term leases	760	722
Allowance for expected credit losses on trade receivables, net	34,715	123,398
Allowance/(write-back of allowance) for expected credit losses on other receivables, net	2,418	(2,768)
Allowance for expected credit losses on contract assets	913	445
Foreign exchange differences, net	<u>4,033</u>	<u>(50,913)</u>
Employee benefit expense (including directors' remuneration):		
Wages, salaries, allowances and benefits in kind	152,449	196,280
Retirement scheme contributions	<u>14,039</u>	<u>19,665</u>
	<u>166,488</u>	<u>215,945</u>

7. PROFIT BEFORE TAX (continued)

* Amortisation of intangible assets, and depreciation of property, plant and equipment and right-of-use assets in a total of HK\$94,498,000 (1HFY2023: HK\$99,250,000) for the six months ended 30 June 2024 are included in “Direct costs and operating expenses” in the consolidated statement of comprehensive income.

** Included in “Direct costs and operating expenses” in the consolidated statement of comprehensive income.

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 or Hong Kong income tax during the six months ended 30 June 2024 and 2023.

Tax for the PRC operations is charged at the statutory rate of 25% based on the assessable profits in accordance with the tax rules and regulations in the PRC. During the six months ended 30 June 2024 and 2023, certain PRC subsidiaries of the Group were subject to a preferential tax rate of 15% pursuant to the relevant tax rules and regulations. During the six months ended 30 June 2024 and 2023, certain PRC subsidiaries of the Group were subject to tax at half of the foregoing statutory rate or fully exempted from income tax pursuant to the relevant tax rules and regulations.

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
Current – PRC:		
Charge for the period	132,419	124,828
(Over)/under-provision in prior years	(5,850)	10,933
Deferred	<u>61,170</u>	<u>69,316</u>
Total tax expense for the period	<u>187,739</u>	<u>205,077</u>

9. DIVIDENDS

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
Dividends attributable to the period:		
Interim – 6.09 Hong Kong cents (“HK cents”) (equivalent to 1.05 Singapore cents (“Sing cent(s)”) (1HFY2023: HK6.63 cents (equivalent to 1.13 Sing cents)) per ordinary share	<u>174,344</u>	<u>189,901</u>

Dividends paid during the period:		
Final in respect of the previous financial year – HK5.81 cents (equivalent to 0.99 Sing cent) (1HFY2023: HK5.14 cents (equivalent to 0.86 Sing cent)) per ordinary share	<u>165,424</u>	<u>146,390</u>

Dividends attributable to the period were approved by the Board post-period end.

10. EARNINGS PER SHARE

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

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

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
Profit attributable to equity holders of the Company for the period	<u>581,146</u>	<u>632,188</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue during the period	<u>2,860,877</u>	<u>2,860,877</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings per share	<u>20.31</u>	<u>22.10</u>

11. TRADE AND OTHER RECEIVABLES

Group

	At 30 June 2024 (Unaudited) <i>HK\$'000</i>	At 31 December 2023 (Audited) <i>HK\$'000</i>
Non-current		
Other receivables	22,309	22,869
Less: Impairment	<u>(9,509)</u>	<u>(9,782)</u>
	12,800	13,087
Recoverable VAT	167,732	193,824
Prepayments	<u>132,433</u>	<u>28,214</u>
	<u>312,965</u>	<u>235,125</u>
Current		
Trade receivables	5,581,545	5,060,763
Less: Impairment	<u>(654,904)</u>	<u>(626,215)</u>
	4,926,641	4,434,548
Other receivables and sundry deposits	695,784	636,027
Less: Impairment	<u>(31,502)</u>	<u>(29,187)</u>
	664,282	606,840
Recoverable VAT	102,635	121,805
Amounts due from associates	10,665	6,329
Prepayments	<u>92,648</u>	<u>213,239</u>
	<u>5,796,871</u>	<u>5,382,761</u>
Total	<u>6,109,836</u>	<u>5,617,886</u>

11. TRADE AND OTHER RECEIVABLES (continued)

The movements in allowance for expected credit losses on trade receivables are as follows:

Group

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
At the beginning of the period/year	626,215	446,835
Impairment losses recognised, net (note 7)	34,715	194,487
Exchange realignment	<u>(6,026)</u>	<u>(15,107)</u>
At the end of the period/year	<u>654,904</u>	<u>626,215</u>

The movements in allowance for expected credit losses on other receivables are as follows:

Group

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
At the beginning of the period/year	38,969	50,870
Impairment losses recognised, net (note 7)	2,418	466
Write-offs	–	(11,200)
Exchange realignment	<u>(376)</u>	<u>(1,167)</u>
At the end of the period/year	<u>41,011</u>	<u>38,969</u>

11. TRADE AND OTHER RECEIVABLES (continued)

The ageing analysis of trade receivables, based on the date of recognition and net of allowance, as at the end of the reporting period is as follows:

Group

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Within 1 month	734,662	1,012,238
More than 1 month but within 2 months	412,658	352,188
More than 2 months but within 4 months	582,352	556,492
More than 4 months but within 7 months	919,547	636,809
More than 7 months but within 13 months	718,217	605,792
More than 13 months	<u>1,559,205</u>	<u>1,271,029</u>
	<u>4,926,641</u>	<u>4,434,548</u>

Trade receivables are due within 30 to 90 days from the date of recognition.

Trade receivables of the Group of HK\$5,581,545,000 (31 December 2023: HK\$5,060,763,000) as at 30 June 2024 included (a) trade receivables of HK\$6,303,000 (31 December 2023: HK\$9,608,000) due from non-controlling shareholders of non wholly-owned subsidiaries, (b) trade receivables of HK\$34,428,000 (31 December 2023: HK\$6,810,000) due from a related company of a non wholly-owned subsidiary, and (c) trade receivables of HK\$2,428,000 (31 December 2023: HK\$414,000) due from fellow subsidiaries of the Group.

Other receivables and sundry deposits of the Group totalling HK\$718,093,000 (31 December 2023: HK\$658,896,000) as at 30 June 2024 included other receivables of HK\$25,808,000 (31 December 2023: HK\$22,096,000) due from non-controlling shareholders of non wholly-owned subsidiaries.

Amounts due from associates of the Group of HK\$10,665,000 (31 December 2023: HK\$6,329,000) as at 30 June 2024 included an amount due from an associate of HK\$9,577,000 (31 December 2023: HK\$6,329,000) that was unsecured, repayable on demand and interest-bearing at a rate of 4.75% per annum. The remaining balance of amounts due from associates of HK\$1,088,000 (31 December 2023: nil) was unsecured, repayable on demand and interest-free.

Prepayments of the Group of HK\$225,081,000 (31 December 2023: HK\$241,453,000) as at 30 June 2024 included balance of nil (31 December 2023: HK\$28,214,000) which were partial payment for extending the term of a service concession right of a project.

All the current portions of trade and other receivables are expected to be recovered or recognised as expenses within one year.

12. CONTRACT ASSETS

Group

		At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
	<i>Notes</i>		
Non-current			
Service concession assets	(a)	20,494,270	19,798,284
Less: Impairment	(c)	(19,232)	(18,573)
		<u>20,475,038</u>	<u>19,779,711</u>
Current			
Service concession assets	(a)	2,066,379	2,005,427
Less: Impairment	(c)	(1,939)	(1,881)
		2,064,440	2,003,546
Other contract assets	(b)	132,464	154,160
		<u>2,196,904</u>	<u>2,157,706</u>
Total		<u>22,671,942</u>	<u>21,937,417</u>

- (a) Service concession assets as at 30 June 2024 included balance of HK\$165,169,000 (31 December 2023: HK\$179,313,000) due from a related company of a non wholly-owned subsidiary.

Service concession assets of HK\$22,560,649,000 (31 December 2023: HK\$21,803,711,000) as at 30 June 2024 bear interest at rates ranging from 3.95% to 7.83% (31 December 2023: 4.20% to 7.83%) per annum. As at 30 June 2024, balances totalling HK\$19,548,685,000 (31 December 2023: HK\$20,181,968,000) are related to the service concession arrangements with operations commenced. The amounts for the service concession arrangements are not yet due for payment and will be settled by revenue generated during the operating periods of the service concession arrangements. Amounts billed will be transferred to trade receivables (note 11).

- (b) Other contract assets of HK\$132,464,000 (31 December 2023: HK\$154,160,000) as at 30 June 2024 comprised contract assets arising from the performance of construction management service contracts. Such contracts include payment schedules which require stage payments over the service periods once milestones are reached.

12. CONTRACT ASSETS (continued)

(c) Impairment assessment

As at 30 June 2024, HK\$21,171,000 (31 December 2023: HK\$20,454,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 11.

The movements in the allowance for expected credit losses on contract assets are as follows:

Group

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
At the beginning of the period/year	20,454	19,716
Impairment losses recognised (note 7)	913	1,282
Exchange realignment	(196)	(544)
	<u>21,171</u>	<u>20,454</u>
At the end of the period/year	<u>21,171</u>	<u>20,454</u>

As at 30 June 2024, certain of the Group's concession rights of the water environment management projects (comprising contract assets and trade receivables) with an aggregate carrying amount of HK\$6,884,995,000 (31 December 2023: HK\$5,550,547,000) were pledged to secure bank loan facilities granted to the Group and the issuance of the ABS (31 December 2023: bank loan facilities).

