

*With respect to the unaudited interim financial information for the six months ended June 30, 2010, included in this Listing Document, our Reporting Accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong have reported that they applied limited procedures in accordance with professional standards for a review of such information in accordance with Hong Kong Standards on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. However, their separate review report included in this Listing Document, states that they did not audit and they do not express an audit opinion on that unaudited interim financial information. Accordingly, the degree of reliance on their report on such information should be limited in light of the limited nature of the review procedures applied.*

*Sound Global Ltd. (previously known as Epure International Ltd., the “Company”) has its shares listed on the Singapore Exchange Securities Trading Limited. The Company is required to file quarterly unaudited interim financial information prepared in accordance with Singapore Financial Reporting Standards (“FRS”). The following is the text of the Company’s unaudited interim financial information for the six months ended June 30, 2010 prepared in accordance with FRS 34 Interim Financial Reporting (“FRS 34”). This report comprises the unaudited condensed consolidated statement of financial position as at June 30, 2010 and audited condensed consolidated statement of financial position as at December 31, 2009 (as corresponding figures); unaudited condensed consolidated statements of comprehensive income for the six months ended June 30, 2010 and 2009 (as corresponding figures); unaudited condensed consolidated statements of cash flows for the six months ended June 30, 2010 and 2009 (as corresponding figures) and notes to the unaudited interim financial information of the Company and its subsidiaries (collectively referred to as the “Group”), prepared in accordance with FRS 34. In addition, the unaudited interim financial information includes a statement of reconciliation of the profit of the Group for the six months ended June 30, 2010 and its owners’ equity as at June 30, 2010 prepared in accordance with FRS to International Financial Reporting Standards for the purpose of inclusion in this Listing Document.*

**Deloitte.**  
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## **REPORT ON REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF SOUND GLOBAL LIMITED**

### **Introduction**

We have reviewed the unaudited interim financial information set out on pages II-3 to II-15 which comprises the condensed consolidated statement of financial position of the Sound Global Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) and condensed statement of financial position of the Company as at June 30, 2010, and condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months ended June 30, 2010 and certain explanatory notes (hereinafter collectively referred to as the “FRS Interim Financial Information”). The FRS Interim Financial Information has been prepared by the directors of the Company in connection with the proposed introduction listing of shares of the Company on The Stock Exchange of Hong Kong Limited. The FRS Interim Financial Information is prepared in accordance with Singapore Financial Reporting Standard 34 Interim Financial Reporting (“FRS 34”). The FRS Interim Financial Information is the responsibility of the Company’s directors. Our responsibility is to express a conclusion on the FRS Interim Financial Information based on our review.

**Scope of Review**

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

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the FRS Interim Financial Information has not been prepared, in all material respects, in accordance with FRS 34.

**Deloitte Touche Tohmatsu***Certified Public Accountants*

Hong Kong

September 24, 2010

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

	Notes	Six months ended June 30, 2010 RMB'000 (Unaudited)	Six months ended June 30, 2009 RMB'000 (Unaudited and restated)
Revenue .....	4	644,989	437,658
Cost of sales .....		(449,986)	(304,317)
Gross profit .....		195,003	133,341
Other operating income .....	5	11,724	6,851
Other expenses .....	6	(25,075)	(13,748)
Distribution expenses .....		(4,913)	(4,667)
Research and development expenses .....		(1,827)	(2,412)
Administrative expenses .....		(21,370)	(15,643)
Share of result of an associate .....		(56)	23
Finance costs .....	7	(7,197)	(8,106)
Profit before income tax .....		146,289	95,639
Income tax expenses .....	8	(26,192)	—
Profit for the period .....		120,097	95,639
Other comprehensive income			
Exchange differences on translation .....		52	—
Total comprehensive income for the period .....		120,149	95,639
Profit attributable for the period to:			
Owners of the Company .....		120,011	95,197
Non-controlling interests .....		86	442
		120,097	95,639
Total comprehensive income for the period attributable to			
Owners of the Company .....		120,063	95,197
Non-controlling interests .....		86	442
		120,149	95,639
Earnings per share (in RMB cents)			
Basic .....	10	9.30	7.38

