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中國水業集團有限公司*
CHINA WATER INDUSTRY GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)
(Stock code: 1129)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2020	2019	Change
	HK\$'000	HK\$'000	%
Financial Result			
Revenue	1,129,548	1,189,201	(5.02%)
Gross Profit	480,300	497,152	(3.39%)
Profit for the year	120,466	178,726	(32.60%)
Profit attributable to owners of the Company	11,094	115,617	(90.40%)
Earnings per share (HK cents) – Basic and diluted	0.69	7.24	(90.47%)
EBITDA (Note)	439,706	488,904	(10.06%)
	2020	2019	
	HK\$'000	HK\$'000	
Financial Position			
Gearing ratio	60.90%	60.16%	
Current ratio	1.13 times	1.21 times	
Cash and cash equivalents	432,654	390,906	
Net asset value	2,200,949	1,896,397	
Equity attributable to owners of the Company	1,407,592	1,284,897	
Equity attributable to owners of the Company per share (HK\$)	0.88	0.80	

Note: Profit before finance costs, income tax, depreciation and amortisation.

The board (the “**Board**”) of Directors (the “**Directors**”) of China Water Industry Group Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2020 together with comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
Revenue	3	1,129,548	1,189,201
Cost of sales		(649,248)	(692,049)
Gross profit		480,300	497,152
Other operating income and expenses		133,088	87,779
Gain on disposal of associates		–	110,847
Gain on disposal of subsidiaries		–	692
Selling and distribution expenses		(55,529)	(51,372)
Administrative expenses		(241,449)	(270,260)
Finance costs	5	(79,746)	(68,757)
Change in fair value of investment properties		2,778	5,216
Net loss on financial assets at fair value through profit or loss		(13,441)	(39,573)
Impairment loss recognised on:			
property, plant and equipment		(19,024)	(4,035)
goodwill		(76)	(1,351)
other intangible assets		(3,582)	(4,861)
trade and other receivables, net		(18,526)	(11,339)
right-of-use assets		(49)	(1,588)
Share of (loss)/profit of associates		(1,803)	2,181
Share of loss of joint ventures		(2,155)	(2,717)
Profit before taxation		180,786	248,014
Income tax	6	(60,320)	(69,288)
Profit for the year		120,466	178,726
Attributable to:			
Owners of the Company		11,094	115,617
Non-controlling interests		109,372	63,109
		120,466	178,726
Earnings per share (HK cents):	9		
Basic		0.69	7.24
Diluted		0.69	7.24

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
Profit for the year		120,466	178,726
Other comprehensive income/(loss) for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of foreign operations			
Exchange difference arising during the year		<u>146,461</u>	<u>(30,866)</u>
		<u>146,461</u>	<u>(30,866)</u>
Financial assets at fair value through other comprehensive income:			
Net loss arising on revaluation of financial assets at fair value through other comprehensive income during the year		(3,826)	(21,761)
Share of other comprehensive income/(loss) of associates		1,059	(704)
Share of other comprehensive income/(loss) of joint ventures		1,561	(375)
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of investment properties upon transfer from property, plant and equipment		–	13,531
Deferred tax liability arising on gain on revaluation of investment properties		<u>–</u>	<u>(3,383)</u>
		<u>–</u>	<u>10,148</u>
Other comprehensive income/(loss) for the year, net of income tax		<u>145,255</u>	<u>(43,558)</u>
Total comprehensive income for the year		<u>265,721</u>	<u>135,168</u>
Attributable to:			
Owners of the Company		122,695	65,501
Non-controlling interests		<u>143,026</u>	<u>69,667</u>
		<u>265,721</u>	<u>135,168</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Property, plant and equipment		824,286	632,020
Deposits paid for acquisition of property, plant and equipment		7,659	6,506
Deposits paid for acquisition of subsidiary		290	–
Deposits paid for acquisition of right-of-use assets		87,927	82,606
Right-of-use assets		477,504	516,226
Operating concessions		791,129	763,285
Receivables under service concession arrangements		17,056	19,218
Investment properties		94,331	89,114
Other non-current assets		–	–
Other intangible assets		207,509	224,280
Financial assets at fair value through other comprehensive income		3,370	9,193
Interests in associates		17,376	7,116
Interests in joint ventures		22,521	14,588
Deferred tax assets		8,730	8,574
Deposits and prepayments	10	59,000	59,000
		<u>2,618,688</u>	<u>2,431,726</u>
Current assets			
Inventories		900,818	636,239
Receivables under service concession arrangements		3,401	3,616
Financial assets at fair value through profit or loss		23,946	51,435
Trade and other receivables	10	1,444,674	1,130,014
Contract assets		62,650	52,240
Cash held by financial institutions		135	6,792
Bank balances and cash		437,125	404,593
Amounts due from associates		104,659	–
Amounts due from joint ventures		–	15,896
		<u>2,977,408</u>	<u>2,300,825</u>
Assets held for sale		<u>32,700</u>	<u>27,178</u>
		<u>3,010,108</u>	<u>2,328,003</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 31 December 2020*

	<i>Note</i>	2020 HK\$' 000	2019 <i>HK\$' 000</i>
Current liabilities			
Overdraft held at financial institutions		4,606	20,479
Trade and other payables	<i>11</i>	638,529	571,950
Contract liabilities		1,427,114	951,731
Bank borrowings		53,998	45,242
Other loans		340,151	167,029
Lease liabilities		108,961	122,624
Amounts due to non-controlling shareholders of subsidiaries		320	17,433
Deposit received from disposal of equity interest in subsidiary		28,517	–
Amounts due to joint ventures		7,647	–
Tax payables		51,286	33,061
		2,661,129	1,929,549
Liabilities directly associated with the assets held for sale		5,644	–
		2,666,773	1,929,549
Net current assets		343,335	398,454
Total assets less current liabilities		2,962,023	2,830,180
Capital and reserves			
Share capital		798,270	798,270
Share premium and reserves		609,322	486,627
Equity attributable to owners of the Company		1,407,592	1,284,897
Non-controlling interests		793,357	611,500
TOTAL EQUITY		2,200,949	1,896,397
Non-current liabilities			
Other payables	<i>11</i>	–	13,097
Bank borrowings		97,813	79,040
Other loans		388,827	572,529
Lease liabilities		158,990	149,719
Government grants		28,092	28,243
Deferred tax liabilities		87,352	91,155
		761,074	933,783
		2,962,023	2,830,180

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL

China Water Industry Group Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its principal place of business is located at Room 1207, 12th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”). Other than those subsidiaries established in the People’s Republic of China (the “**PRC**”) and Indonesia, whose functional currency is Renminbi (“**RMB**”) and Rupiah respectively, the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”) is HK\$.

The Group is principally engaged in (i) provision of water supply, sewage treatment and construction services; (ii) exploitation and sale of renewable energy in the PRC and (iii) property investment and development.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRS**”)

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS standards and the amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15:		
Disaggregated by major products or service lines:		
Water supply services	175,993	174,157
Sewage treatment services	64,876	49,731
Water supply related installation and construction income	352,176	285,474
Water supply and sewage treatment infrastructure construction income	38,605	171,525
Sale of electricity	459,699	443,087
Sale of compressed natural gas	6,958	28,327
Service income from collection of landfill gas	27,596	31,501
Sales of property investment and development	3,645	5,399
	<u>1,129,548</u>	<u>1,189,201</u>

Sales of electricity to provincial power grid companies included tariff adjustment received and receivable from the relevant government authorities.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in note 4.

4. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the board of directors of the Company being the chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group has identified the following reportable segments:

- (i) “Provision of water supply, sewage treatment and construction services” segment, which derives revenues primarily from the provision of water supply and sewage treatment operations and related construction services; and
- (ii) “Exploitation and sale of renewable energy” segment, which derives revenues primarily from sale of electricity and compressed natural gas from biogas power plants; and
- (iii) “Property investment and development” segment, which derives revenues primarily from sale of commercial and residential units.

Information regarding the Group’s reportable segments as provided to the board of directors of the Company for the purposes of resource allocation and assessment of segment performance is set out below.

Segment revenue and results

Disaggregation of revenue from contracts with customers by the timing of revenue recognition as well as information regarding the Group’s reportable and operating segments, are set out below.