13. OTHER FINANCIAL ASSETS

Group

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Unlisted investments, at fair value	–	88,150
Unlisted equity investment, at fair value	33,145	32,998
	<u>33,145</u>	<u>121,148</u>

As at 31 December 2023, the above unlisted investments were wealth management products issued by financial institutions in Hong Kong which were fully redeemed during 1HFY2024. The wealth management products were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows were not solely payments of principal and interest.

As at 30 June 2024 and 31 December 2023, the above unlisted equity investment represents the 6% equity interest in Yancheng CCCC Shanghai Dredging Water Environment Investment Co., Ltd.

14. CASH AND CASH EQUIVALENTS

Group

	At 30 June 2024 (Unaudited) <i>HK\$'000</i>	At 31 December 2023 (Audited) <i>HK\$'000</i>
Cash on hand and bank balances	1,813,216	1,861,907
Restricted bank balances	<u>21,828</u>	<u>19,494</u>
	<u>1,835,044</u>	<u>1,881,401</u>

Cash and cash equivalents of the Group as at 30 June 2024 included deposits of HK\$81,071,000 (31 December 2023: HK\$84,485,000) placed with a related party bank, which is a fellow subsidiary of the Company.

15. TRADE AND OTHER PAYABLES

Group

	At 30 June 2024 (Unaudited) <i>HK\$'000</i>	At 31 December 2023 (Audited) <i>HK\$'000</i>
Non-current		
Other payables	<u>80,063</u>	<u>–</u>
Current		
Trade payables	2,366,363	2,335,983
Distribution payable to holders of perpetual capital instruments	–	25,128
Dividend payable to a non-controlling shareholder of a non wholly-owned subsidiary	5,780	5,835
Interest payable	128,342	155,216
Other tax payables	172,984	176,442
Other creditors and accrued expenses	<u>398,202</u>	<u>543,132</u>
	<u>3,071,671</u>	<u>3,241,736</u>
Total	<u>3,151,734</u>	<u>3,241,736</u>

15. TRADE AND OTHER PAYABLES (continued)

The ageing analysis of trade payables, based on the date of invoice, as at the end of the reporting period is as follows:

Group

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Within 6 months	1,550,615	1,514,769
Over 6 months	815,748	821,214
	<u>2,366,363</u>	<u>2,335,983</u>

Trade payables of the Group totalling HK\$1,952,994,000 (31 December 2023: HK\$1,864,144,000) as at 30 June 2024 represent construction payables for the Group's Build-Operate-Transfer, Build-Own-Operate, and Transfer-Operate-Transfer arrangements. The construction payables are not yet due for payment.

Trade payables of the Group as at 30 June 2024 included trade payables of HK\$94,255,000 (31 December 2023: HK\$208,791,000) due to non-controlling shareholders of non wholly-owned subsidiaries, which are unsecured, interest-free and repayable on credit terms similar to those offered by the non-controlling shareholders to their major customers.

Trade payables of the Group as at 30 June 2024 included trade payables of HK\$10,855,000 (31 December 2023: HK\$8,552,000) due to associates, which are unsecured, interest-free and repayable on credit terms similar to those offered by the associates to their major customers.

Other creditors and accrued expenses of the Group as at 30 June 2024 included other payables of HK\$223,693,000 (31 December 2023: HK\$218,220,000) due to non-controlling shareholders of non wholly-owned subsidiaries (31 December 2023: a non-controlling shareholder of a non wholly-owned subsidiary). The payables included a balance due to a non-controlling shareholder of a non wholly-owned subsidiary of HK\$182,808,000 (31 December 2023: HK\$184,521,000) as at 30 June 2024 which is unsecured, interest-bearing at rates announced by the People's Bank of China and repayable on demand. The remaining balances payable to non-controlling shareholders of non wholly-owned subsidiaries of HK\$40,885,000 (31 December 2023: 33,699,000) are unsecured, interest-free and repayable on demand.

16. SHARE CAPITAL

Group and Company

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Authorised:		
10,000,000,000 ordinary shares of par value of HK\$1.00 each	<u>10,000,000</u>	<u>10,000,000</u>
Issued and fully paid:		
2,860,876,723 ordinary shares of par value of HK\$1.00 each	<u>2,860,877</u>	<u>2,860,877</u>
	No. of shares '000	Amount HK\$'000
Issued and fully paid:		
At 31 December 2023 (Audited), 1 January 2024 and 30 June 2024 (Unaudited)	<u>2,860,877</u>	<u>2,860,877</u>

The Group and the Company did not have any treasury shares as at 30 June 2024 and 31 December 2023.

17. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 30 June 2024 and up to the date of this announcement.

BUSINESS REVIEW AND PROSPECTS

Operating Results

In 1HFY2024, despite the gradual recovery of the global economy, the political and economic landscape remained complex and volatile, with numerous uncertainties. Amid this backdrop, China demonstrated resilience in its development and maintained positive momentum in economic recovery, continuing to advance high-quality development. Concurrently, under the clear guidance of China's goals of "Peaking Carbon Dioxide Emissions and Achieving Carbon Neutrality" ("Dual Carbons") and the requirements for comprehensive progress in "Building a Beautiful China", the environmental protection industry in China has steadfastly pursued a path of higher quality and more sustainable development through adjustments, upgrades and transformations. The long-term prospects of the industry remain hopeful and promising.

During the Review Period, the Group continued to progress with stability. With robust development momentum and continuously fostering its "water-related" business, the Group achieved steady market expansion, significant improvements in operational efficiency, and maintained an overall healthy financial condition. These effectively drove the Group's green, low-carbon, and high-quality development, further solidifying its industry-leading position.

As at 30 June 2024, the Group invested in and held 169 environmental protection projects, with a total investment of approximately RMB32.151 billion. In addition, it undertook various asset-light projects and services, such as operation and management ("O&M"), engineering, procurement and construction ("EPC"), EPCO (Design-Procurement-Construction-Operation), equipment supply and technical services.

A summary of the number of project(s) and water treatment/supply capacity by category is set out below:

Project Type ⁽¹⁾	Number of Projects	Water Treatment/Supply Capacity (m³/day)
Municipal waste water treatment projects ⁽²⁾	134	5,970,000
Industrial waste water treatment projects ^{(2) (3)}	23	416,000
Reusable water projects	8	315,600
River-basin ecological restoration projects	6	115,000
Water supply projects	3	250,000
Raw water protection project	1	600,000
Leachate treatment project ⁽²⁾	1	1,500
Sludge treatment and disposal projects ⁽⁴⁾	2	N/A
Livestock and poultry manure resource utilisation project	1	N/A
Total	179	7,668,100

Notes:

- ⁽¹⁾ EPC project(s) excluded
- ⁽²⁾ O&M project(s) included
- ⁽³⁾ EPCO project(s) included
- ⁽⁴⁾ Total sludge treatment and disposal capacities of 2,175 tonnes/day, including treatment capacities of multiple sludge treatment and disposal facilities within waste water treatment projects

In terms of its operating results for 1HFY2024, the Group maintained a steady development momentum despite facing headwind. It recorded a revenue of HK\$3.35 billion, representing an increase of 9% from HK\$3.08 billion in the corresponding period last year; earnings before interest, taxes, depreciation and amortisation (“EBITDA”) decreased by 7% from HK\$1.29 billion in the corresponding period last year to HK\$1.20 billion; profit attributable to equity holders of the Company decreased by 8% from HK\$632.19 million in the corresponding period last year to HK\$581.15 million; basic earnings per share decreased by 8% from HK22.10 cents in the corresponding period last year to HK20.31 cents; overall gross profit margin was 38%, 8 percentage points (“ppt”) lower than 46% for the corresponding period last year. The Group has ready access to diversified financing channels, including both short- and long-term financing instruments. It holds quality assets and sufficient funds, maintaining a reasonable gearing ratio, and a healthy financial position.

In relation to market expansion, during the Review Period, the Group continued to focus on the development of both traditional and new business areas and promote a better synergistic development of asset-light and asset-heavy businesses. In particular, securing Anyang Municipal Waste Water Treatment Centre Phase I Project in Henan Province marked a significant business breakthrough for the Group in Henan's water market, following the securing of Sanmenxia Waste Water Treatment Project. Moreover, the signing of multiple asset-light business contracts related to industrial waste water treatment represented the Group's transition from focusing solely on end-treatment services to providing comprehensive industrial park waste water treatment services. These efforts have further integrated the Group's expertise across design and consulting, engineering construction, and operations management, deploying a robust industrial waste water treatment business chain that strategically balances asset-heavy and asset-light businesses. Additionally, in its efforts to expand its business outside China, the Group leveraged its German joint venture company, E+B Umwelttechnik GmbH, to actively pursue business opportunities. It also strengthened the development of its business development team and optimised its business expansion system, laying a solid foundation for exploring opportunities in Southeast Asian markets.

In 1HFY2024, the Group invested in and secured 3 new projects, involving a total investment of approximately RMB1.371 billion, with an additional designed daily municipal waste water treatment capacity of 200,000 m³. It also undertook various new asset-light projects and services such as O&M, technical services and technological processes, involving a total contract value of approximately RMB67 million.