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT JUNE 30, 2010**

	The Group			The Company	
	As at June 30, 2010	As at December 31, 2009	As at January 1, 2009	As at June 30, 2010	As at December 31, 2009
	RMB'000 (Unaudited)	RMB'000 (Restated)	RMB'000 (Restated)	RMB'000 (Unaudited)	RMB'000
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment . . . .	46,632	47,617	49,992	36	38
Interest in an associate . . . . .	2,505	2,561	2,540	—	—
Land use rights . . . . .	46,033	46,612	47,770	—	—
Intangible assets . . . . .	45,000	50,000	60,000	—	—
Goodwill . . . . .	41,395	41,395	41,395	—	—
Investment in subsidiaries . . . . .	—	—	—	724,503	724,503
Service concession receivables . . .	503,354	415,747	230,158	—	—
Deferred tax assets . . . . .	7,372	7,372	2,935	—	—
	<u>692,291</u>	<u>611,304</u>	<u>434,790</u>	<u>724,539</u>	<u>724,541</u>
<b>CURRENT ASSETS</b>					
Inventories . . . . .	10,602	11,543	21,863	—	—
Trade and other receivables . . . . .	472,390	421,783	506,194	136,505	86,791
Land use rights . . . . .	1,158	1,158	1,158	—	—
Amounts due from contract customers for contract work . . .	200,728	227,089	237,233	—	—
Restricted bank balances . . . . .	26,215	72,208	369,481	—	35,923
Bank balances and cash . . . . .	1,356,978	1,237,698	772,988	8,133	2,236
	<u>2,068,071</u>	<u>1,971,479</u>	<u>1,908,917</u>	<u>144,638</u>	<u>124,950</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables . . . . .	804,337	705,468	544,962	51,476	2,398
Tax payables . . . . .	23,804	14,598	9,970	107	107
Borrowings — due within one year . . . . .	190,700	178,700	391,662	—	—
Amounts due to contract customers for contract work . . . . .	2,353	24,264	24,311	—	—
	<u>1,021,194</u>	<u>923,030</u>	<u>970,905</u>	<u>51,583</u>	<u>2,505</u>
NET CURRENT ASSETS . . . . .	<u>1,046,877</u>	<u>1,048,449</u>	<u>938,012</u>	<u>93,055</u>	<u>122,445</u>
TOTAL ASSETS LESS CURRENT LIABILITIES . . . . .	<u>1,739,168</u>	<u>1,659,753</u>	<u>1,372,802</u>	<u>817,594</u>	<u>846,986</u>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities . . . . .	23,075	19,509	16,242	—	—
Borrowings — due after one year . . . . .	49,000	48,300	—	—	—
	<u>72,075</u>	<u>67,809</u>	<u>16,242</u>	<u>—</u>	<u>—</u>
TOTAL ASSETS LESS TOTAL LIABILITIES . . . . .	<u>1,667,093</u>	<u>1,591,944</u>	<u>1,356,560</u>	<u>817,594</u>	<u>846,986</u>
<b>CAPITAL AND RESERVES</b>					
Share capital . . . . .	833,368	833,368	833,368	833,368	833,368
Reserves . . . . .	833,725	739,678	505,178	(15,774)	13,618
Equity attributable to owners of the Company . . . . .	1,667,093	1,573,046	1,338,546	817,594	846,986
Non-controlling interests . . . . .	—	18,898	18,014	—	—
	<u>1,667,093</u>	<u>1,591,944</u>	<u>1,356,560</u>	<u>817,594</u>	<u>846,986</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