For the year ended 31 December 2020

	Provision of water supply, sewage treatment and construction services <i>HK\$'000</i>	Exploitation and sale of renewable energy <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue				
Disaggregated by timing of revenue recognition:				
Point in time	240,869	494,253	3,645	738,767
Over time	390,781	–	–	390,781
Reportable segment revenue	631,650	494,253	3,645	1,129,548
Reportable segment profit	211,928	126,600	(23,882)	314,646
Unallocated corporate expenses				(75,091)
Interest income				1,023
Interest on overdraft held at financial institutions				(827)
Interest on fixed coupon bonds				(45,524)
Net loss on financial assets at fair value through profit or loss				(13,441)
Profit before taxation				180,786

For the year ended 31 December 2019

	Provision of water supply, sewage treatment and construction services <i>HK\$'000</i>	Exploitation and sale of renewable energy <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment revenue				
Disaggregated by timing of revenue recognition:				
Point in time	223,889	502,915	5,399	732,203
Over time	456,998	–	–	456,998
Reportable segment revenue	680,887	502,915	5,399	1,189,201
Reportable segment profit	187,512	164,592	(25,700)	326,404
Unallocated corporate expenses				(126,836)
Interest income				10,805
Interest on overdraft held at financial institutions				(3,148)
Interest on fixed coupon bonds				(31,177)
Net loss on financial assets at fair value through profit or loss				(39,573)
Gain on disposal of associates				110,847
Gain on disposal of subsidiaries				692
Profit before taxation				248,014

Other segment information

For the year ended 31 December 2020

	Provision of water supply sewage treatment and construction services <i>HK\$'000</i>	Exploitation and sale of renewable energy <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Corporate <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Interest income	3,976	59	701	1,023	–	5,759
Interest expenses	(3,010)	(16,186)	(4)	(60,546)	–	(79,746)
Share of profit/(loss) of associates	980	335	(2,993)	(125)	–	(1,803)
Share of loss of joint ventures	(608)	–	(1,343)	(204)	–	(2,155)
Depreciation of:						
– Property, plant and equipment	(3,981)	(47,542)	(243)	(5,127)	–	(56,893)
– Right-of-use assets	(1,237)	(34,148)	(1,643)	(5,774)	–	(42,802)
Amortisation of:						
– Concession intangible assets	(40,332)	(13,243)	–	–	–	(53,575)
– Other intangible assets	–	(25,905)	–	–	–	(25,905)
Gain/(loss) on disposal of property, plant and equipment	1,073	(445)	–	(4)	–	624
Loss on disposal of concession intangible assets	(219)	–	–	–	–	(219)
Impairment loss recognised on:						
– Property, plant and equipment	–	(19,024)	–	–	–	(19,024)
– Goodwill	–	(76)	–	–	–	(76)
– Other intangible assets	–	(3,582)	–	–	–	(3,582)
– Trade and other receivables, net	(415)	(1,040)	(149)	(16,922)	–	(18,526)
– Right-of-use assets	–	(49)	–	–	–	(49)
	<u>1,966,628</u>	<u>1,732,588</u>	<u>1,559,872</u>	<u>357,608</u>	<u>12,100</u>	<u>5,628,796</u>
Reportable segment assets						
	<u>53,246</u>	<u>64,030</u>	<u>162,257</u>	<u>5,311</u>	<u>–</u>	<u>284,844</u>
Additions to non-current assets						
	<u>(712,273)</u>	<u>(547,688)</u>	<u>(1,280,299)</u>	<u>(834,436)</u>	<u>(53,151)</u>	<u>(3,427,847)</u>
Reportable segment liabilities						

For the year ended 31 December 2019

	Provision of water supply, sewage treatment and construction services HK\$'000	Exploitation and sale of renewable energy HK\$'000	Property investment and development HK\$'000	Corporate HK\$'000	Unallocated HK\$'000	Total HK\$'000
Interest income	3,805	100	321	10,805	–	15,031
Interest expenses	(3,453)	(17,850)	(38)	(47,416)	–	(68,757)
Share of profit/(loss) of associates	3,078	(630)	–	(267)	–	2,181
Share of loss of joint ventures	(473)	–	(1,871)	(373)	–	(2,717)
Depreciation of:						
– Property, plant and equipment	(4,385)	(44,212)	(539)	(4,759)	–	(53,895)
– Right-of-use assets	(1,215)	(30,584)	(2,899)	(7,295)	–	(41,993)
Amortisation of:						
– Concession intangible assets	(30,409)	(14,435)	–	–	–	(44,844)
– Other intangible assets	–	(27,324)	–	–	–	(27,324)
Gain/(loss) on disposal of property, plant and equipment	858	(2,632)	–	196	–	(1,578)
Gain on disposal of:						
– Associates	–	–	–	110,847	–	110,847
– Subsidiaries	–	–	–	692	–	692
Loss on disposal of concession intangible assets	(2,350)	–	–	–	–	(2,350)
Impairment loss recognised on:						
– Property, plant and equipment	–	(4,035)	–	–	–	(4,035)
– Goodwill	–	(1,351)	–	–	–	(1,351)
– Other intangible assets	–	(4,861)	–	–	–	(4,861)
– Trade and other receivables, net	(2,063)	(1,453)	(124)	(7,699)	–	(11,339)
– Right-of-use assets	(1,588)	–	–	–	–	(1,588)
Reportable segment assets	<u>1,753,892</u>	<u>1,497,042</u>	<u>1,106,719</u>	<u>393,502</u>	<u>8,574</u>	<u>4,759,729</u>
Additions to non-current assets, net	<u>213,540</u>	<u>129,554</u>	<u>78,471</u>	<u>794</u>	<u>–</u>	<u>422,359</u>
Reportable segment liabilities	<u>(761,657)</u>	<u>(526,110)</u>	<u>(871,576)</u>	<u>(654,300)</u>	<u>(49,689)</u>	<u>(2,863,332)</u>

Segment assets include all tangible, intangible assets and current assets with the exception of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and other unallocated corporate assets. Segment liabilities include all current liabilities and non-current liabilities with the exception of overdraft held at financial institutions and other unallocated corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segments sales in the current year (2019: Nil).

The measure used for reporting segment profit is “adjusted profit before tax”. To arrive at adjusted profit before tax, the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as interest on overdraft held at financial institutions, change in fair value of financial assets at fair value through profit or loss, net loss on disposal of investments, directors’ and auditors’ remuneration and other head office or corporate administration costs.

No geographical information is presented as the Group's business is principally carried out in the PRC (country of domicile) and the Group's revenue from external customers and non-current assets are in the PRC. No geographical information for other country is of a significant size to be reported separately.

Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer A – revenue from exploitation and sale of renewable energy	<u>115,842</u>	<u>126,899</u>

5. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest on:		
– bank borrowings	3,481	7,508
– other loans	72,692	61,489
– overdraft held at financial institutions	827	4,347
– lease liabilities	<u>20,625</u>	<u>21,412</u>
Total borrowing cost	97,625	94,756
Less: interest capitalised included in construction in progress	<u>(17,879)</u>	<u>(25,999)</u>
	<u>79,746</u>	<u>68,757</u>

Included in construction in progress under concession intangible assets and property, plant and equipment are interest capitalised during the year of approximately HK\$17,879,000 (2019: HK\$25,999,000) at the capitalisation rate of 8.51% (2019: 9.21%) per annum.

6. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
– Provision for the year	–	–
Current tax – PRC Enterprise Income Tax (“EIT”)		
– Provision for the year	68,918	65,513
– Over provision in respect of prior years	(2,904)	(1,902)
Deferred tax	<u>(5,694)</u>	<u>5,677</u>
	<u>60,320</u>	<u>69,288</u>

No provision for Hong Kong profit tax has been made for the years ended 31 December 2019 and 2020 as the Company and its subsidiaries did not have assessable profit subject to Hong Kong profit tax for these years.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Accordingly, provision for PRC EIT for the PRC subsidiaries is calculated at 25% on the estimated assessable profits for both years, except disclosed as follows.

Certain subsidiaries of the Group, being engaged in provision of electricity supply and sale of renewable energy, under the EIT Law and its relevant regulations, are entitled to tax concession of 3-year full exemption and subsequent 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging/(crediting):

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Staff costs excluding directors' and chief executive's emoluments		
– Salaries, wages and other benefits	203,895	198,006
– Retirement benefits scheme contributions	10,462	19,228
Total staff costs	<u>214,357</u>	<u>217,234</u>
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Amortisation of:		
– concession intangible assets	53,575	44,844
– other intangible assets	25,905	27,324
Depreciation charge		
– owned property, plant and equipment	56,893	53,895
– right-of-use assets	42,802	41,993
Lease payments not included in the measurement of lease liabilities	7,795	1,804
(Gain)/Loss on disposal of property, plant and equipment	(624)	1,578
Loss on disposal of concession intangible assets	219	2,350
Auditors' remuneration		
– audit services	2,390	2,800
– other services	823	120
Cost of inventories sold	384,669	191,741
Gross rental income from investment properties less direct outgoings of approximately HK\$822,000 (2019: HK\$1,013,000)	<u>3,782</u>	<u>3,583</u>

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit attributable to the owners of the Company, used in the basic and diluted earnings per share	11,094	115,617
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares – basic and diluted	1,596,540	1,596,540
Earnings per share (HK cents):		
Basic	0.69	7.24
Diluted	0.69	7.24

For the year ended 31 December 2020 and 2019, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

10. TRADE AND OTHER RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	565,601	474,394
Less: Loss allowances	(5,041)	(4,764)
	560,560	469,630
Other receivables	225,102	122,557
Less: Loss allowances	(12,607)	(10,862)
	212,495	111,695
Loan receivables	221,717	243,395
Less: Loss allowances	(77,373)	(63,262)
	144,344	180,133
Deposits and prepayments	586,275	427,556
	1,503,674	1,189,014
Amounts due within one year included under current assets	1,444,674	1,130,014
Amounts due after one year included under non-current assets	59,000	59,000
	1,503,674	1,189,014

Trade receivables

The Group allows an average credit period of 0 day to 180 days to its customers.