As for technological innovation, during the Review Period, the Group remained dedicated to the philosophy of "Development Driven by Technological Innovation" by focusing on strengthening technology applications and promoting industrial-academic collaboration. These initiatives empowered the Group to advance its various development works. For instance, the Group provided comprehensive technical support, which covered technical management, upgrading and transformation, for projects that were newly developed, constructed and operated by the Group. R&D activities were conducted and pilot programs were launched in key areas such as rural non-point source pollution control and intelligent and precise control systems for the entire waste water treatment process, aiming to address limitations and challenges encountered in actual production. In 1HFY2024, the Group provided its in-house developed technological processes to internal and external clients, which amounted to a total contract value of approximately RMB40 million; and was newly granted 4 patents and published 1 key paper.

In terms of operations management, during the Review Period, the Group continued to adopt various approaches, such as the “Five Innovations” initiative* and digitalisation to improve its refined and intelligent management and to further enhance its operations management efficiency. To control costs and enhance efficiency, the Group carried out cleaning work on key operating equipment, namely aerators, across its waste water treatment projects. This resulted in reduced failure rates, leading to savings in operating costs like energy consumption and maintenance expenses, and improved waste water treatment efficiency. Additionally, the Group searched for carbon source alternatives and implemented precise dosing and precise aeration control systems in multiple projects. To increase revenue sources and enhance efficiency, the Group continued to carry out the “in-plant solar energy” programme smoothly. As at 30 June 2024, the Group had put solar power facilities into operation at 6 projects, with a total installed capacity of 10.76 MWp, expected to generate approximately 12 million kWh of green electricity to the projects annually. In 1HFY2024, 2 waste water treatment plants of the Group received regulatory approval for tariff hike, ranging from 11% to 31%, and subsidies of approximately RMB10 million in total were granted to the Group. Moreover, in 1HFY2024, the volume of waste water treated was approximately 800 million m³ and the volume of reusable water supplied was approximately 22 million m³.

In relation to project construction, during the Review Period, while paying close attention to major construction works, the Group continued to focus on cost control and efficiency enhancement through various aspects, such as: procurement and tender process, construction planning, on-site management, and construction services. In 1HFY2024, the Group had 3 projects that commenced construction, with a designed daily reusable water supply of 9,000 m³ and a designed daily livestock and poultry manure treatment capacity of 300 tonnes; 1 project that completed construction; and 2 projects that completed construction and commenced operations, with a designed daily waste water treatment capacity of 25,000 m³. As at 30 June 2024, the Group had 9 projects in the preparatory stage, with a designed daily waste water treatment capacity of 483,000 m³.

* The “Five Innovations” initiative refers to small inventions, small transformations, small innovations, small designs, and small suggestions.

In terms of safety and environmental management, during the Review Period, the Group strengthened its leadership in safety and environmental practices and enhanced the competency of all relevant personnel. This ensured safe construction, stable operation, and compliant discharge across its projects, laying a solid safety foundation for the Group’s high-quality development. In particular, the Group carried out major safety and environmental management tasks, such as the “Safe Production Month” activities, to solidify its foundation and address shortcomings. To address instances where the effluent fell below standards due to the quality of the influent, the Group developed response mechanism guidelines. The Group also organised training sessions on various topics, such as identifying safety and environmental risks and the associated emergency response plans for such risks in operating and under-construction projects, enhancing the capabilities of frontline staff. Additionally, the Group organised public visits to its projects to further enhance the transparency of its safety and environmental management efforts.

In terms of capital market, during the Review Period, the Group managed its financing activities in an orderly manner, continuously reducing financial costs by optimising the loan tenures, currencies and interest rates, thus providing solid support for its development and operations. The Group also continued to enhance its collection of trade receivables to mitigate capital risks. The Group’s major financing arrangements in 1HFY2024 are set out below:

Issuance date	Financing arrangements and uses of proceeds	Issuance size (RMB)
April 2024	Issuance of asset-backed securities to qualified investors in mainland China pursuant to an asset-backed products scheme, the proceeds of which were used to repay the loans borrowed by the Group (in line with its financial management approach of replacing high-interest loans with low-interest ones) and replenish the Group’s working capital.	2 billion
January 2024	Issuance of the 2024 first tranche medium term notes to the institutional investors in the national inter-bank bond market in mainland China, the proceeds of which were used to replenish the working capital of the Company’s subsidiaries and repay the interest-bearing debts of the Group.	1.5 billion

In terms of social responsibility, as China’s leading water environment management service provider, the Group leveraged its business characteristics and strengths to actively fulfill its corporate social responsibility. During the Review Period, the Group actively participated in various industry exchange activities. These included engaging in in-depth discussions with government officials, industry partners, and experts to explore industry trends and

collaborative opportunities, thereby continuously consolidating the Group’s industry influence. Additionally, the Group consistently leveraged its operating projects across various regions to hold environmental protection education, visits, and other charitable activities. These activities have allowed the Group to deeply integrate into local communities, working closely with local governments and residents to foster a harmonious, inclusive, green, and low-carbon lifestyle. Among these activities, the Group launched its “World Environment Day” series of branded public welfare activities for the 7th consecutive year. The event mobilised project teams from 6 cities to conduct the “I Am a Little Environmental Protection Ambassador” speech contest and a series of public open day activities, drawing active participation from over 2,000 local residents. As at 30 June 2024, the Group had a total of 46 projects that were open for public visits. In 1HFY2024, these projects welcomed approximately 8,000 visitors from all walks of life and attracted over 47,000 online viewers. These efforts have consistently played a significant role in advancing ecological and environmental protection education within local communities.

In recognition of its ongoing commitment to business development, operation and social responsibility, the Group received several awards during the Review Period. The major awards are listed below:

Award	Awarding Organisation
One of the “Top Ten Influential Enterprises in China’s Water Industry” (for the 7 th consecutive year)	E20 Environment Platform
Shandong Zibo Waste Water Treatment Project (Northern Plant), Ji’nan Waste Water Treatment Project (Plant 2), and Jiangsu Lianyungang Dapu Waste Water Treatment Project were honoured as “Double-Hundred Leap” model waste water treatment plants	E20 Environment Platform
Tianjin Beitang Waste Water Treatment Project and Beitang Reusable Water Project were honoured as “Excellent Case on Municipal Waste Water Treatment” and “Excellent Case on Reusable Water”	E20 Environment Platform
Liaoning Anshan Municipal Sludge Disposal Project Phase I was recognised as “Excellent Case on Sludge Treatment and Disposal”	E20 Environment Platform

Award

Awarding Organisation

Beijing Daxing Tiantanghe Waste Water Treatment Project was recognised as “Practice Teaching Base for ‘Grand Ideological-political Courses’ across Beijing Schools”.

Education Commission of Beijing Municipal Committee of the Communist Party of China, the Beijing Municipal Education Commission

The Company remains committed to sharing fruitful operating results with the shareholders of the Company (the “Shareholders”) and creating value for them through its sustainable corporate development. The Board declared an interim dividend of HK6.09 cents (equivalent to 1.05 Sing cents) per ordinary share to the Shareholders for 1HFY2024 (1HFY2023: HK6.63 cents (equivalent to 1.13 Sing cents) per ordinary share).

Industry Prospects

Since the beginning of 2024, the global economy has been gradually returning to a state of normalcy, despite facing various uncertainties. Throughout this process, the Chinese economy has steadily recovered and is on a long-term upward trajectory. China remains a stable force for global economic growth and plays a crucial role in global efforts to combat climate change and achieve sustainable development goals. As China’s social and economic development enters a phase of accelerated green and low-carbon high-quality development, the environmental protection industry has become a cornerstone in supporting China’s green development, with its importance and significance becoming increasingly prominent. The Group firmly believes that the global consensus on addressing climate change will remain steadfast, as will China’s dedication to “Building a Beautiful China”, pursuing high-quality development with a high-quality ecological environment. The Chinese environmental protection industry is embracing a new journey with new opportunities, new concepts, and new directions.

Looking ahead, amidst a complex and challenging external environment and a fiercely competitive market, the Group will remain committed to its core mission of providing clear and sustainable water management solutions, maintain unwavering confidence, embrace responsibility, and advance with courage and determination. Adhering to the principle of “Making Progress with Stability and Promoting Stability through Progress”, the Group will develop a new growth model with “One Body and Two Wings”, continue to strengthen its own advantages and actively pursue development breakthroughs. With the goal of becoming China’s leading operational service provider in the “water-related” business, the Group will advance with determination and support China’s strategic goals with vigour, while pursuing a new business growth with a focus on greenness, low carbon, and high quality.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

In 1HFY2024, the revenue of the Group increased by 9% to HK\$3,352.60 million compared with that of HK\$3,082.00 million in 1HFY2023, among which the construction service revenue increased to HK\$1,355.41 million (1HFY2023: HK\$826.69 million), the operation income decreased to HK\$1,301.26 million (1HFY2023: HK\$1,557.19 million) and the finance income slightly dropped to HK\$564.33 million (1HFY2023: HK\$574.58 million). Gross profit of the Group decreased by 10% from HK\$1,409.74 million in 1HFY2023 to HK\$1,269.23 million in 1HFY2024. The profit of the Group decreased by 7% from HK\$674.85 million in 1HFY2023 to HK\$627.57 million in 1HFY2024. The profit attributable to equity holders of the Company amounted to HK\$581.15 million in 1HFY2024, indicating a decrease of 8% compared to that in 1HFY2023.