	Share capital	Merge reserve	Capital reserve	Statutory reserve fund	Translation reserve	Retained earnings	Attributable to owners of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2010 as originally stated . . . . .	833,368	(88,296)	7,010	60,529	—	732,089	1,544,700	—	1,544,700
Effect of business combination under common control . . . . .	—	—	27,000	—	—	1,346	28,346	18,898	47,244
Balance at January 1, 2010 (restated) . . . . .	833,368	(88,296)	34,010	60,529	—	733,435	1,573,046	18,898	1,591,944
Profit for the period . . . . .	—	—	—	—	—	120,011	120,011	86	120,097
Other comprehensive income for the period . . . . .	—	—	—	—	52	—	52	—	52
Total comprehensive income for the period . . . . .	—	—	—	—	52	120,011	120,063	86	120,149
Acquisition of non-controlling interest for additional interest in subsidiary . . . . .	—	—	984	—	—	—	984	(18,984)	(18,000)
Deemed distribution to the ultimate holding company . . . . .	—	—	—	—	—	(27,000)	(27,000)	—	(27,000)
Balance at June 30, 2010 (unaudited) . . . . .	833,368	(88,296)	34,994	60,529	52	826,446	1,667,093	—	1,667,093
At January 1, 2009 as originally stated . . . . .	833,368	(88,296)	7,010	33,006	—	526,437	1,311,525	—	1,311,525
Effect of business combination under common control . . . . .	—	—	27,000	—	—	21	27,021	18,014	45,035
Balance at January 1, 2009 (restated) . . . . .	833,368	(88,296)	34,010	33,006	—	526,458	1,338,546	18,014	1,356,560
Profit for the period and total comprehensive income . . . . .	—	—	—	—	—	95,197	95,197	442	95,639
Dividend paid . . . . .	—	—	—	—	—	(47,369)	(47,369)	—	(47,369)
Balance at June 30, 2009 (unaudited) . . . . .	833,368	(88,296)	34,010	33,006	—	574,286	1,386,374	18,456	1,404,830

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2010**

	Six months ended June 30, 2010	Six months ended June 30, 2009
	RMB'000	RMB'000 (Unaudited and restated)
NET CASH FROM OPERATING ACTIVITIES .....	<u>107,887</u>	<u>123,633</u>
INVESTING ACTIVITIES		
Interest received .....	2,515	2,015
Purchases of property, plant and equipment .....	(441)	(205)
Acquisition of available for sales investment .....	—	(2,700)
Disposal of available for sales investment .....	2,700	—
Decrease in restricted bank balances .....	<u>45,993</u>	<u>142,937</u>
NET CASH FROM INVESTING ACTIVITIES .....	<u>50,767</u>	<u>142,047</u>
FINANCING ACTIVITIES		
Interest paid .....	(7,197)	(8,106)
Payment of dividends .....	—	(47,369)
Payments from combination of a subsidiary .....	(45,000)	—
New borrowing raised .....	129,700	294,200
Repayments of borrowings .....	<u>(117,000)</u>	<u>(444,368)</u>
NET CASH USED IN FINANCING ACTIVITIES .....	<u>(39,497)</u>	<u>(205,643)</u>
NET INCREASE CASH IN CASH AND CASH EQUIVALENTS .....	119,157	60,037
CASH AND CASH EQUIVALENTS AT January 1, .....	1,237,698	772,988
Effect of foreign exchange rate changes .....	<u>123</u>	<u>(1,974)</u>
CASH AND CASH EQUIVALENTS AT June 30, represented by bank balances and cash .....	<u><u>1,356,978</u></u>	<u><u>831,051</u></u>

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2010****1. GENERAL AND BASIS OF PREPARATION**

Sound Global Ltd. (the “Company”, previously known as Epure International Ltd.) was incorporated in Singapore on November 7, 2005, with its registered office of business at 1 Robinson Road, #17-00 AIA Tower, Singapore 048542. Its principal place of business is at 460 Alexandra Road, #14-04 PSA Building, Singapore 119963.

The Company is an investment holding company which is also engaged in environmental construction related design services. Its subsidiaries are mainly engaged in environmental construction related to water treatment, research and development of water treatment technologies and provision of services for technology consultation and construction, management and operation the municipal wastewater projects and sale of treated water.

The condensed consolidated financial information is presented in Renminbi (“RMB”), the currency of the primary economic environment in which the principal subsidiaries of the Company operate. The functional currency of the Company is RMB.

The Company’s immediate and ultimate parent is Sound Water (BVI) Limited (“Sound Water”).