The aging analysis of the trade receivables, net of loss allowances, as at the end of the reporting period, based on invoice date which approximates the respective revenue recognition date, is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	184,191	132,932
91 to 180 days	45,367	195,387
181 to 365 days	79,448	51,238
Over 1 year	251,554	90,073
	<u>560,560</u>	<u>469,630</u>

11. TRADE AND OTHER PAYABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade payables	254,877	186,109
Property sales received in advance	1,285	1,207
Construction payables	129,034	129,112
Interest payables	45,094	14,312
Accrued expenses	46,370	62,484
Guarantee deposits from a subcontractor	2,943	19,006
Sewage treatment fees received on behalf of certain government authorities	7,205	4,936
Other payables	151,721	167,881
	<u>638,529</u>	<u>585,047</u>
Amounts due within one year included under current liabilities	638,529	571,950
Amounts due after one year included under non-current liabilities	<u>–</u>	<u>13,097</u>
	<u>638,529</u>	<u>585,047</u>

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

	2020 HK\$'000	2019 <i>HK\$'000</i>
Within 30 days	32,911	32,780
31 to 90 days	96,528	72,565
91 to 180 days	20,585	21,570
181 to 365 days	70,363	24,014
Over 1 year	34,490	35,180
	254,877	186,109

The credit terms of trade payables vary according to the terms agreed with different suppliers. The Group has financial risk management policies in place to ensure that all payables are settled within the time frame agreed with the respective suppliers.

12. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2020 HK\$'000	2019 <i>HK\$'000</i>
Contracted but not provided for:		
– Acquisition of concession intangible assets, property, plant and equipment	7,566	14,125
– Acquisition of right-of-use assets	21,898	–
	29,464	14,125

13. LITIGATIONS AND ARBITRATION

(a) **Swift Surplus Holdings Limited, an indirect wholly-owned subsidiary of the Company**

On 21 August 2012, the Company and its subsidiary of Swift Surplus Holdings Limited (“**Swift Surplus**”) (collectively as the “**Lenders**”) entered into repayment agreements (the “**Repayment Agreements**”) with the Sihui Sewage Treatment Co. Ltd.* (四會市城市污水處理有限公司) and Top Vision Management Limited (“**Top Vision**”) (collectively as the “**Borrowers**”) together with their respective guarantors, pursuant to which, the Borrowers shall repay to the Lenders the loan receivables of approximately HK\$58.43 million together with interest accrued thereon (the “**Loan Receivables**”). HK\$5 million of the Loan Receivables will be repaid on or before 30 September 2012 and the remaining Loan Receivables shall be repaid on or before 31 December 2012. On 29 August 2012, the Company only received HK\$5 million of the Loan Receivables. However, the remaining Loan Receivables of HK\$53.43 million (the “**Remaining Loan Receivables**”) plus underlying interests were not yet received on 31 December 2012. On 22 March 2013, the Lenders have entered into supplemental deeds with the Borrowers together with their respective guarantors, pursuant to which, approximately HK\$18.03 million of the Remaining Loan Receivables and underlying interests shall be repaid to the Lenders on or before 21 March 2014 (the “**Partial Payment of the Remaining Loan Receivables**”). Nevertheless, Swift Surplus and Top Vision and its guarantors could not reach an agreement in respect of the terms and date of the repayment of the outstanding balance of HK\$35.40 million of the Remaining Loan Receivables and underlying interests (the “**Outstanding Balance**”). Despite the Company several requests and demands, Top Vision failed to effect payment of the Outstanding Balance. On 14 May 2013, the Company instructed its legal counsel to file the writ of summons (the “**Writ**”) to the High Court of Hong Kong Special Administrative Region (the “**High Court**”) to recover the Outstanding Balance from Top Vision. On 25 June 2013, the High Court adjudged a final judgment that Top Vision shall pay the Outstanding Balance to Swift Surplus (the “**Final Judgment**”). Top Vision has not performed the repayment obligation under the judgment issued by the High Court. The Company cannot locate any asset of Top Vision in Hong Kong. As advised by the legal counsel, without information on the assets of Top Vision in Hong Kong, the Company cannot enforce the Final Judgment against Top Vision. As the major assets owned by the subsidiaries of Top Vision are located in Guangdong Province, the PRC, the Company had undertaken recovery actions including but not limited to legal actions taken in PRC to collect the Remaining Loan Receivables.

On 20 August 2014, a petition was filed by Galaxaco Reservoir Holdings Limited (“**Galaxaco**”) to wind up Top Vision, one of the creditors of Top Vision. Top Vision has now been wound up by the High Court by a Winding up Order under Companies Winding-up Proceedings No.157/2014 and the first meeting of creditors of Top Vision was held on 30 October 2014 for the appointment of provisional of liquidator. On 14 January 2015, the solicitors act for Galaxaco requested the High Court to have the hearing adjourned for the appointment of liquidators (the “**Appointment**”) pending the alleged negotiation settlement between Top Vision and all creditors including the Company and its subsidiary of Swift Surplus and Galaxaco (“**Creditors**”). On 4 May 2015, The High Court appointed SHINEWING Specialist Advisory Services Limited as liquidators (“**Liquidators**”). The Liquidators have carried out the site visits and performed the investigation on PRC subsidiary of Top Vision.

On 16 July 2015, the Zhaoqing Intermediate People’s Court adjudged that the Final Judgment recognised and accepted to execute in Mainland China for the recovering the Outstanding Balance and the underlying interest from Top Vision (“**PRC Judgment**”). On 27 January 2016, the PRC Judgment was announced on the website of The People’s Court Announcement for 60 days (“**Announcement Period**”). If Top Vision has not appealed for the PRC Judgment within 30 days after the Announcement Period, the PRC Judgment will be automatically effective thereafter, the Company can enforce the PRC Judgment. On 10 August 2016, Sihui City People’s Court* (四會市人民法院) accepted to execute the PRC Judgment in Mainland China and requested Swift Surplus to provide the financial position statement relating to Top Vision. On 30 August 2016, Sihui City People’s Court adjudged to freeze the entire equity interest held by Top Vision on Sihui Sewage for 3 years from 30 August 2016 to 29 August 2019. On 28 June 2019, Shui City People’s Court accepted the “resumption implementation application” which was submitted by Swift Surplus to resume the execution of the final judgement and continued to freeze the entire equity interest on Sihui Sewage for another 3 years till July 2022.

In 2016, the Company instructed the legal counsel to institute arbitral proceedings against the Borrowers and the guarantees under the supplemental loan agreements and their respective guarantees by filing the notices of Arbitration to HKIAC. HKIAC has confirmed the filing of such notices and the institution of respective arbitral proceedings. On 29 March 2019, HKIAC has appointed a sole arbitrator for this arbitration proceedings.

On 6 March 2018, Liquidators informed Creditors that Top Vision sold its entire shareholding in Top Vision Huizhou to Tai Heng Construction Holding Ltd. (“**Tai Heng**”) without payment of purchase consideration of RMB1 million. The Liquidator obtained a judgement from the High Court under the action of HCA 2448/2017 on 7 January 2019 against Tai Heng in favour of Top Vision, under which Tai Heng should repay approximately HK\$3.90 million being principal and interest, and the Court further awarded judgement interest at a rate of 8% p.a. from 23 October 2017 to 31 December 2018 and 8.08% p.a. from 1 January 2019 to the date of payment (the “**Judgement Debts**”). The Liquidator proposed a demand letter of the Judgement Debt to Tai Heng on 29 January 2019 but failed to receive any reply from Tai Heng. Therefore, the Liquidators are prepared to issue statutory demand against Tai Heng. If Tai Heng fail to reply, the Liquidators may further pursue winding-up application against Tai Heng. On 16 April 2019, the Company filed the witness statements and documentary evidence (collectively known as “**Evidence**”) to the High Court. But the Borrowers failed to file and serve their respective Defence & Counterclaim as well as their Evidence. The Company applied to the Tribunal to arrange the arbitral hearing. On 16 March 2020, the arbitrator of HKIAC made an arbitration award that each guarantor shall jointly and severally liable to repay the principals together with the interest accrued thereon to the Lenders. Up to the date of this announcement, the legal processing in PRC is still in progress. As at FY2019 and FY2020, the loan receivables from Top Vision of HK\$43.60 million were fully impaired.

(b) **Guangzhou Hyde Environmental Protection Technology Co., Ltd., an indirect wholly owned subsidiary of the Company**

Guangzhou Hyde Environmental Protection Technology Co. Ltd.* (廣州市海德環保科技有限公司) (“**Guangzhou Hyde**”) (an indirect wholly-owned subsidiary of the Company) and Yunnan Chaoyue Gas Company Limited* (雲南超越燃氣有限公司) (“**Yunnan Chaoyue Gas**”) entered into the cooperation contract dated 13 October 2010, pursuant to which Guangzhou Hyde shall paid a refundable deposit of HK\$10 million (“**Deposit**”) to Yunnan Chaoyue Gas for the purpose of obtaining the operation and management right of the Yunnan Dian Lake project (“**Project**”).