Consolidated Statement of Comprehensive Income

Revenue

Overall, the Group's revenue increased by HK\$270.60 million or 9%, from HK\$3,082.00 million in 1HFY2023 to HK\$3,352.60 million in 1HFY2024.

Construction service revenue increased to HK\$1,355.41 million in 1HFY2024 from HK\$826.69 million in 1HFY2023, representing an increase of HK\$528.72 million or 64%. The increase was mainly due to a rise in construction activities in 1HFY2024 compared to 1HFY2023 that the logistics and construction activities were since gradually resuming after the release of COVID-19 control measures and restrictions in the PRC.

Operation income was HK\$255.93 million or 16% lower than 1HFY2023. A lower operation income was primarily due to recognition of one-off lump sum operation income related to past periods in 1HFY2023 as the new tariffs were applied retrospectively and there was no such income in 1HFY2024.

Direct costs and operating expenses

Direct costs and operating expenses increased by HK\$411.10 million or 25% from HK\$1,672.26 million in 1HFY2023 to HK\$2,083.36 million in 1HFY2024. The increase is primarily driven by the increase in cost of construction services, which recorded an increase of HK\$489.53 million or 79% from HK\$615.95 million in 1HFY2023 to HK\$1,105.48 million in 1HFY2024. The increase in cost of construction services is consistent with the increase in construction service revenue.

Gross profit margin

Overall gross profit margin in 1HFY2024 decreased to 38% (1HFY2023: 46%). Such decrease was primarily due to the increase in the proportion of the construction service revenue recognised within the total revenue in 1HFY2024 in comparison to 1HFY2023. In general, construction services have a lower gross profit margin than operation services, and thus a larger (smaller) proportion of construction service revenue will reduce (raise) the overall gross margin. In comparison to 1HFY2023, construction service revenue accounted for about 40% (1HFY2023: 27%) of total revenue in 1HFY2024. Therefore, the overall gross profit margin decreased by 8 ppt over 1HFY2023.

Other income and gains, net

Other income and gains, net mainly consisted of government grants, VAT refunds, fair value changes on financial assets at fair value through profit or loss, and other sundry income. Other income and gains, net increased by HK\$7.15 million from HK\$35.84 million in 1HFY2023 to HK\$42.98 million in 1HFY2024. The increase was mainly due to increase in sundry income. The breakdown of other income and gains, net is set out below.

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
Government grants	16,202	15,650
VAT refunds	–	19,532
Fair value gain/(loss), net:		
Other financial assets – unlisted investments	7,036	(6,484)
Other financial assets – unlisted equity investment	456	(2,098)
Sundry income	19,289	9,237
	<u>42,983</u>	<u>35,837</u>

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, as well as allowances for expected credit losses on trade receivables, other receivables and contract assets.

Other operating expenses for 1HFY2024 included (a) allowance for expected credit losses on trade receivables amounting to HK\$34.72 million (1HFY2023: HK\$123.40 million); (b) allowance for expected credit losses on other receivables amounting to HK\$2.42 million (1HFY2023: write-back of allowance of HK\$2.77 million); and (c) allowance for expected credit losses on contract assets amounting to HK\$0.91 million (1HFY2023: HK\$0.45 million). The allowance for expected credit losses on trade receivables in 1HFY2024 was mainly due to slowdown of payment of water treatment service fees by local governments, and the Group adopted a more prudent approach to assess the allowance for expected credit losses on trade receivables.

Other than the other operating expenses mentioned above, administrative expenses increased by HK\$29.46 million from HK\$159.87 million in 1HFY2023 to HK\$189.33 million in 1HFY2024. The increase was mainly due to recognition of net foreign exchange losses of HK\$4.03 million in 1HFY2024 while net foreign exchange gains of HK\$50.91 million was recognised in 1HFY2023.

Administrative expenses for 1HFY2024 included, *inter alia*, net loss on disposals of property, plant and equipment of HK\$0.03 million (1HFY2023: HK\$0.20 million).

Finance costs

Finance costs decreased to HK\$277.46 million in 1HFY2024 from HK\$299.72 million in 1HFY2023. This decrease was primarily due to a lower average lending rate in 1HFY2024 compared to 1HFY2023, which outweighed the impact of the increase in the average balance of borrowings in 1HFY2024 compared to 1HFY2023. The decrease in average lending rate resulted from the Group's swift and effective strategy to refinance all foreign currency (e.g. United States Dollars, HK\$, Euro) borrowings with RMB borrowings, which have significantly lower interest rates.

Income tax

Income tax in 1HFY2024 decreased by 8% from HK\$205.08 million in 1HFY2023 to HK\$187.74 million, which is in line with the decrease in profits before tax.

Income tax for 1HFY2024 included, *inter alia*, overprovision of income tax in respect of prior years amounting to HK\$5.85 million (1HFY2023: underprovision of HK\$10.93 million).

Consolidated Statement of Financial Position

As at 30 June 2024, the Group's total assets amounted to approximately HK\$35.21 billion with net assets amounting to HK\$13.79 billion. Net asset value per share attributable to equity holders of the Company was HK\$4.08 per share, representing an increase of 2% as compared to HK\$3.99 per share as at the end of the financial year ended 31 December 2023 ("FY2023"). As at 30 June 2024, the gearing ratio (total liabilities over total assets) of the Group was 60.8%, which increased slightly by 0.1 ppt from 60.7% at the end of FY2023.

Assets

Total assets of the Group increased by HK\$989.75 million from HK\$34.22 billion as at 31 December 2023 to HK\$35.21 billion as at 30 June 2024. The increase in total assets was primarily the net result of the increases in contract assets and trade and other receivables and the decreases in intangible assets, other financial assets, and cash and cash equivalents.

Investment properties amounted to HK\$10.99 million as at 30 June 2024. Investment properties are stated at fair value, which reflects market conditions at the end of the Review Period. There was no change in fair value during 1HFY2024.

Contract assets (including both current and non-current portions) increased by HK\$734.53 million from HK\$21.94 billion as at 31 December 2023 to HK\$22.67 billion as at 30 June 2024. The increase in contract assets was mainly attributable to the recognition of construction service revenue for new waste water treatment plants and expansion and upgrading projects for several existing waste water treatment plants during 1HFY2024. Intangible assets on the other hand dropped from HK\$2.16 billion as at 31 December 2023 to HK\$2.06 billion as at 30 June 2024. The drop was primarily due to recognition of amortisation on intangible assets and depreciation of RMB over HKD during 1HFY2024.

Trade and other receivables (including both current and non-current portions) of the Group increased from HK\$5.62 billion as at 31 December 2023 to HK\$6.11 billion as at 30 June 2024. Among them, trade receivables increased by HK\$492.09 million from HK\$4.43 billion as at 31 December 2023 to HK\$4.93 billion as at 30 June 2024, which was mainly due to (i) the seasonal settlement pattern as customers normally settle a greater portion of trade receivables towards the end of the financial year; and (ii) slowdown of payment of water treatment service fees by local governments despite improvement in recovery rate of trade receivables in 1HFY2024.

Other financial assets as at 30 June 2024 amounted to HK\$33.15 million which represented the 6% unlisted equity interest in Yancheng CCCC Shanghai Dredging Water Environment Investment Co., Ltd. Decrease in other financial assets by HK\$88.00 million is primarily due to redemption of the wealth management products issued by financial institutions in Hong Kong during 1HFY2024.

Liabilities

Total borrowings (including both current and non-current portions) increased by HK\$714.86 million. The increase was mainly due to the issuance of MTN with net proceeds amounting to HK\$1,626.82 million, issuance of ABS with net proceeds amounting to HK\$2,060.42 million, and new bank loans amounting to HK\$2,194.87 million, offset by repayments of corporate bonds of HK\$761.46 million, repayments of MTN of HK\$1,087.80 million, repayments of ABS of HK\$48.80 million, and repayments of bank loans amounting to HK\$3,141.80 million in 1HFY2024 with the effect of exchange differences of borrowings.

The Group was in a net current asset position of HK\$3,020.45 million as at 30 June 2024, representing an increase of HK\$1,357.55 million from HK\$1,662.90 million as at 31 December 2023. The significant increase was primarily due to refinancing of borrowings due within one year with the net proceeds from the issuance of 2024 first tranche MTN and ABS during 1HFY2024. The tenure of both is 3 years. Accordingly, the current ratio has improved from 1.21 as at 31 December 2023 to 1.44 as at 30 June 2024.

Equity

The Group's total equity amounted to HK\$13.79 billion as at 30 June 2024 (31 December 2023: HK\$13.45 billion). The increase was mainly due to the: (i) recognition of profit amounting to HK\$627.57 million in 1HFY2024; (ii) foreign currency translation loss of HK\$157.10 million arising from depreciation of RMB against HK\$; (iii) decrease of HK\$165.42 million in equity due to declaration and payment of FY2023 final dividend; and (iv) capital contributions of HK\$35.19 million by non-controlling shareholders of subsidiaries during 1HFY2024.