The condensed consolidated financial information of the Company and its subsidiaries (hereinafter collectively referred as the “Group”) has been prepared in accordance with Singapore Financial Reporting Standard 34 (“FRS 34”), Interim Financial Reporting.

In January 2010, the Group completed its acquisition of Anyang Mingbo Water Co., Ltd. (“Anyang Mingbo”), with 60% interest acquired from Beijing Sound Environment Group Co., Ltd. (“Beijing Sound Enviro”, a fellow subsidiary) and the remaining 40% interest acquired from a third party for considerations of RMB27,000,000 and RMB18,000,000 respectively.

The acquisition of Anyang Mingbo is regarded as a business combination under common control. The principles of merger accounting have therefore been applied, under which the condensed consolidated financial information has been prepared as if Anyang Mingbo had been a subsidiary of the Group since October 24, 2008, when 60% interest in Anyang Mingbo was acquired by Beijing Sound Enviro from a third party. The condensed consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the six months ended June 30, 2009 and 2010 include the results, changes in equity and cash flows of the companies now comprising the Group, including Anyang Mingbo as if it had been a 60% interest owned subsidiary of the Group as at January 1, 2009. The condensed consolidated statements of financial position of the Group as at December 31, 2009 and January 1, 2009 have been prepared to present the assets and liabilities of the companies now comprising the Group, including Anyang Mingbo as if it had been a 60% interest owned subsidiary of the Group as at those dates. The acquisition of the remaining 40% interest is accounted for as an acquisition of additional interest in a subsidiary in January 2010.

Changes in the Group’s ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

**Business combination under common control**

The effects of the combination of Anyang Mingbo on the result of the Group for the period ended June 30, 2009 and the financial position of the Group at December 31, 2009 are summarized below:

	Six months ended June 30, 2009	Combination of Anyang Mingbo	Elimination adjustments	Six months ended June 30, 2009
	RMB'000 (Previously reported)	RMB'000	RMB'000	RMB'000 (Restated)
Revenue . . . . .	437,658	16,176	(16,176)	437,658
Cost of sales . . . . .	<u>(304,317)</u>	<u>(16,176)</u>	<u>16,176</u>	<u>(304,317)</u>
Gross profit . . . . .	133,341	—	—	133,341
Other operating income . . . . .	5,378	1,473	—	6,851
Other expenses . . . . .	(13,748)	—	—	(13,748)
Distribution expenses . . . . .	(4,667)	—	—	(4,667)
Research and development expenses . . . . .	(2,412)	—	—	(2,412)
Administrative expenses . . . . .	(15,643)	—	—	(15,643)
Share of result of an associate . . . . .	23	—	—	23
Finance cost . . . . .	<u>(8,106)</u>	<u>—</u>	<u>—</u>	<u>(8,106)</u>
Profit before income tax . . . . .	94,166	1,473	—	95,639
Income tax expenses . . . . .	<u>368</u>	<u>(368)</u>	<u>—</u>	<u>—</u>
Profit for the period and total comprehensive income . . . . .	<u>94,534</u>	<u>1,105</u>	<u>—</u>	<u>95,639</u>
Profit for the period and total comprehensive income attributable to owners of the Company . . . . .	94,534	663	—	95,197
Non-controlling interest . . . . .	<u>—</u>	<u>442</u>	<u>—</u>	<u>442</u>
	<u>94,534</u>	<u>1,105</u>	<u>—</u>	<u>95,639</u>