Pursuant to the cooperation contract, Yunnan Chaoyue Gas shall refund the Deposit to Guangzhou Hyde within nine months once it was unsuccessfully to obtain the Project. Yunnan Chaoyue Gas has failed to repay the aforesaid Deposit to Guangzhou Hyde when it fell due despite Guangzhou Hyde’s repeated requests and demands.

The dispute over cooperative contract between Guangzhou Hyde and Yunnan Chaoyue Gas was applied to Guangzhou Arbitration Commission (“**Commission**”) for arbitration on 24 February 2012. The Commission accepted the case and started a trail on 5 June 2012. After the trail, arbitration tribunal ruled an award on 12 June 2012, adjudging that Yunnan Chaoyue Gas should pay Guangzhou Hyde the principal of RMB8.56 million and overdue interests thereon; and the relevant arbitration fees.

The above award confirmed the amount to be paid by Yunnan Chaoyue Gas to Guangzhou Hyde should be settled in one-off manner within 10 days from the date on which this award is served. Late payment will result in proceedings set out in article 229 of Civil Procedure Laws of the People’s Republic of China. As Yunnan Chaoyue Gas has not performed repayment obligation under the award on time, Guangzhou Hyde applied to Kunming Intermediate People’s Court (the “**Kunming Court**”) for civil enforcement on 21 July 2012, and Kunming Court has accepted such application.

On 13 May 2013, Yunnan Chaoyue Gas provided loan repayment plan (the “**Repayment Plan**”) to Guangzhou Hyde. On 1 September 2014, Kunming Court has approved the civil enforcement against Yunnan Chaoyue Gas. Up to the date of approval of these financial statements, Yunnan Chaoyue Gas has not performed the repayment obligation according to the Repayment Plan.

On 21 August 2017, Guangzhou Hyde, Yunnan Chaoyue Gas, Yunnan Chaoyue Oil & Gas Technology Co., Ltd.* (雲南超越油氣科技有限公司), Yunnan Chaoyue Oil and Gas Exploration Co., Ltd.* (雲南超越油氣勘探有限公司), Yunnan Transcend Pipeline Investment Co., Ltd.* (雲南超越管道投資有限公司) and Yunnan Transcend Energy Co., Ltd.* (雲南超越能源股份有限公司) and Mr. Liu Jinrong (collectively as the “**Guarantors**”) entered into a settlement agreement which Yunnan Chaoyue Gas shall pay the Principal and overdue interests to Guangzhou Hyde on or before 31 December 2017 (the “**Settlement Agreement**”). On 14 September 2017, Guangzhou Hyde applied to Kunming Court for the resumption of civil enforcement which adjudged in 2014. On 13 August 2019, Yunnan Chaoyue Gas and Guarantors failed to fulfil the Settlement Agreement, Kunming Court accepted the application relating to the resumption of civil enforcement which submitted by Guangzhou Hyde. On 20 November 2019, the Kunming Court adjudged the Guarantors to repay the arbitration fee, the principal together with the underlying interest to Guangzhou Hyde with 10 days. On 8 January 2021, the Kunming Court failed to locate any assets from Yunnan Chaoyue Gas and Guarantors even taken exhaustive enforcement measures, and ruled to terminate this execution. The Kunming Court will resume the execution of this case in accordance with the law once any assets available for execution being found. Up to the date of this announcement, the Guarantors had not performed court judgement and no significant progress on this legal proceeding. The Deposit was classified as loan receivable and fully impaired in 2011. The aforesaid litigation is unlikely to have any significant material adverse financial impact on the Group.

Save as disclosed above, the Group is not aware of any other significant proceedings instituted against the Company.

The Board believed that there will be no significant financial impact on the Group as sufficient impairment loss on the Loan Receivables has been provided.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Net profit for the year

Net profit for the year ended 31 December 2020 (the “**FY2020**”) was HK\$120.47 million, representing a year-on-year decrease of 32.60% over HK\$178.73 million for the year ended 31 December 2019 (the “**FY2019**”). Profit attributable to owners of the Company for the FY2020 was HK\$11.09 million (FY2019: HK\$115.62 million), a substantial decrease of HK\$104.53 million primarily due to the absence of the gain on disposal of associates of which the disposals were completed in 2019 and the increase of impairment loss provided on assets for the renewable energy business. The effects of the aforesaid facts were partially offset by a decrease in both of the net loss on financial assets at fair value through profit or loss and administrative expenses. Basic profit per share from operations for the FY2020 was at HK0.69 cents when compared with basic profit per share of HK7.24 cents recorded for the FY2019.

Revenue and gross profit

During the year under review, the Group is engaged in three business segments: (i) provision of water supply, sewage treatment and construction services; (ii) exploitation and sale of renewable energy; and (iii) property investment and development.

Overall, the Group’s revenue slightly decreased by HK\$59.65 million or 5.02%, from HK\$1,189.20 million for the FY2019 to HK\$1,129.55 million for FY2020 due to the decrease in both the construction income from sewage treatment infrastructure projects and the sale of compressed natural gas.

During the year under review, the renewable energy business segment become the principal source of the Group’s revenue which contributed HK\$494.25 million (FY2019: HK\$502.92 million). Construction services business segment became the second largest revenue generator of the Group which achieved a revenue of HK\$390.78 million (FY2019: HK\$456.99 million).

Overall gross profit in FY2020 was HK\$480.30 million, fell by 3.39% compared to HK\$497.15 million in 2019. The overall gross profit margin for the FY2020 was a slightly increase of 0.71% to 42.52% (FY2019: 41.81%).

During the year, the Group had entered into the equity transfer agreement for the purpose of disposal 20% equity interests in the Yingtan Water Supply Group Co., Ltd.* (鷹潭市供水集團有限公司) (“**Yingtan Water**”) and its subsidiaries and associate companies (the “**Yingtan Water Group**”) (the “**Disposal**”). Yingtan Water Group is one of the main revenue and gross profit contributor to the Group. For the FY2020, Yingtan Water Group had contributed HK\$244.44 million and HK\$131.92 million of revenue and gross profit respectively, representing 21.64% and 27.47% to the total revenue and total gross profit respectively. Subsequent to the year-end, this Disposal was approved by the shareholders by way of poll at the Extraordinary General Meeting (“**EGM**”) on 10 February 2021. Following the Disposal, the Yingtan Water Group will cease to be a subsidiary of the Company and will be accounted for as the financial instruments of the Company instead. Accordingly, the financial performance of the Yingtan Water Group will not be consolidated to the Group. The operating results and/or the net assets of the Group will be affected thereafter.

The analysis of financial performance by segments is as follows:

	Revenue				Gross Profit						2020 vs 2019	
	HK\$'M	%	HK\$'M	%	HK\$'M	%	%	HK\$'M	%	%	Revenue	Gross Profit
		to the		to the		to the	Gross		to the	Gross	Increase/(Decrease)	
	2020	total	2019	total	2020	total	profit margin	2019	total	profit margin	HK\$ M	HK\$ M
Water supply business	175.99	15.58	174.16	14.65	52.79	10.99	30.00	64.60	12.99	37.09	1.83	(11.81)
Sewage treatment business	64.88	5.74	49.73	4.18	22.26	4.63	34.31	14.60	2.94	29.36	15.15	7.66
Construction service business	390.78	34.60	456.99	38.43	189.80	39.52	48.57	180.44	36.29	39.48	(66.21)	9.36
Sub-total	<u>631.65</u>	<u>55.92</u>	<u>680.88</u>	<u>57.26</u>	<u>264.85</u>	<u>55.14</u>	<u>41.93</u>	<u>259.64</u>	<u>52.23</u>	<u>38.13</u>	<u>(49.23)</u>	<u>5.21</u>
Exploitation and sale of renewable energy business	494.25	43.76	502.92	42.29	215.16	44.80	43.53	236.62	47.60	47.05	(8.67)	(21.46)
Property Development	3.65	0.32	5.40	0.45	0.29	0.06	7.97	0.89	0.18	16.48	(1.75)	(0.60)
Total	<u>1,129.55</u>	<u>100</u>	<u>1,189.20</u>	<u>100</u>	<u>480.30</u>	<u>100</u>	<u>42.52</u>	<u>497.15</u>	<u>100</u>	<u>41.81</u>	<u>(59.65)</u>	<u>(16.85)</u>

Other operating income, net

For the FY2020, other operating income, net amounted to HK\$133.09 million, (FY2019: HK\$87.78 million) rose by HK\$45.31 million. Other operating income, net mainly consisted of project management income of HK\$52.63 million relating to building construction, net gain in trading of steels of HK\$18.57 million, government grants of HK\$5.78 million to subsidise certain renewable energy and waste treatment projects in the PRC, VAT refund of HK\$31.60 million and rental income of HK\$4.60 million from investment properties. The increase was mainly due to the provision of management service to building construction projects and trading of steels during the year.