Consolidated Statement of Cash Flows

Cash and cash equivalents as stated in the consolidated statement of cash flows decreased from HK\$1.86 billion as at 31 December 2023 to HK\$1.81 billion as at 30 June 2024. Cash and cash equivalents included in the consolidated statement of cash flows is reconciled as follows:

	At 30 June 2024 (Unaudited) HK\$'000	At 31 December 2023 (Audited) HK\$'000
Cash and cash equivalents as stated in the consolidated statement of financial position	1,835,044	1,881,401
Less: Restricted bank balances	<u>(21,828)</u>	<u>(19,494)</u>
Cash and cash equivalents as stated in the consolidated statement of cash flows	<u>1,813,216</u>	<u>1,861,907</u>

Cash flows from operating activities

The Group had cash inflow of HK\$1,202.99 million (1HFY2023: HK\$1,378.97 million) before the changes in working capital during 1HFY2024. The changes in working capital resulted in cash outflow of HK\$1,483.41 million in 1HFY2024, and payment of income tax resulted in cash outflow of HK\$141.83 million in 1HFY2024. As a result, the Group recorded a net cash outflow of HK\$422.26 million from operating activities in 1HFY2024. The changes in working capital in 1HFY2024 arose mainly from:

- (i) the decrease in inventories by HK\$14.75 million;
- (ii) the increase in contract assets by HK\$914.53 million;
- (iii) the increase in trade and other receivables by HK\$557.31 million; and
- (iv) the decrease in trade and other payables by HK\$26.32 million.

Cash flows from investing activities

In 1HFY2024, the Group recorded a net cash inflow of HK\$14.29 million from investing activities. The net cash inflow mainly arose from:

- (i) the payment of HK\$38.95 million for the purchase of items of property, plant and equipment;
- (ii) the increase in amounts due from associates by HK\$4.42 million;
- (iii) the receipt of proceeds from redemption of other financial assets amounted to HK\$48.86 million; and
- (iv) the receipt of interest of HK\$8.32 million.

Cash flows from financing activities

The Group recorded a net cash inflow from financing activities of HK\$382.79 million in 1HFY2024. The net cash inflow was mainly caused by:

- (i) the capital contributions from non-controlling shareholders of subsidiaries of HK\$35.19 million;
- (ii) the receipt of net proceeds of HK\$1,626.82 million from the issuance of MTN, net of related expenses paid;
- (iii) the receipt of net proceeds of HK\$2,060.42 million from the issuance of ABS, net of related expenses paid;
- (iv) the repayments of corporate bonds of HK\$761.46 million;
- (v) the repayments of MTN of HK\$1,087.80 million;
- (vi) the repayments of ABS of HK\$48.80 million;
- (vii) the net repayments of bank loans of HK\$946.93 million;
- (viii) the payment of principal and interest elements of lease payments of HK\$4.13 million;
- (ix) the increase in restricted bank balances by HK\$2.53 million;
- (x) the payment of interest of HK\$296.02 million;
- (xi) the payment of dividend to the Shareholders of HK\$167.63 million; and
- (xii) the payment of distribution to the holders of perpetual capital instruments of HK\$25.05 million.

Earnings Per Share

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

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

	1HFY2024 (Unaudited) <i>HK\$'000</i>	1HFY2023 (Unaudited) <i>HK\$'000</i>
Profit attributable to equity holders of the Company for the period	<u>581,146</u>	<u>632,188</u>
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue during the period	<u>2,860,877</u>	<u>2,860,877</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic and diluted earnings per share	<u>20.31</u>	<u>22.10</u>

Net Asset Value Per Share

	Group		Company	
	At 30 June 2024 (Unaudited) <i>HK\$</i>	At 31 December 2023 (Audited) <i>HK\$</i>	At 30 June 2024 (Unaudited) <i>HK\$</i>	At 31 December 2023 (Audited) <i>HK\$</i>
Net asset value per ordinary share based on the issued share capital as at the end of the respective period	<u>4.08</u>	<u>3.99</u>	<u>3.47</u>	<u>3.49</u>

Net asset value per ordinary share was calculated as dividing the net asset value attributable to equity holders of the Company 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 minimise cost of funds. Its sources of finance for operations mainly comprised internally generated cash flows, loan facilities from banks, and the proceeds raised from the issuance of corporate bonds, ABS, MTN, SCP and perpetual capital instruments. As at 30 June 2024, the Group had cash and bank balances of approximately HK\$1.84 billion, representing a decrease of HK\$46.36 million as compared to HK\$1.88 billion at the end of FY2023. Most of the Group's cash and bank balances, representing approximately 97%, were denominated in HK\$ and RMB.

Borrowings and Debt Securities of the Group

Amounts payable within one year or less, or on demand

At 30 June 2024		At 31 December 2023	
Secured (Unaudited) HK\$'000	Unsecured (Unaudited) HK\$'000	Secured (Audited) HK\$'000	Unsecured (Audited) HK\$'000
426,358	3,312,848	218,916	4,387,977

Amounts payable after one year

At 30 June 2024		At 31 December 2023	
Secured (Unaudited) HK\$'000	Unsecured (Unaudited) HK\$'000	Secured (Audited) HK\$'000	Unsecured (Audited) HK\$'000
4,218,154	8,162,869	2,426,280	8,372,200

The Group is dedicated to improving financing methods and increasing bank loan facility limits to reserve funding for developing the water environment management business. As at 30 June 2024, the Group had outstanding borrowings of HK\$16.12 billion, representing an increase of HK\$714.86 million as compared to HK\$15.41 billion as at the end of FY2023. The borrowings included secured interest-bearing borrowings of HK\$4.64 billion and unsecured interest-bearing borrowings of HK\$11.48 billion. The borrowings are all denominated in RMB. Borrowings at fixed rates and at floating rates accounted for 57% and 43% of the total borrowings, respectively. As at 30 June 2024, the Group had bank loan facilities of HK\$10.58 billion, of which HK\$2.91 billion had not been utilised. The remaining terms of the bank loan facilities range from 1 to 19 years. During 1HFY2024, while paying vigilant attention to and monitoring interest rate risks continuously and cautiously, the Group did not adopt any interest rate hedging policy.

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 United States dollars (“USD”), Euro (“EUR”), Singapore dollars (“SGD”), Korean won, HK\$ and RMB. In addition, the Group is exposed to currency translation risk upon translation of net assets of foreign operations into the Group’s reporting currency of HK\$. During 1HFY2024, the Group was affected by changes in the exchange rates and did not adopt any formal hedging policies nor use any financial instrument for hedging purposes. Although the Group was exposed to foreign currency exchange risks, the Board believes that future currency fluctuations will not have any material impact on the Group’s operations.

Pledge of Assets

Certain bank loan facilities and issuance of ABS of the Group as at 30 June 2024 were secured by certain revenue, contract assets and receivables in connection with the Group’s service concession arrangements. As at 30 June 2024, the aggregate net book value of pledged assets amounted to HK\$6.88 billion.

Commitments

As at 30 June 2024, the Group had outstanding purchase commitments of HK\$1.64 billion in connection with the construction contracts and an outstanding capital commitment of HK\$22.50 million in connection with an unlisted equity investment. The Group intends to use internal resources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance the above commitments.

Contingent Liabilities

As at 30 June 2024, the Company provided financial guarantees to two 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 2024 for the provision of the guarantees was HK\$2.26 billion. Notwithstanding the above, the Group did not recognise any contingent liabilities at the consolidated level as at 30 June 2024.

Interested Person Transactions Mandate and Aggregate Value of such Transactions

The Company obtained a general mandate (the “IPT Mandate”) from the Shareholders for interested person transactions (the “IPTs”) in its annual general meeting held on 26 April 2023 pursuant to Rule 920 of the listing manual (the “SGX Listing Manual”) of Singapore Exchange Securities Trading Limited (“SGX”). The IPT Mandate was renewed in the Company’s annual general meeting held on 26 April 2024. The aggregate value of the IPTs in excess of SGD100,000 during 1HFY2024 is set out as follows:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during 1HFY2024 (excluding transactions less than SGD100,000 and transactions conducted under the IPT Mandate)	Aggregate value of all IPTs conducted under the IPT Mandate during 1HFY2024 (excluding transactions less than SGD100,000)
China Everbright Environment Group Limited	Controlling shareholder	Nil	HK\$7,639,000 (equivalent to SGD1,315,000)
Everbright Securities Company Limited	Associate of the controlling shareholder	Nil	HK\$976,000 (equivalent to SGD168,000)
Sun Life Everbright Life Insurance. Co., Ltd.	Associate of the controlling shareholder	Nil	HK\$877,000 (equivalent to SGD151,000)

INTERNAL MANAGEMENT

Corporate management and risk control are essential for ensuring efficient, healthy and sustainable corporate development. Additionally, the Group has formed a robust management structure, with four committees under the Board (the “Board Committees”), namely the Audit Committee, the Remuneration Committee, the Nominating Committee and the Strategy Committee. Additionally, the Group has formed the Management Committee, which serves as the decision-making body for its daily operational management. The Management Committee meets at least once a month to discuss current matters related to the Group’s operation and management, ensuring its sustainable development.

The Group has also set up various functional departments, including the Investment & Development Department, the Technology & Development Department, the Operations and Information Management Department, the Safety & Environmental Management Department, the Budget Management Department, the Procurement Management Department, the Finance Management Department, the Human Resources Department, the Supervision Department, the Internal Audit Department, the Legal & Risk Management Department, and the General Management Department. Moreover, in response to business needs, the Group has also set up six regional management centres, to ensure effective project management by region and foster beneficial synergies.