## APPENDIX II

## UNAUDITED INTERIM FINANCIAL INFORMATION

	At December 31, 2009	Combination of Anyang Mingbo	Elimination adjustments	At December 31, 2009
	RMB'000 (Previously reported)	RMB'000	RMB'000	RMB'000 (Restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	47,550	67	—	47,617
Interest in an associate	2,561	—	—	2,561
Land use rights	46,612	—	—	46,612
Intangible assets	50,000	—	—	50,000
Goodwill	41,395	—	—	41,395
Service concession receivables	295,132	120,615	—	415,747
Deferred tax assets	7,372	—	—	7,372
	<u>490,622</u>	<u>120,682</u>	<u>—</u>	<u>611,304</u>
<b>CURRENT ASSETS</b>				
Inventories	11,543	—	—	11,543
Trade and other receivables	461,852	1,318	(41,387)	421,783
Land use rights	1,158	—	—	1,158
Amounts due from customers for contract work	233,791	—	(6,702)	227,089
Restricted bank balances	72,208	—	—	72,208
Bank balances and cash	1,237,196	502	—	1,237,698
	<u>2,017,748</u>	<u>1,820</u>	<u>(48,089)</u>	<u>1,971,479</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	681,056	72,501	(48,089)	705,468
Tax payables	14,598	—	—	14,598
Borrowings-due within one year	176,700	2,000	—	178,700
Amounts due to customers for contract work	24,264	—	—	24,264
	<u>896,618</u>	<u>74,501</u>	<u>(48,089)</u>	<u>923,030</u>
NET CURRENT ASSETS	1,121,130	(72,681)	—	1,048,449
<b>TOTAL ASSETS LESS</b>				
CURRENT LIABILITIES	1,611,752	48,001	—	1,659,753
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	18,752	757	—	19,509
Borrowings-due after one year	48,300	—	—	48,300
	<u>67,052</u>	<u>757</u>	<u>—</u>	<u>67,809</u>
<b>TOTAL ASSETS LESS NON-CURRENT</b>				
LIABILITIES	1,544,700	47,244	—	1,591,944
<b>CAPITAL AND RESERVES</b>				
Share capital	833,368	—	—	833,368
Reserves	711,332	28,346	—	739,678
Equity attributable to owners of the Company	1,544,700	28,346	—	1,573,046
Non-controlling interest	—	18,898	—	18,898
	<u>1,544,700</u>	<u>47,244</u>	<u>—</u>	<u>1,591,944</u>

The effects of the combination of Anyang Mingbo on the Group's equity at January 1, 2009 are summarized below:

	At January 1, 2009	Combination of Anyang Mingbo	Elimination adjustments	At January 1, 2009
	RMB'000 (Previously reported)	RMB'000	RMB'000	RMB'000 (Restated)
Share capital .....	833,368	—	—	833,368
Merge reserve .....	(88,296)	—	—	(88,296)
Capital reserve .....	7,010	27,000	—	34,010
Statutory surplus fund .....	33,006	—	—	33,006
Retained earnings .....	526,437	21	—	526,458
Non-controlling interest .....	—	18,014	—	18,014
	<u>1,311,525</u>	<u>45,035</u>	<u>—</u>	<u>1,356,560</u>

## 2. APPLICATION OF NEW AND REVISED SINGAPORE FINANCIAL REPORTING STANDARDS

The condensed consolidated financial information has been prepared on the historical cost convention. The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2009. The condensed consolidated financial information for the six months ended June 30, 2010, which does not include the full disclosures of the type normally included in a complete set of consolidated financial statements, is to be read in conjunction with the last issued consolidated financial statements for the year ended December 31, 2009.

In the current financial year, the Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRSs") that are relevant to its operations and effective for financial periods beginning on or after January 1, 2010. The adoption of these new/revised FRSs and INT FRSs has no material effect on the condensed consolidated financial information in current and prior years.

At the date of authorization of these financial statements, management have considered and anticipated that the adoption of the new FRSs, INT FRSs and amendments to FRS not yet effective until future periods will not have a material impact on the consolidated financial statements of the Group.

## 3. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "CODM") in order to allocate resources to the segments and to assess their performance.

The Group is organized into business units based on their products and services, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance.

The Group is primarily engaged in three operating segments, namely (1) turnkey projects and services, (2) manufacturing (equipment fabrication), and (3) operations of water and wastewater treatment facilities (“O&M”).

The accounting policies of the operating segments are the same as the Group’s accounting policies describe in annual financial statements for the year ended December 31, 2009. Segment results represent the profits earned by each segment without allocation of central administration costs, directors’ remuneration, and share of result of an associate, interest income, foreign exchange gains and losses, finance costs at corporate level.