Selling and distribution expenses and administrative expenses

For the FY2020, selling and distribution expenses together with administrative expenses (“**Total Expenses**”) collectively dropped by HK\$24.65 million to HK\$296.98 million (FY2019: HK\$321.63 million). The decrease was mainly due to the implementation of strict cost controls measures resulting in the reduction of staff cost, and administrative expenses and the relief of social insurance supported by the government during the Coronavirus Disease 2019 (“**COVID-19**”) pandemic which were partially offset by the increase in selling expenses caused by the expansion of properties development business and more sale promotion activities launched. Total Expenses mainly consisted of staff costs of HK\$152.41 million, legal and professional fee of HK\$14.96 million, repair and maintenance of HK\$11.14 million, depreciation and amortisation of HK\$31.04 million. The ratio of Total Expenses for the FY2020 represented 26.29% of revenue, dropped by approximately 0.76% from 27.05% for the FY2019 which was in line with the business performance of the Group.

Finance costs

Finance costs are mainly interests on fixed coupon bonds. For the FY2020, the finance costs were HK\$79.75 million (FY2019: HK\$68.76 million), an increase of HK\$10.99 million as compared to that of last year. The increase was mainly due to less interest capitalised included in construction in progress in 2020. In 2019, the construction of Jinxiang project was under infrastructure period and the expansion of second phase in Yichun Fangke sewage treatment plant was completed which made more interest capitalised in this year.

Net loss on financial assets at fair value through profit or loss

Included in net loss on financial assets at fair value through profit or loss (“**FVPL**”) comprised (i) HK\$4.44 million for the fair value loss on listed equity securities; and (ii) HK\$9.00 million for the loss on disposal of listed equity securities. For the FY2020, net loss on FVPL recorded HK\$13.44 million, a decrease of HK\$26.13 million from the loss of HK\$39.57 million for the FY2019. The change in fair value on securities trading is determined based on the quoted market bid prices available on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Impairment loss recognised on other intangible assets, goodwill and property, plant and equipment (“PPE”)

For the FY2020, the impairment loss on other intangible assets, goodwill and PPE recorded HK\$3.58 million (FY2019: HK\$4.86 million), HK\$0.76 million (FY2019: HK\$1.35 million) and HK\$19.02 million (FY2019: HK\$4.04 million) respectively, which were mainly provided for Nanjing Jiaozishan project, Zhuzhou Biogas project, Ningbo Qiyao project, Shangdong Qiyao Project, Fengcheng project and Haicheng project, all these projects are in relation to the renewable energy business. The reasons of impairment loss provided on these projects are (i) as no new garbage is delivered to the landfill site, while the existing landfill gas is not sufficient to support the operation of generators, it is expected that the power generation will be stopped within a year; and (ii) an expected decrease in new garbage delivered to the landfill sites, which caused the volume of landfill gas collected and the electricity generated less than expected. Since recoverable amounts of those assets for the aforesaid projects are less than their carrying amount, this resulted in an impairment loss.

Net impairment loss recognised on trade and other receivable

For the FY2020, the net impairment loss on trade and other receivable recorded HK\$18.53 million (FY2019: HK\$11.34 million). The Group applies HKFRS 9 simplified approach to measure the expected credit loss (“**ECL**”), which permits the use of lifetime expected loss provision for all trade and other receivable. In assessing the ECL of the Group’s trade and other receivable including contract assets, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information, credit risk characteristics including forward-looking information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics and business nature. In determining the default risk, factors including but not limited to, the past default history, the duration of the underlying receivables, the existence and valuation of the collaterals, the possibility of adverse change in the debtor’s business environment and the debtor’s financial position, would be considered.

Share of results from associates

For the FY2020, the Group shared the loss of HK\$1.80 million (FY2019: profit of HK\$2.18 million) which was mainly arising from Yugan San Hai Property Limited* (“**Yugan San Hai**”) (余干三海置業有限公司). As at 31 December 2020, the Group has four associated companies, including 10% equity interests in Yu Jiang Hui Min Small-Sum Loan Company Limited* (余江惠民小額貸款股份有限公司), 37% equity interest in Yingtan City Hongji Construction Materials Technology Limited* (鷹潭市宏基建材科技有限公司), 49% equity interests of Ziyang Oasis Xinzhong Water Environmental Protection Technology Co., Ltd.* (資陽市綠州新中水環保科技有限公司) and 30% equity interests in Yugan San Hai.

Share of results from joint venture companies

For the FY2020, the Group shared the loss of HK\$2.15 million (the FY2019: loss of HK\$2.72 million) which was mainly arising from Jiangxi Yuehe Property Co., Limited* (“**Jiangxi Yuehe**”) (江西越和置業有限公司). As at 31 December 2020, the Group has three joint venture companies, including 40% equity interests in Jiangxi Yuehe, 65% equity interest in Yichun Mingyue Mountain Fangke Sewage Treatment Co. Ltd*. (宜春市明月山方科污水處理有限公司) (“**Yichun Mingyue Mountain**”), and 30% sharing interest in the result performance of Shenzhen Ganglong Obstetrics and Gynecology Hospital* – Ophthalmology Project (深圳港龍婦產科醫院－眼科項目).

Income tax

For the FY2020, the income tax decreased by HK\$8.97 million to HK\$60.32 million due to addition tax of HK\$9.00 million imposed on the disposal of associates in 2019 (FY2019: HK\$69.29 million). Except for this, the income tax was in line with the performance of the Group, no provision for Hong Kong Profits Tax has been made in the financial statements for the FY2020 and FY2019 as the Group’s operations in Hong Kong did not have any assessable profits subject to Hong Kong Profits Tax. Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the year, certain renewable energy companies in PRC are subject to tax concessions under the relevant tax rules and regulation.

Exposure to Fluctuations in Exchange Rates

Almost all of the Group’s operating activities are carried out in the PRC with the most of transactions and assets denominated in RMB but the Company’s financial statements are denominated in HK\$, which is also the functional currency of the Company. The Group has not adopted any hedging policies. Due to recent fluctuation of RMB exchange rate against HK\$, the Group had been monitoring the foreign exchange exposures closely and hedging any significant foreign currency exposure in order to minimise the exchange risk, if necessary.

TREASURY MANAGEMENT

For the FY2020, there had been no material change in the Group's funding and treasury policies. The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development and the repayment of financial liabilities when due. The Group generally finances its business operations and capital expenditure with internally generated cash flow, bank facilities and other borrowings from financial institutions. To support medium to long term funding requirements, the Group also considers via accessing to funding from capital markets, subject to market conditions. On the other hands, the management of the Group closely reviews the trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. The Group's financial risk management strategies include active managing firm level liquidity and interest rate profile via obtaining substantial long term funding sources, with diversifying term structures and funding instruments. In anticipating new investments or maturity of bank and other borrowings, the Group will consider new financing while maintaining an appropriate level of gearing.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL POSITION

For the FY2020, the Group financed its operations with internally generated cash flows, bank loans and other borrowings. The Group recorded cash and cash equivalents of HK\$432.65 million (As at 31 December 2019: HK\$390.91 million) including cash held at financial institutions of HK\$0.14 million (As at 31 December 2019: HK\$6.79 million) and an overdraft held at financial institutions of HK\$4.61 million (As at 31 December 2019: HK\$20.48 million). The increase in cash and bank balance of the Group was mainly due to deposits received from customers for the sale of properties under development and deposit received from the disposal of subsidiary. With the steady operating cash flows, the Group should have sufficient working capital to meet its financial obligations in full as they fall due in the foreseeable future. The cash and bank balance were denominated in HK\$ and RMB.

The net current assets for the Group in 2020 were HK\$343.33 million (As at 31 December 2019: HK\$398.45 million). The current ratio (current assets over current liabilities) was 1.13 times as at 31 December 2020 (As at 31 December 2019: 1.21 times).

Net asset value amounted to HK\$2,200.95 million (As at 31 December 2019: HK\$1,896.40 million). Net asset value per share was HK\$1.38 (As at 31 December 2019: HK\$1.19).

As at 31 December 2020, the Group's consolidated non-current assets grew by HK\$186.96 million to HK\$2,618.69 million (As at 31 December 2019: HK\$2,431.73 million) was mainly due to the development of property projects including the Nanjing Space Big Data Industry Base and Honghu Blue Valley Wisdom Square* (鴻鵠藍谷智慧廣場) and newly established renewable energy projects which made the property, plant and equipment to increase.

INVESTMENT PROPERTIES

As at 31 December 2020, the Group held the following investment properties for leasing:

Location	Usage	Approximately gross floor area (square meters)	Lease terms	% of occupancy rate	The Group's interest (%)
1 Xiabu Centre Xiabu Water Plant Control Centre No.1 Qilin East Road, Xinjiang New District, Yingtan City, Jiangxi Province, the PRC	Commercial	15,313.43	Long	96.89%	51%
2 Yuehu Property No.8 Shengli West Road, Yuehu District, Yingtan City, Jiangxi Province	Commercial	944.74	Long	86.81%	51%
3 Yihai International Building Room C-103, Yihai International Street, 200 meters south of Phoenix Street and Lanting Road, Hedong District, Linyi City, Shandong Province, the PRC	Commercial	155.28	Long	100%	60%
4 Yichun Properties No.542, Mingyue North Road, Yuanzhou District, Yichun City, Jiangxi Province, the PRC	Commercial	556.15	Long	76%	51%

As at 31 December 2020, the carrying value of investment properties recorded HK\$94.33 million (As at 31 December 2019: HK\$89.11 million) including HK\$73.06 million of the Xiabu Centre, HK\$1.94 million of Yihai International Building, HK\$7.46 million of Yichun Properties and HK\$11.87 million of Yuehu Property. The increase of HK\$5.22 million was the revaluation of fair value of investment properties and the net retranslation exchange gain which was partially offset the vacant units in Xiabu Centre transferred to buildings held for own use. For the FY2020, the rental income from investment properties maintained at similar level of HK\$4.60 million (FY2019: HK\$4.60 million).