The Group has continuously improved its internal management by establishing a comprehensive management system and an emergency response system. Additionally, the Group has fully implemented the Environmental, Safety, Health and Social Responsibility (“ESHS”) Management System (the “ESHS Management System”) and the Risk Management System at all levels. These systems standardise management processes across project investment, construction and operations, aiming to identify and control risks, and improve the overall operational efficiency and effectiveness.

During the Review Period, the Group has been continuously optimising the Risk Management System, promptly taking precautions and relevant measures for material risks. The Group upheld the fundamental principle of “maintaining safe and stable operations while ensuring compliant emission standards” and strictly complied with the relevant national laws and regulations. It proactively carried out routine inspections concerning safety, environment and occupational health. Apart from incorporating “Safe Production Month” into its operation, the Group paid close attention to safety and environmental management and carried out comprehensive identification and rectification of hidden hazards in relation to safety and environmental risks. This ensured stable project operations and enhanced economic benefits. In addition, the Group continued to strengthen and accelerate the implementation of under-construction and preparatory projects, ensuring all legal formalities were completed. This facilitated the progress on projects, keeping them on schedule, while ensuring all construction activities were conducted legally. At the same time, the Group continued to allocate more resources to safety management of construction projects to ensure high-quality and safe practices.

HUMAN RESOURCE MANAGEMENT

Talent is the most valuable asset of an enterprise and the most powerful force driving its development. The Group highly values its employees, adhering to a “People-Oriented” philosophy and employing a competency-based recruitment approach. The Group protects the interests and well-being of its employees by continuously improving its promotion and incentive mechanisms, taking care of the employees’ physical and mental health, enriching their lifestyles and cultivating their values. During the Review Period, the Group thoroughly implemented the talent-driven strategy, continuously building various talent teams. By integrating online and offline methods, the Group organised specialised trainings on various topics, such as “Cloud-like Sailing Project - Intelligent Water”, as well as on procurement compliance, budget management, safety and environmental management, operation management, and human resource management. These efforts aimed to empower managers and employees through continuous learning, preparing them to embrace new opportunities and challenges. The Group also made full use of the advantages of business diversification to offer employees a broad platform for development. In addition to internal transfers between regions or departments, the Group effectively utilised the internal talent pool by prioritising its own employees’ applications for managerial positions in the functional departments at the headquarters and various project companies. This approach provided diverse development opportunities and unlocked employee potential. Additionally, the Group further enhanced its employee promotion system to improve the internal development channels and promote outstanding frontline employees and young staff members to key positions, thereby ensuring a solid talent foundation for its high-quality development.

As at 30 June 2024, the Group had 1,660 employees (including those in Hong Kong and Singapore). Their remunerations are determined based on qualifications, experience, job nature, performance and prevailing market conditions. In addition to discretionary bonuses, the Group offers other benefits such as pension schemes, medical insurance as well as other protection schemes in accordance with the laws and regulations of the relevant jurisdictions. The Group is also committed to providing equal opportunities for all employees in various aspects and supporting their continuous professional development to enhance their knowledge, skills and professionalism.

PRINCIPAL RISKS AND UNCERTAINTIES

During the Review Period, the Group continued to advance its risk management initiatives. Based on the requirements set out in its *Risk Management Policy* and *Risk Management Manual*, the Group thoroughly identified and assessed the principal risks faced during the Review Period and formulated and implemented targeted control measures, which were generally effective. However, taking into account the complexity and diversity of external factors affecting the principal risks that were beyond the Group's control, the risk levels of the principal risks remained unchanged during the Review Period. During the Review Period, the Group's principal risks were as follows:

1. Policy Changing Risk

The Group is exposed to various risks associated with changes in regulations and policies relating to waste water treatment, river-basin ecological restoration, sponge city construction, reusable water, water supply, waste water source heat pump, potential new business investment projects and the PPP model in the PRC. Failure to take effective measures to address such policy changes could adversely affect the operating results and development prospects of the Group.

The responsive measures of the Group included:

- (1) **Closely monitoring changes in laws and policies.** The Group maintained vigilance over changes in laws and policies by arranging for designated personnel to regularly update and consolidate national laws and policies, and closely monitoring significant changes in industry laws and policies.
- (2) **Conducting research and interpretation.** The Group organised internal teams to conduct research and provide interpretations of new regulations and policies, ensuring timely internal dissemination and implementation of new regulations and policies. External specialists were also consulted for explanations when necessary.
- (3) **Adjusting strategies and business models.** The Group closely monitored “Dual Carbons”-related laws and policies and legislative developments concerning the PPP model. It also studied regulatory changes, market dynamics, and emerging business models, adjusting its development direction to adapt to evolving environmental protection policies.

The existing control measures were generally effective and the risk level remained unchanged.

2. New Business Investment and Market Competition Risks

With a large influx of capital and competitors entering the water industry, the overall market competition has become increasingly intense. In the event that the Group fails to effectively analyse and forecast market trends and industry developments, or deploy existing resources according to its strengths, or explore new business investments that yield reasonable profits, it may result in unsatisfactory investment returns or diminished competitive advantages.

The responsive measures of the Group included:

- (1) **Focusing on the main responsibilities and principal businesses and adhering to high-quality development.** The Group reviewed and optimised its development strategies, focusing on its main responsibilities and principal businesses in “water-related” sector. Additionally, the Group enhanced its market competitiveness by actively reducing costs, improving efficiency, and expanding upstream and downstream operations.
- (2) **Enhancing research efforts on new business areas.** In addition to solidifying its traditional businesses, the Group, during the Review Period, arranged for a professional research team to enhance research efforts on new business opportunities and business expansion. It actively pursued new business models and sought new opportunities within the water industry and the Group’s business development.
- (3) **Increasing efforts to expand its business outside China.** The Group has been actively expanding its business outside China by strengthening its business development team and enhancing its business expansion system, laying a solid foundation for exploring opportunities in Southeast Asian markets.
- (4) **Promoting business development through technological advancement.** The Group actively promoted mature technologies and drove business development through its initiatives such as “Five Innovations” and “Open Competition for the Best Candidate”.

The existing control measures were generally effective. However, given the intensifying competition in China’s environmental water industry and the need for extensive research and a prudent business plan for investments in new businesses or environmental water projects outside China, the risk level remained unchanged.

3. Environmental Compliance and Safe Production Management Risks

During the Review Period, the PRC government issued and revised various laws and regulations related to environmental compliance and safe production management, strengthening oversight and enforcement actions. As a result, enterprises now face more severe legal consequences and environmental remediation liabilities for breaches of environmental laws. With an increasing number of under-construction and operating projects, the Group experienced increasingly severe pressure regarding environmental compliance and safe production management.

The responsive measures of the Group included:

- (1) **Strengthening the management over relevant parties.** The Group integrated the safety production efforts of outsourced units into the unified management of project companies and enhanced supervision of their daily operations. The Group also established clear requirements to restrict or, if necessary, blacklist relevant parties or contractors involved in significant incidents from participating in future tenders.
- (2) **Conducting investigations and specialised rectifications.** During the Review Period, the Group continued to conduct investigations and implement remediation measures at all levels for major accidents and potential hazards in both under-construction and operating projects.
- (3) **Enhancing efforts in education and trainings.** The Group implemented a safety and environmental personnel registration management system and strengthened the training and assessment of registered personnel. It also organised annual qualification examinations for all relevant personnel in the project companies on safety and environmental management, and conducted annual educational trainings and examinations for all personnel in the project companies and relevant parties to enhance their safety and environmental competence and quality.
- (4) **Strengthening monitoring and early warnings.** The Group fully utilised the information sharing platform, environmental protection monitoring platform and inspection platform. All these platforms are designed to monitor the precautionary warnings of project operation indicators, provide early warnings and preventive measures, and implement precautionary controls.
- (5) **Implementing hierarchical risk management.** By implementing a multi-tiered risk management approach and conducting dynamic assessments, the Group focused on and closely supervised high-risk projects to address and eliminate risks in a timely manner.

The existing control measures were generally effective. However, the risk level remained unchanged due to the Group's large number of operating and under-construction projects.

4. Trade Receivables Risk

The primary customers of the Group are local PRC governments in the regions where its projects are located. A decline in these customers' financial capability or delays in their payment of service charges could negatively affect the Group's capital management and profitability. During the Review Period, as the PRC government had intensified its control over local government-related debts and due to other external factors, the Group faced risks related to the collection of trade receivables.

The responsive measures of the Group included:

- (1) Optimising the management mechanism.** During the Review Period, the Group highly emphasised on the collection of trade receivables and held regular meetings on this topic. It also analysed the status of trade receivables, formulated working plans and collection strategies, incorporated the collection of trade receivables into performance evaluations, and established a comprehensive working mechanism comprising "dedicated teams, detailed accounts, incentives, and performance assessments".
- (2) Categorising trade receivables and implementing measures to maximise collections.** The Group oversaw and improved the preliminary work and procedures for the recognition of water tariff, ensuring that water tariff would be promptly recognised and collected on time. The Group also enhanced its oversight and follow-up with project companies, assigned designated personnel to liaise with local governments for collection, and applied pressure on local governments in a timely manner.
- (3) Strengthening liquidity management.** The Group enhanced liquidity by conducting cash flow projections for the entire operating cycle to optimise capital utilisation and by leveraging financial instruments to accelerate cash recovery.