Segment information about the Group’s operating segments is presented below.

	Turnkey projects and services	Equipment fabrications	O&M	Elimination	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
<b>Six months ended June 30, 2010</b>					
<b>Revenue</b>					
External sales	565,500	73,615	5,874	—	644,989
Inter-segment sales	—	196	—	(196)	—
Total revenue	<u>565,500</u>	<u>73,811</u>	<u>5,874</u>	<u>(196)</u>	<u>644,989</u>
<b>Results</b>					
Segment results	160,520	10,958	8,834	—	180,312
Unallocated income					—
Unallocated expenses					(33,967)
Share of result of an associate					(56)
Profit before income tax					<u>146,289</u>
<b>Six months ended June 30, 2009 (Restated)</b>					
<b>Revenue</b>					
External sales	408,092	29,566	—	—	437,658
Inter-segment sales	—	32,584	—	(32,584)	—
Total revenue	<u>408,092</u>	<u>62,150</u>	<u>—</u>	<u>(32,584)</u>	<u>437,658</u>
<b>Results</b>					
Segment results	89,196	7,953	4,824	—	101,973
Unallocated expenses					(6,357)
Share of result of an associate					23
Profit before income tax					<u>95,639</u>

Inter-segment sales are charged at prevailing market price.

#### 4. REVENUE

	Six months ended June 30, 2010	Six months ended June 30, 2009
	RMB’000	RMB’000 (Restated)
Revenue from construction contracts (Including turnkey services and sales of equipments related to construction contracts)	560,049	388,751
Revenue from sale of goods	73,615	29,566
Operating and maintenance income	5,874	—
Design service	5,451	19,341
	<u>644,989</u>	<u>437,658</u>

**5. OTHER OPERATING INCOME**

	Six months ended June 30, 2010	Six months ended June 30, 2009
	RMB'000	RMB'000 (Restated)
Interest income .....	2,515	2,015
Imputed interest income on service concession receivables .....	8,986	4,824
Net foreign exchange gains .....	159	—
Sundry income .....	64	12
	<u>11,724</u>	<u>6,851</u>

**6. OTHER EXPENSES**

	Six months ended June 30, 2010	Six months ended June 30, 2009
	RMB'000	RMB'000 (Restated)
Net foreign exchange losses .....	—	4,088
Allowance for doubtful debts .....	—	9,660
Expenses related to Listing on the Stock Exchange of Hong Kong Limited .....	25,075	—
	<u>25,075</u>	<u>13,748</u>

**7. FINANCE COSTS**

	Six months ended June 30, 2010	Six months ended June 30, 2009
	RMB'000	RMB'000 (Restated)
Interest expenses on borrowings		
Wholly payable within five years .....	7,197	8,106
Not wholly payable within five years .....	—	—
	<u>7,197</u>	<u>8,106</u>

**8. INCOME TAX EXPENSES**

	Six months ended June 30, 2010	Six months ended June 30, 2009
	RMB'000	RMB'000 (Restated)
The charge comprises:		
Current tax		
The People's Republic of China (the "PRC") income tax .....	22,626	4,115
Over provision in prior year PRC income tax (note) .....	—	(4,048)
Deferred tax .....	3,566	(67)
	<u>26,192</u>	<u>—</u>

Note:

As the Group did not obtain the high-and-new-tech enterprise certification of Beijing Hi-Standard Water Treatment Equipment Co. Ltd. ("Hi-Standard Equipment") from relevant authority as of

December 31, 2008, Hi-standard Equipment provided income tax for the year ended December 31, 2008 at a tax rate of 25%. After it obtained the high-and-new-tech certification in 2009, which entitled it to a 15% preferential tax rate from 2008, Hi-standard Equipment reversed the over provision in the six months ended in June 30, 2009.