INVENTORIES

As at 31 December 2020, inventories of HK\$900.82 million (As at 31 December 2019: HK\$636.24 million) comprised of properties held for sale of HK\$106.24 million (As at 31 December 2019: HK\$101.39 million), raw material of HK\$62.52 million (As at 31 December 2019: HK\$49.58 million) and work-in-progress of HK\$96.26 million (As at 31 December 2019: Nil), properties under development of HK\$635.80 million (As at 31 December 2019: HK\$485.27 million).

Properties under development represented the construction of premises for Sanshui Guobinfu Project* in Jiangxi Province and Nanjing Space Big Data Industry Base in Nanjing, Jiangsu Province, the PRC which are entirely owned by Jiangxi Hongzhu Trading Co. Limited* (江西宏築貿易有限公司) and New China Water (Nanjing) Energy Company Limited* (新中水(南京)能源有限公司) respectively. The expected completion date for these properties are in December 2021 and April 2021 respectively.

Properties held for sale represented the construction of new commercial and residential buildings by Xiang Rui Property at Yingtan City, Jiangxi Province, the PRC which is entirely owned by Yingtan Water. The properties namely Yu Jing No. 1* (御景壹號) located at No. 8 Xinjiang North Road, Xinjiang New District, Yingtan City, Jiangxi Province, the PRC has been completed in July 2017 with a total saleable area of 35,370 sq.m., which comprised of 372 residential apartments, 105 retail shops and 131 car parks. The pre-sales of the project had commenced since October 2014. As at 31 December 2020, there were 366 residential apartments and 8 retail shops being sold (As at 31 December 2019: 356 residential apartments and 7 retail shops).

PORTFOLIOS AND PERFORMANCE OF SECURITIES INVESTMENT

As at 31 December 2020, the fair value of securities investments of the Group including held-for-trading investment and held-for-long term investment recorded HK\$27.32 million (As at 31 December 2019: HK\$60.63 million) representing 0.49% of the total assets value of HK\$5,628.80 million as at 31 December 2020. The securities investments of the Group comprised listed securities in Hong Kong and investment fund in the PRC. The following analysis was the Group's investments at the end of reporting period:

List of stocks in terms of market value as at 31 December 2020

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of shares held as at 31 December 2020	Effective interest held as at 31 December 2020	Initial investment cost HK\$'000	Market value as at 31 December 2020 HK\$'000	Realised gain/ (loss) for the year ended 31 December 2020 HK\$'000	Accumulated unrealised holding gain/ (loss) on revaluation HK\$'000	Percentage to total assets value of the Group as at 31 December 2020	Classification	Dividend received/ receivable during the year HK\$'000
1 Aidigong Maternal & Child Health Limited	286	Healthcare investment management businesses, natural health food businesses and advantage growth businesses for children; provision of life healthcare services; investment and financing.	24,000,000	0.63%	17,876	11,760	(8,936)	(6,116)	0.21%	FVPL	16

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of shares held as at 31 December 2020	Effective interest held as at 31 December 2020	Initial investment cost	Market value as at 31 December 2020	Realised gain/ (loss) for the year ended 31 December 2020	Accumulated unrealised holding gain/ (loss) on revaluation	Percentage to total assets value of the Group as at 31 December 2020	Classification	Dividend received/ receivable during the year
					HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000
2 China Best Group Holding Ltd	370	Manufacture and sales of coal, international air and sea freight forwarding and the provision of logistics services as well as trading of securities	6,442,000	0.63%	5,351	2,642	–	(2,709)	0.05%	FVOCI	–
3 Hong Kong Finance Investment Holding Group Ltd	7	Trading of electronic products, financial business and property investment	2,800,000	0.07%	2,660	283	–	(2,377)	0.01%	FVPL	–
4 Fy Financial (Shenzhen) Co., Ltd. – H Shares	8452	Financial leasing, provision of factoring and advisory services and the trading of medical equipment in the PRC	844,000	0.94%	988	388	(291)	(600)	0.01%	FVOCI	41
5 Ming Lam Holdings Limited (*)	1106	Manufacturing and sale of packaging products; Securities trading and other investing activities; Tourism and travel business; Money lending business and Storage and logistic service business	44,500,000	0.30%	5,294	–	–	(5,294)	0.00%	FVPL	–
6 China Tangshang Holdings Limited	674	Exhibition related business, money lending business, food and beverages, property sub-leasing, development and investment business.	3,580,000	0.16%	908	340	–	(568)	0.01%	FVOCI	–
7 Future Bright Mining Holdings Ltd	2212	Production and sale of marble and marble related products; and trading of commodities	780,000	0.02%	147	21	–	(126)	0.00%	FVPL	–
8 Chinese Energy Holdings Limited	8009	General trading (including market sourcing of technical and electronic products); trading of LNG products; money lending and investment in financial assets	250	0.00%	2	–	–	(2)	0.00%	FVPL	–

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of shares held as at 31 December 2020	Effective interest held as at 31 December 2020	Initial investment cost	Market value as at 31 December 2020	Realised gain/ (loss) for the year ended 31 December 2020	Accumulated unrealised holding gain/ (loss) on revaluation	Percentage to total assets value of the Group as at 31 December 2020	Classification	Dividend received/ receivable during the year
					HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000
Name of unlisted investment			Brief description of the business								
9	Guangdong Finance Industry Strategic Fund (**)	Investment in unlisted equity	N/A	N/A	11,163	11,882	-	719	0.21%	FVPL	-
Total						<u>27,316</u>	<u>(9,227)</u>	<u>(17,073)</u>	0.49%	-	<u>-</u>

* Ming Lam Holdings Limited has been suspended its trading in shares since 1 April 2020.

** 粵財信託新興戰略行業股權投資集合資金信託計劃. The English names is for identification purpose only.

FVPL: Financial asset at fair value through Profit or loss

FVOCI: Financial asset at fair value through other comprehensive income

The Board acknowledges that the performance of securities are affected by the negative effect of the US-China trade war and the recent outbreak of COVID-19 across different regions, as well as the fluid outlook of interest rates. The Group recorded net loss of HK\$13.44 million on FVPL for the FY2020. Given the fluctuation in the worldwide financial markets and the impact of COVID-19, the Board expected that the fair value of equity investment may be further declined. The Board has planned to scale down the short-term investment in equity trading and manage the investment portfolio in accordance with the Company's investment objective and policy with a view of gaining good investment yields for our shareholders. In views of the above, the Board will monitor stock market development closely and capture opportunities in a prudent manner so to balance investment risks of the Group.

TRADE AND OTHER RECEIVABLES

As at 31 December 2020, the Group's trade and other receivables were approximately HK\$1,503.67 million (As at 31 December 2019: HK\$1,189.02 million). These comprised of: (i) trade receivables of HK\$560.56 million, (ii) other receivables of HK\$212.50 million, (iii) loan receivables of HK\$144.34 million and (iv) deposits and prepayments of HK\$586.27 million.

(A) Trade Receivable:

As at 31 December 2020, trade receivables increased by HK\$90.93 million to HK\$560.56 million (As at 31 December 2019: HK\$469.63 million) which was mainly attributable to the increase in the government tariff subsidies to renewable energy projects. The balance mainly included the government on-grid tariff subsidies of HK\$432.48 million (As at 31 December 2019: HK\$248.39 million) and electricity sales receivables of HK\$34.63 million (As at 31 December 2019: HK\$33.59 million) from local grid companies, representing 83.33% of the trade receivables. The tariff subsidies receivables are settled in accordance with prevailing government policies and prevalent payment trends of Ministry of Finance of the PRC. There is no due date for settlement. The trade receivables from renewable energy business are fully recoverable considering there were no bad debt experiences with the local grid companies in the past and such tariff subsidies are funded by the PRC government. As the Group considers credit risk for such balances to be insignificant, the expected credit loss is minimal.

In respect of the debtor balances due from the water supply and the sewage treatment and related construction service projects, these trade receivables have been grouped based on shared credit risk characteristics and the ageing portfolio to measure the expected credit loss. Generally, trade receivables are written off if the Group is satisfied that recovery of the amount is remote. During the year, the net impairment loss recognized on trade receivable recorded HK\$0.05 million (FY2019: HK\$1.21 million).

The average turnover period of the trade receivables as at 31 December 2020 were 166 days (As at 31 December 2019: 100 days). The Group allows a credit period of 0 day to 180 days to its customers. The average turnover period of the trade receivables fell within stipulated credit period.