The existing control measures were generally effective. However, the risk level remained unchanged due to the time required for economic recovery and improvements in the fiscal positions of local PRC governments.

5. Construction Project Management Risk

Construction projects may be affected by various factors such as design deficiencies, insufficient personnel, tight construction schedules, and inadequate supervision of participating entities by contractors. These issues can lead to problems related to construction safety, quality lapses, schedule delays, and cost control, posing risks of loss and breach of contract. During the Review Period, the progress and cost control of certain construction projects were affected by incomplete construction procedures and fluctuations in labour and material costs.

The responsive measures of the Group included:

- (1) **Strengthening project information management.** The Company employed a project management information system to oversee the entire project management process and conducted regular data analysis to strengthen its project management capabilities.
- (2) **Strengthening control on construction progress.** The Company comprehensively tracked the progress of each construction project and organised special meetings in a timely manner to analyse problems and implement targeted measures for projects with lagging progress.
- (3) **Enhancing control on construction budget.** The Group strictly controlled engineering budgets and reduced construction costs by enhancing contract negotiation management, controlling construction budget, overseeing construction units and subcontractors, conducting on-site supervisions and inspections, and rigorously examining approvals.
- (4) **Conducting on-site specialised and random inspections.** The Group has continued to carry out safety, environmental and quality inspections of construction projects, including both targeted and random checks, to ensure comprehensive coverage in key areas and work processes. These included safety and technical briefings, reviews of construction plans and supplier inspections.

The existing control measures were generally effective. However, the risk level remained unchanged due to the long construction period and uncontrollable factors, such as government requirements regarding construction periods and potential cost fluctuations.

6. Staff Deployment Risk

Due to the business development and the increasingly competitive conditions in the water industry, and the time-consuming nature of training key personnel, management and technical talents, the Group faces certain difficulties in staff deployment.

The responsive measures of the Group included:

- (1) **Cultivating corporate culture.** During the Review Period, the Group has been committed to cultivating its corporate culture to create a favourable atmosphere for entrepreneurship and to ensure the overall stability of its workforce.
- (2) **Establishing a reserve talent pool and conducting regular employee training.** The Group attached great importance on talent cultivation and employee training by regularly inviting external specialists for professional development with particular focus on enhancing the capabilities of reserve talents and young employees.
- (3) **Optimising the selection and appointment system and streamlining the promotion paths for employees.** The Group identified outstanding talents through internal competitions, which effectively addressed the problems of vacancies and individuals assuming multiple roles in important positions for certain projects, and created career growth opportunities for reserve talents in key management positions, revitalising both the internal and external talent markets. During the Review Period, the Group's workforce remained stable and all relevant works were carried out in an orderly manner.

The existing control measures were generally effective and the risk level remained unchanged.

7. Financing Management Risk

Based on the business model of the water industry (such as Build-Operate-Transfer projects), the Group is required to invest a significant amount of capital for construction in the early stage and gradually receive service fees once the project completes construction and enters the operation period. If the Group fails to effectively control its financing costs or secure financing on a reasonable scale, it could negatively impact its business development and financial position.

The responsive measures of the Group included:

- (1) Formulating financing plans through scientific methods.** During the Review Period, the Group continued to monitor the financing environment within and outside of China as well as the trends in RMB exchange rates. Additionally, the Group made reasonable forecasts of capital needs, coordinated the management of domestic and overseas funds, and formulated the financing plans taking into account the actual financial ratios and loan restrictions, thereby effectively controlling financing costs and risks.
- (2) Adjusting the loan structure in a timely manner.** Through various financing channels, the Group adjusted the loan structure as and when appropriate, and strictly controlled the gearing ratio and use of capital to ensure adequate capital reserves and manageable financing costs.
- (3) Strengthening liquidity management.** During the Review Period, the Group continued to urge various project companies to actively collect waste water treatment service fees, striving to reduce the scale of trade receivables and overdue trade receivable balances.

The existing control measures were generally effective and the risk level remained unchanged.

8. Cost Control Risk

Due to market fluctuations and relevant policies of the PRC government, prices for raw materials, energy, finance, and labor increased, leading to higher costs.

The responsive measures of the Group included:

- (1) Maximising potential operating capabilities.** The Group has consistently focused on energy saving and cost reduction throughout its business operations. Through various measures on reducing production costs, such as operational standardisation and refined management, the Group conducted feasibility studies on topics such as unmanned factory operations and Intelligent Water to enhance operational performance and strengthen cost management.

- (2) **Leveraging the advantages of centralised procurement.** The Group fully utilised the scale and flexibility benefits of centralised procurement at both group-wide and regional levels. By introducing more qualified suppliers, the Group effectively controlled procurement costs and ensured procurement quality through more robust cooperative relationships with long-term suppliers.
- (3) **Strengthening budget management and process control.** The Group established strict budget indicators for all under-construction and operating projects, rigorously controlling project investments and operating costs through regular assessments. The Group held periodic analysis meetings to review operational conditions and conducted specialised studies on cost control.

The existing risk control measures were generally effective and the risk level remained unchanged.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

As a leading water environment management enterprise in China, the Group proactively assumes environmental and social responsibilities to diversify, optimise, and promote water environment management solutions by incorporating environmental and social management frameworks into its operations. All of the Group's projects have obtained or are applying for various international management system certifications, such as ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and ISO 45001 Occupational Health and Safety Management System. Additionally, the Group conducts a thorough screening and evaluation of environmental and social risks prior to investing in a project, and ensures that all related permits and approvals, such as environmental impact assessment approvals, are obtained before commencing construction. Upon completion of construction, the Group also ensures that environmental protection inspections and completion inspections are carried out in a timely manner.

The Group strictly complies with relevant laws and regulations concerning environmental protection, safe production, occupational health and social responsibility. These regulations include the *Anti-Unfair Competition Law of the PRC*, *Law of the PRC on Product Quality*, *Water Pollution Prevention and Control Law of the PRC*, *Labour Law of the PRC*, *Work Safety Law of the PRC*, *Social Insurance Law of the PRC*, *Environmental Protection Law of the PRC*, *Law of the PRC on Environmental Impact Assessment*, *Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste*, and related discharge standards for pollutants prescribed by national and local governments. Simultaneously, the Group strives to continuously improve the quality of water bodies and sanitary conditions in China. The effluent quality of most of the Group's projects complies with or is even better than the Grade 1A standard of the *Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant* (GB18918-2002), thereby minimising the environmental damage caused by waste water discharge and protecting public health and well-being. During 1HFY2024, the Group had no record of significant losses or impacts caused by non-compliant activities or breaches of environmental and social-related laws and regulations.

In order to secure a sustainable future and create long-term values for its stakeholders, the Group has implemented the comprehensive ESHS Management System and Risk Management System, while ensuring timely and comprehensive information disclosure to the public. In 1HFY2024, the Group continuously implemented the ESHS Management System at all levels, including employees, on-site third-party contractors and subcontractors, effectively standardising the internal management and risk control processes across all tiers. The Group will continually enhance its management systems and strengthen its emergency response capabilities to promote all-rounded sustainable development and minimise the negative environmental, safety, health and social impacts that its projects may have on the surrounding communities.

To undertake greater social and environmental responsibilities and improve operational transparency, the Group has been proactively disclosing pertinent information regarding its project operations to the public on its corporate website and the websites of relevant government departments, and has taken the initiative to embrace public scrutiny. The information available to the public includes environmental impact assessment report approvals, annual environmental monitoring plans, environmental emergency preparedness and response plans, and monitoring results from waste water discharge/odour emissions/noise, etc.

Moreover, in order to raise public environmental awareness about water resources and sustainable development, the Group has proactively responded to government initiatives and continued to open its waste water treatment facilities to the public. The Group also organises public visits, training workshops and interactive learning experiences by utilising its facilities as integrative educational hubs. This enables the public to understand the importance of water resource conservation and the Group's role in environmental protection. As at 30 June 2024, a total of 64 projects of the Group were officially opened to the public. These projects received 143 batches of visitors, totalling 7,955 visitors with more than 50,000 online viewers. The Group also continues to engage the public by launching online and offline open events in collaboration with various ecological environmental protection organisations, technology associations and government departments, actively participating in environmental protection education and publicity activities. Additionally, 26 waste water treatment plants of the Group received awards such as "Environmental Education Hub", "Science Popularisation and Education Hub" and "Open Day Promotion and Education Centre" at the provincial and municipal levels.

CORPORATE GOVERNANCE

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

Since the listing of the Company's ordinary shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") on 8 May 2019 (the "HK Listing Date"), the Company has regularly reviewed and updated its corporate governance practices to be in line with the principles and provisions under Singapore's Code of Corporate Governance 2018 (the "SG CG Code") and the principles and code provisions of the Corporate Governance Code (the "HK CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the SEHK (the "SEHK Listing Rules"). In the event of any conflicts between the SG CG Code and the HK CG Code, the Company will comply with the more stringent requirements. Throughout 1HFY2024, the Company has complied with the principles and provisions under the SG CG Code and the HK CG Code.

Please refer to the "Corporate Governance Report" in the Company's FY2023 Annual Report for more information on the Company's corporate governance practices.