## 9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended June 30, 2010	Six months ended June 30, 2009
	RMB'000	RMB'000 (Restated)
Amortization of intangible assets, included in cost of sales . . . . .	5,000	5,000
Amortization of land use rights . . . . .	579	541
Auditors' remuneration . . . . .	810	908
Depreciation for property, plant and equipment . . . . .	1,418	1,525
Cost of inventory recognized as expense . . . . .	65,400	55,247
Loss on disposal of property, plant and equipment . . . . .	8	—
Staff cost		
Director's remuneration . . . . .	547	550
Other staff costs		
Staff cost excluded retirement benefit costs . . . . .	16,367	16,198
Contribution to defined contribution plans . . . . .	1,832	1,542
Total staff cost . . . . .	<u>18,746</u>	<u>18,290</u>

## 10. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company for the reporting period is based on the following data:

	Six months ended June 30, 2010	Six months ended June 30, 2009
	RMB'000	RMB'000 (Restated)
Profit for the period attributable to owners of the Company . . . . .	<u>120,011</u>	<u>95,197</u>
	'000	'000
Weighted average number of shares	<u>1,290,000</u>	<u>1,290,000</u>
Earnings per share (RMB cents) . . . . .	<u>9.30</u>	<u>7.38</u>

No diluted earnings per share is presented as the Company did not have potential ordinary shares outstanding during the reporting period.

## 11. DIVIDENDS

No dividend was paid or proposed during the six months ended June 30, 2010, nor has any dividend has been proposed since the end of reporting period.

On April 27, 2009, the Company declared and paid a dividend of S\$0.008 per ordinary share with total dividends of S\$10,320,000 (equivalent to approximately RMB47,369,000) for the year ended December 31, 2008 to shareholders.

## 12. SUBSEQUENT EVENTS

- (a) On July 23, 2010, the Group granted options (the “Options”) to participants under the Sound Global Share Option Scheme (the “Scheme”), which was adopted pursuant to a resolution passed on August 15, 2007 for the primary purpose of providing incentives to directors and eligible employees. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 15% of the shares of the Company in issue at any point in time, without prior approval from the Company’s shareholders.

The number of shares in respect of which options had been granted and remained outstanding under the Scheme of 64,500,000 represents 5% of the shares of the Company in issue at the date of grant. Options may be exercised at any time from 12 months from the date of grant of the share option to the 5th anniversary of the date of grant. The exercise price is S\$0.745 per share determined by the directors of the Company based on the average of the last trading price of the Company’s share for the five consecutive market days immediately preceding the date of grant.

The exercise of the Options is also subject to the following conditions:

- 1) The Options will be exercisable in four equal tranches, commencing one year from the date of grant and up to 2014;
  - 2) The increase in profit for each of the financial years ending December 31, 2010, 2011, 2012 and 2013 must be at least 15.0%, excluding all exceptional items in statement of comprehensive income; and
  - 3) The compounded growth rate for net profit, based on profit for the financial year ended December 31, 2009, must be at least 25% for each of the financial years ending December 31, 2010, 2011, 2012 and 2013, excluding all exceptional items in statement of comprehensive income.
- (b) The Company closed the issue of RMB885 million, 6% convertible bonds (the “Bonds”) on September 15, 2010. The Bonds entitle the holders to convert them into ordinary shares of the Company (unless previously redeemed, converted or purchased and cancelled) at any time on or after October 25, 2010 up to the close of business on September 8, 2015 at a conversion price (subject to adjustments) of S\$0.924 per share, translated to RMB4.76995 per share at fixed exchange rate. Unless previously redeemed, purchased or cancelled, the Bonds will be

redeemed on September 15, 2015. Interest of 6% will be paid semi-annually with the first interest payment date falling on March 15, 2011.

The Company may redeem all but not some only of the Bonds at a redemption price on some conditions (as defined in the Terms and Conditions of the Bonds in the Offering Circular dated September 10, 2010).

**13. RECONCILIATION OF PROFIT OF THE GROUP FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND TOTAL EQUITY OF THE GROUP AS AT JUNE 30, 2010 FROM FRS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)**

The Directors of the Company consider the impact of differences between FRS and IFRS are minimal to profit of the Group for the six months ended June 30, 2010 and total equity of the Group as at June 30, 2010 prepared under FRS and as compared to IFRS. Accordingly, no reconciliation has been prepared in this regard.