(B) Other receivable

As at 31 December 2020, other receivables increased by HK\$100.80 million to HK\$212.50 million (As at 31 December 2019: HK\$111.70 million) primarily due to interest receivable, dividend income and tax recoverable. At the reporting date, these receivables have been reviewed by management to assess impairment allowances which are based on the evaluation of current creditworthiness, available supportive forward looking information and the collection statistics. During the year, the net impairment loss recognised on other receivable was HK\$4.37 million (FY2019: HK\$3.19 million).

(C) Loan receivable

As at 31 December 2020, loans receivables decreased by HK\$35.79 million to HK\$144.34 million (As at 31 December 2019: HK\$180.13 million) represented loans to unrelated parties which are interest-bearing at rates ranging from 4% to 24% per annum and maturity ranging from 1 month to 60 months. The Group has obtained certain security for some of the loans including, corporate and asset guarantee provided by the guarantors. The management of the Group made credit assessment from time to time individually with reference to borrowers' financial background, past collection history and evaluation of loan return performance, as well as impairment review of loan receivables. During the year, the net impairment loss recognised on loans receivable amounted to HK\$14.11 million (FY2019: HK\$6.94 million). Subsequent to the year-end, HK\$85.21 million received for the settlement of certain loans.

(D) Deposits and prepayments

As at 31 December 2020, deposits and prepayments increased by HK\$158.71 million to HK\$586.27 million (As at 31 December 2019: HK\$427.56 million) which mainly represented prepayment relating to the material procurement for building construction projects and the acquisition of projects, payment in advance for construction works, deposits paid including glass management contract and the finance lease.

LIABILITIES AND GEARING

As at 31 December 2020, the Group's total liabilities (including both current and non-current) recorded HK\$3,427.85 million (As at 31 December 2019: HK\$2,863.33 million). The increase of HK\$564.52 million was attributable to (i) addition bank loan; (ii) received deposits from customers relating to the sale of properties under development; and (iii) billing in advance for construction projects; Except for the issuance of bonds and non-financial institution loan denominated in HK\$, borrowings were mainly denominated in RMB.

The Group's gearing ratio as at 31 December 2020 was 60.90% (As at 31 December 2019: 60.16%). The ratio was calculated by dividing total liabilities of HK\$3,427.85 million (As at 31 December 2019: HK\$2,863.33 million) over total assets of the Group of HK\$5,628.80 million (As at 31 December 2019: HK\$4,759.73 million).

As at 31 December 2020, the Group's total bank and other borrowings were HK\$880.79 million (As at 31 December 2019: HK\$863.84 million). For the maturity profile, refer to the table below:

Debt Analysis

	31 December 2020		31 December 2019	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Classified by maturity				
– repayable within one year				
Bank borrowings	53,998	6.13	45,242	5.24
Other loans	340,151	38.62	167,029	19.33
	<u>394,149</u>	<u>44.75</u>	<u>212,271</u>	<u>24.57</u>
Classified by maturity				
– repayable more than one year				
Bank borrowings	97,813	11.10	79,040	9.15
Other loans	388,827	44.15	572,529	66.28
	<u>486,640</u>	<u>55.25</u>	<u>651,569</u>	<u>75.43</u>
Total bank and other borrowings	<u>880,789</u>	<u>100</u>	<u>863,840</u>	<u>100</u>
Classified by type of loans				
Secured	177,714	20.18	118,700	13.74
Unsecured	703,075	79.82	745,140	86.26
	<u>880,789</u>	<u>100</u>	<u>863,840</u>	<u>100</u>
Classified by type of interest				
Fixed rate	466,595	52.97	506,451	58.63
Variable-rate	336,057	38.16	286,475	33.16
Interest free rate	78,137	8.87	70,914	8.21
	<u>880,789</u>	<u>100</u>	<u>863,840</u>	<u>100</u>

BONDS AND NON-EQUITY FINANCING

Bond I

On 25 October 2017, the Company entered into the placing agreement (the “**Placing Agreement I**”) with Well Link Securities Limited (the “**Placing Agent I**”), pursuant to which the Placing Agent I on a best effort basis arranging independent placees to subscribe for 6% coupon unlisted bonds with a term of three years in aggregate principal amount of up to HK\$100 million (“**Bond I**”), within 70 days from the date of the Placing Agreement I. On 13 December 2017, the Company has completed the issuance of the Bond I to the placee(s) in an aggregate principal amount of HK\$100 million. As at 31 December 2020, the outstanding Bond I amounted to HK\$87.65 million and was classified as an other loan (As at 31 December 2019: HK\$96.93 million).

Bond II

On 4 December 2017, the Company entered into the placing agreement (the “**Placing Agreement II**”) with Ayers Alliance Securities (HK) Limited, Mayfair & Ayers Financial Group Limited (formerly known as “**Mayfair Pacific Financial Group Limited**”) and Sincere Securities Limited (the “**Placing Agents II**”), to use its reasonable endeavors to procure independent placees to subscribe for 6% coupon unlisted bonds with a term of three years in aggregate principal amount not less than HK\$100 million (the “**Bond II**”). As at 31 December 2020, the outstanding Bond II amounted to HK\$185.11 million and was classified as an other loan (As at 31 December 2019: HK\$195.04 million). On 30 May 2019, the Company has completed to issue the Bond II to the placees in an aggregate principal amount of HK\$208.10 million.

Bond III

On 11 January 2018, the Company entered into a placing agreement (the “**Placing Agreement III**”) with Prior Securities Limited (the “**Placing Agent III**”) pursuant to which the Placing Agent III on a best effort basis, arranging independent placees to subscribe for 6% coupon unlisted bonds with a term of three years in aggregate principal amount of up to HK\$100 million (“**Bond III**”). As at 31 December 2020, the outstanding Bond III amounted to HK\$19.18 million and was classified as an other loan (As at 31 December 2019: HK\$18.52 million). On 10 January 2020, the Company has completed to issue the Bond III to the placees in an aggregate principal amount of HK\$20 million.

Bond IV

On 18 January 2018, the Company entered into a placing agreement (the “**Placing Agreement IV**”) with Placing Agent III pursuant to which the Placing Agent III on a best effort basis, arranging independent placees to subscribe for 6% coupon unlisted bonds with a term of 90 months in aggregate principal amount of up to HK\$100 million (“**Bond IV**”). As at 31 December 2020, the outstanding Bond IV amounted to HK\$15.82 million and was classified as an other loan (As at 31 December 2019: HK\$15.39 million). On 17 January 2020, the Company has completed to issue the Bond IV to the placees in an aggregate principal amount of HK\$20 million.

Bond V

On 24 August 2018, the Company entered into the Placing Agreement (the “**Placing Agreement V**”) with Mayfair & Ayers Financial Group Limited (the “**Placing Agent V**”), to use its reasonable endeavors to procure independent placees to subscribe for 5% coupon unlisted bonds with a term of one year in aggregate principal amount not less than HK\$100 million (the “**Bond V**”). As at 31 December 2020, Bond V was fully settled (As at 31 December 2019: HK\$13.04 million). The placing of Bond V has been completed on 30 August 2019.

Bond VI

On 15 January 2019, the Company entered into the Placing Agreement (the “**Placing Agreement VI**”) with the Placing Agent III pursuant to which the Placing Agent III on a best effort basis, to arrange independent Placees to subscribe for 5% per annum for Bonds (A) and 5.5% per annum for Bonds (B) (the “**Bond VI**”) with a term of one year and two year respectively, up to an aggregate principal amount of HK\$200 million. As at 31 December 2020, the outstanding Bond VI amounted to HK\$2.07 million for Bonds (B) and was classified as an other loan (As at 31 December 2019: HK\$1.94 million). The placing of Bond VI has been completed on 14 January 2020.

Other bonds

Except for the issuance of bonds through the placing agents as above, the Company has also issued other bonds to subscribers in an aggregate principal amount of HK\$57.00 million at a fixed coupon rate in range of 5% to 6% per annum with a term ranging from 1 to 3 years. As at 31 December 2020, the outstanding other bonds amounted to HK\$50.06 million and was classified as an other loan (As at 31 December 2019: HK\$35.98 million).

As at 31 December 2020, the aggregate bonds including Bond I, Bond II, Bond III, Bond IV, Bond V, Bond VI and Other bonds recorded in aggregate of HK\$359.89 million which were utilized as general working capital, repayment of debts and/or acquisition activities (As at 31 December 2019: HK\$376.84 million).

TRADE AND OTHER PAYABLES

As at 31 December 2020, the Group’s trade and other payables were approximately HK\$638.53 million (As at 31 December 2019: HK\$585.05 million). Increase of HK\$53.48 million in trade and other payable was mainly due to the increase in property construction payable according to the completion stage, more plant facilities acquired for newly established renewable energy projects. The credit terms of trade payables vary according to the terms agreed with different suppliers.

CAPITAL RAISING AND USE OF PROCEEDS

The Company has not conducted any equity fund raising activities during the period under review.

During the year, the Group incurred capital expenditures amounting to HK\$38.47 million (FY2019: HK\$171.96 million) for acquisition of concession intangible assets.