BOARD COMMITTEES

The Board holds meetings on a regular basis (at least four times in a year). During 1HFY2024, the Board had four Board Committees, namely the Audit Committee, the Remuneration Committee, the Nominating Committee and the Strategy Committee, the details of which are set out below.

Audit Committee

The Audit Committee currently comprises four independent non-executive Directors, namely Mr. Soh Kok Leong (Chairman), Mr. Zhai Haitao, Ms. Hao Gang and Mr. Ng Joo Hee Peter. The Audit Committee is primarily responsible for reviewing the significant financial reporting issues and judgements and monitoring 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 adequacy and effectiveness of the Group's internal audit function; reviewing the scope and results of the internal audit; reviewing the independence and objectivity of the external auditor(s) and the effectiveness of the audit process; and making recommendations to the Board on the appointment, re-appointment and removal of the external auditor(s), and approving the remuneration and terms of engagement of the external auditor(s). The terms of reference of the Audit Committee are available on the SGXNet (www.sgx.com) and the websites of Hong Kong Exchanges and Clearing Limited ("HKEx") (www.hkexnews.hk) and the Company (www.ebwater.com).

During 1HFY2024, the members of the Audit Committee reviewed (i) the audited consolidated financial results of the Group for FY2023; and (ii) the internal auditor's report and the external auditor's report.

Remuneration Committee

The Remuneration Committee currently comprises three independent non-executive Directors, namely Ms. Hao Gang (Chairman), Mr. Zhai Haitao and Mr. Soh Kok Leong. The Remuneration Committee 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 the SG CG Code) (including senior management), and ensuring that the level and structure of their remuneration are 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 (including senior management) to successfully manage the Group for the long term. The terms of reference of the Remuneration Committee are available on the SGXNet and the websites of HKEx and the Company.

During 1HFY2024, the members of the Remuneration Committee reviewed the remuneration payment for FY2023 and remuneration framework for the financial year ending 31 December 2024 (“FY2024”), for the Directors and the Key Management Personnel (including senior management) of the Company.

Nominating Committee

The Nominating Committee currently comprises three independent non-executive Directors, namely Mr. Zhai Haitao (Chairman), Mr. Ng Joo Hee Peter and Mr. Soh Kok Leong, and a non-executive Director and Chairman of the Board, namely Mr. Luan Zusheng. The Nominating Committee is primarily responsible for implementing a formal and transparent procedure for appointment and re-appointment of Board members; evaluating the performance of Board members and Board Committee members; and assessing the overall performance of the Board and the Board Committees. The terms of reference of the Nominating Committee are available on the SGXNet and the websites of HKEx and the Company.

During 1HFY2024, the members of the Nominating Committee reviewed the (i) continued independence of independent non-executive Directors; (ii) performance of each individual Director, each individual Board Committee and the Board as a whole; and (iii) re-election of the retiring Directors at the annual general meeting of the Company held in FY2024.

Strategy Committee

The Strategy Committee currently comprises a non-executive Director and Chairman of the Board, namely Mr. Luan Zusheng (Chairman), two executive Directors, namely Mr. Tao Junjie and Mr. Wang Yuexing, and two independent non-executive Directors, namely Ms. Hao Gang and Mr. Ng Joo Hee Peter. The Strategy Committee is primarily responsible for assisting the Board in providing strategic directions 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 the Management’s performance in relation to such strategies; and 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 SGXNet and the websites of HKEx and the Company.

DEALINGS IN THE SECURITIES

The Company has adopted an internal code (the “Internal Code”) governing dealings in securities by Directors, officers and relevant employees of the Group who are likely to be in possession of unpublished price sensitive information of the Group. Since the HK Listing Date, the Company has updated the Internal Code to be in line with the requirements of the SEHK Listing Rules and the 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 C3 to the SEHK Listing Rules, in addition to the requirements of the SGX Listing Manual and the SG CG Code. This revised Internal Code has been disseminated to all the Directors, officers and relevant employees of the Group.

The Directors, officers and relevant employees of the Group 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 interim results (and quarterly results, if any) or, if shorter, the period from the end of the relevant half-year (and the relevant quarter, if applicable) 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, the period from the 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 periods or while they are in possession of unpublished inside information or 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 1HFY2024.

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 the Shareholders' return, when they deem appropriate for the Company to do so, the Directors will recommend or declare a dividend. The Directors have declared an interim dividend of HK6.09 cents (equivalent to 1.05 Sing cents) per ordinary share for 1HFY2024 ("1HFY2024 Interim Dividend").

Name of Dividend	1HFY2024 Interim Dividend
Dividend Type	Cash
Dividend Amount	HK6.09 cents (equivalent to 1.05 Sing cents) per ordinary share
Tax Rate	One-Tier Tax Exempt

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

Name of Dividend	1HFY2023 Interim Dividend
Dividend Type	Cash
Dividend Amount	HK6.63 cents (equivalent to 1.13 Sing cents) per ordinary share
Tax Rate	One-Tier Tax Exempt

(c) *Date payable*

The 1HFY2024 Interim Dividend will be paid on or around 11 September 2024 (Wednesday).

(d) *Books closure date(s)*

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 28 August 2024 (Wednesday), being the Singapore Books Closure Date for the purpose of determining the entitlement of the Singapore Shareholders to the 1HFY2024 Interim Dividend.

Duly completed registrable transfers of shares received by the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632 up to 5:00 p.m. (Singapore time) on 28 August 2024 (Wednesday) will be registered before entitlements to the 1HFY2024 Interim Dividend are determined. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5:00 p.m. (Singapore time) on 28 August 2024 (Wednesday) will rank for the 1HFY2024 Interim Dividend.

For Hong Kong Shareholders

The Hong Kong branch register of members of the Company will be closed from 29 August 2024 (Thursday) to 30 August 2024 (Friday), both days inclusive, and 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 as at 4:30 p.m. (Hong Kong time) on 28 August 2024 (Wednesday) will be entitled to the 1HFY2024 Interim Dividend.

Duly completed registrable transfers of shares received by the Company's Hong Kong Share Registrar and Transfer Office, Boardroom Share Registrars (HK) Limited, 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, up to 4:30 p.m. (Hong Kong time) on 28 August 2024 (Wednesday), will be registered before entitlements to the 1HFY2024 Interim Dividend are determined.

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 2024. As at 30 June 2024, the Company did not have any subsidiary holdings.

Convertibles, Preference Shares and Treasury Shares

The Company did not have any outstanding convertibles, preference shares and treasury shares as at 30 June 2024 and 30 June 2023. During the six months ended 30 June 2024, there were no sales, transfers, cancellation and/or use of treasury shares.

Disclosure on acquisition or sale of shares in companies pursuant to Rule 706A of the SGX Listing Manual

During 1HFY2024, there was no acquisition or sale of shares in subsidiaries ("Subsidiaries"), associated companies ("Associated Companies") of the Company or in any company which became or ceased to be a Subsidiary or Associated Company (as the case may be) resulting from such acquisition or sale, as required by Rule 706A of the SGX Listing Manual.

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 1HFY2024 is published on (i) the SGXNet at <https://www.sgx.com>; (ii) the website of HKEx at <https://www.hkexnews.hk>; and (iii) the Company's website at <https://www.ebwater.com> by going to "Investor Relations" and clicking on the hyperlink "Announcements & Circulars – SGX" or "Announcements & Circulars – HKEX". The FY2024 interim report of the Company containing, among others, all the information required by the SEHK Listing Rules, will be published on the SGXNet and the websites of HKEx and the Company, and its printed version will be despatched to the relevant Shareholders*.

Confirmation that the issuer has procured 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

We, the undersigned, 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 1HFY2024 to be false or misleading in any material aspect.

On behalf of the Board

China Everbright Water Limited

Luan Zusheng

Non-Executive Director and Chairman

Tao Junjie

Executive Director and Chief Executive Officer

Hong Kong and Singapore, 13 August 2024

As at the date of this announcement, the board of directors of the Company comprises: (i) a non-executive director, namely Mr. Luan Zusheng (Chairman); (ii) two executive directors, namely Mr. Tao Junjie (Chief Executive Officer) and Mr. Wang Yuexing; and (iii) four independent non-executive directors, namely Mr. Zhai Haitao, Ms. Hao Gang, Mr. Ng Joo Hee Peter and Mr. Soh Kok Leong.

* *The Company has adopted an electronic communication regime. For details, please refer to the announcement of the Company dated 10 July 2023.*

APPENDIX

Independent auditors’ report on review of condensed consolidated interim financial report

The Board of Directors
China Everbright Water Limited

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of China Everbright Water Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2024 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 period then ended and certain explanatory notes (the “Condensed Consolidated Interim Financial Report”), as set out on pages 2 to 24.

The management is responsible for the preparation and fair presentation of the Condensed Consolidated Interim Financial Report in accordance with International Financial Reporting Standards (“IFRS”) including the requirements of International Accounting Standard (“IAS”) 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the Condensed Consolidated Interim Financial Report based on our review.

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 the Condensed Consolidated Interim Financial Report 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 accompanying Condensed Consolidated Interim Financial Report do not present fairly, in all material respects, the financial position, financial performance and cash flows of the entity in accordance with IFRS including the requirements of IAS 34 *Interim Financial Reporting*.

Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Condensed Consolidated Interim Financial Report for the purpose of assisting the Company to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Company's announcement of its Condensed Consolidated Interim Financial Report for the information of its members. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

13 August 2024