BUSINESS REVIEW

1.1 Water supply business

There are three city water supply projects of the Group which are well spread in Jiangxi and Shandong provinces, the PRC. The daily aggregate water supply capacity was approximately 0.39 million tonne (FY2019: 0.39 million tonne). Total water supply to the Jiangxi and Shandong during the year recorded 93.14 million tonne (FY2019: 89.45 million tonne), increasing by 4.13% over 2019. For the FY2020, the revenue and gross profit from water supply business amounted to HK\$175.99 million and HK\$52.79 million respectively, representing 15.58% and 10.99% of the Group's total revenue and total gross profit respectively. Compared with the FY2019, the revenue slightly increased by HK\$1.83 million but the gross profit dropped by HK\$11.81 million which was mainly attributable to (i) the local government of Yichun City temporary adjusted an average water tariff down by 3% from the period of March to June 2020 so to expedite the resumption of operation and production during the COVID-19 pandemic; (ii) the relocation of water intake point to remote area resulting in increasing of electricity cost in Yingtan Water; (iii) an increase in medicine cost so to upgrade the quality of water; and (iv) increase in water source cost and repairing cost. The average rates for the water supply ranged from HK\$1.84 to HK\$2.57 per tonne (FY2019: from HK\$1.75 to HK\$2.51 per tonne).

The analysis of financial performance by segment is as follows:

		2020	2019	Variance
Water Supply Business				
Revenue	<i>HK\$'million</i>	175.99	174.16	1.83
Gross profit	<i>HK\$'million</i>	52.79	64.60	(11.81)
Gross profit %	<i>%</i>	30.00	37.09	(7.09)
Designed daily capacity of water supply	<i>Tonne</i>	390,000	390,000	-

Analysis of water supply projects on hand is as follows:

Project name	Equity interest held by the Company (%)	Designed daily capacity of water supply (tonne)	Provincial cities in PRC	Exclusive operating right (expiry in)
1 Yichun Water	51	240,000	Jiangxi	2034
2 Yingtan Water	51	100,000	Jiangxi	2038
3 Linyi Fenghuang	60	50,000	Shandong	2037
Total		390,000		

1.2 Sewage treatment business

Following the completion of construction of Mingyue Mountain plant and Jining Haisheng plant in 2020, the number of sewage treatment projects will increase to five projects which are located in Jiangxi, Guangdong and Shandong provinces (FY2019: three projects) and the daily aggregate sewage disposal capacity will increase by 50,000 tonne to 240,000 tonne (FY2019: 190,000 tonne). For the FY2020, the revenue and gross profit recorded HK\$64.88 million and HK\$22.26 million respectively, representing 5.74% and 4.63% of the Group's total revenue and total gross profit respectively. During the period under review, the Group processed in aggregate of 61.67 million tonne of waste water (FY2019: 58.52 million tonne), increasing by 5.38% over the last year due to Jining Haisheng Project commenced its operation in August 2020. Compared with the FY2019, the revenue and gross profit slightly increased by HK\$15.15 million to HK\$64.88 million and HK\$7.66 million to HK\$22.26 million respectively due to (i) the increase of waste water processing; (ii) reduced value added tax from 13% to 6% from May 2020; and (iii) slightly increase of sewage treatment rate in Yichun Fangke project. The average rates for sewage treatment ranged from HK\$0.99 to HK\$1.43 per tonne (FY2019: HK\$0.68 to HK\$1.27 per tonne).

The analysis of financial performance by segment is as follows:

		2020	2019	Variance
Sewage Treatment Business				
Revenue	HK\$'million	64.88	49.73	15.15
Gross profit	HK\$'million	22.26	14.60	7.66
Gross profit %	%	34.31	29.36	4.95
Designed daily sewage disposal capacity	Tonne	240,000	190,000	50,000

Analysis of sewage treatment projects on hand is as follows:

Project name	Equity interest held by the Company %	Designed daily sewage disposal capacity (tonne)	Provincial cities in PRC	Exclusive operating right (expiry in)
1 Jining Haiyuan	70	30,000	Shandong	2036
2 Jining Haisheng	100	30,000	Shandong	2049
3 Gaoming Huaxin	70	20,000	Guangdong	2033
4 Yichun Fangke	54.33	140,000	Jiangxi	2036
5 Yichun Mingyue Mountain	65	20,000	Jiangxi	2047
Total		240,000		

1.3 Construction services for water supply and sewage treatment infrastructure

Construction services included water meter installation, infrastructure construction and pipeline construction and repair. These were the Group's second major sources of revenue and gross profit contributing HK\$390.78 million and HK\$189.80 million respectively, representing 34.60% and 39.52% of the Group's total revenue and total gross profit respectively. Compared with the FY2019, the revenue decreased by HK\$66.21 million but the gross profit increased by HK\$9.36 million. The decrease in revenue was due to absence of large scale infrastructure construction work for sewage treatment projects which completed in 2019 and slowing down of construction progress in the first half of FY2020 caused by the temporary policies issued by local PRC governments regarding postponement of work resumption and traffic restrictions to control the COVID-19 outbreak. As at mid April 2020, the Group's construction projects gradually resumed to normal and caught up the behind schedule.

The analysis of financial performance by segment is as follows:

		2020	2019	Variance
Water supply related installation and construction income				
Revenue	HK\$'million	352.18	285.47	66.71
Gross profit	HK\$'million	192.49	160.72	31.77
Gross profit %	%	54.66	56.30	(1.64)
Water supply and sewage treatment infrastructure construction income				
Revenue	HK\$'million	38.60	171.52	(132.92)
Gross profit	HK\$'million	(2.69)	19.72	(22.41)
Gross profit/(loss) %	%	(6.97)	11.50	(18.47)
Total				
Revenue	HK\$'million	390.78	456.99	(66.21)
Gross profit	HK\$'million	189.80	180.44	9.36
Gross profit %	%	48.57	39.48	9.09

1.4 Exploitation and sale of renewable energy business

Up to the date of this announcement, the Group has 46 solid waste treatment projects, of which 37 have commenced operation with a total installed capacity of 165 MW, the remaining 9 are under construction, with an estimated total installed capacity of 15 MW. During the year, the Group secured 8 new projects in Liling, Chongqing Heishizi, Ankang, Dingnan, Shanghang, Yangxin, Changting, Wuping, with an estimated total installed capacity is 18 MW.

For the FY2020, the revenue and gross profit recorded HK\$494.25 million and HK\$215.16 million respectively representing 43.76% and 44.80% to the total revenue and total gross profit respectively. Compared with the FY2019, the revenue and gross profit dropped by HK\$8.67 million and HK\$21.46 million respectively. The slight decline in business performance was because (i) the delay in the construction of the projects due to the COVID-19 pandemic, resulting in insufficient new projects to be put into production in the first half of the year; (ii) the emergency repair and technical transformation of the power plants were not fixed in time which affected the efficiency of production and the increase in the loss in electricity; (iii) no new garbage delivered to landfill site and the existing landfill not sufficient to support the operation which made five power generation plants to be closed within one year; (iv) technical transformation in respect of safety by changing the natural gas sales model from filling to pipeline which made the production stopped from April 2020 and resumed its operation in December 2020.

Included in revenue was HK\$147.88 million (FY2019: HK\$143.18 million) and HK\$310.65 million (FY2019: HK\$298.93 million) derived from the government tariff subsidies and the sale of electricity to local grid companies respectively, representing 29.92% and 62.85% of the total renewable energy revenue respectively.

The analysis of financial performance by segment is as follows:

		2020	2019	Variance
Exploitation and sale of renewable energy business				
– Sale of electricity				
Revenue	<i>HK\$'million</i>	459.69	443.09	16.60
Gross profit	<i>HK\$'million</i>	216.49	225.54	(9.05)
Gross profit %	<i>%</i>	47.09	50.90	(3.81)
– Sale of compressed natural gas				
Revenue	<i>HK\$'million</i>	6.96	28.33	(21.37)
Gross profit/(loss)	<i>HK\$'million</i>	(2.47)	6.64	(9.11)
Gross profit/(loss) %	<i>%</i>	(35.49)	23.44	(58.93)
– Service income from collection of landfill gas				
Revenue	<i>HK\$'million</i>	27.60	31.50	(3.90)
Gross profit	<i>HK\$'million</i>	1.14	4.44	(3.30)
Gross profit %	<i>%</i>	4.13	14.10	(9.97)
Total				
Revenue	<i>HK\$'million</i>	494.25	502.92	(8.67)
Gross profit	<i>HK\$'million</i>	215.16	236.62	(21.46)
Gross profit %	<i>%</i>	43.53	47.05	(3.52)

Summary of revenue		2020	% to total	2019	% to total
Government tariff subsidies	<i>HK\$'million</i>	147.88	29.92	143.18	28.47
The sale of electricity to local grid companies	<i>HK\$'million</i>	310.65	62.85	298.93	59.44
Other	<i>HK\$'million</i>	1.16	0.24	0.98	0.20
		459.69	93.01	443.09	88.10
Compressed natural gas & landfill gas	<i>HK\$'million</i>	34.56	6.99	59.83	11.90
		494.25	100.00	502.92	100.00

During the year under review, the Group had 34 projects in operation (FY2019: 29 projects), generating approximately 734,141.40 MWh of on-grid electricity which represented an increase of 3.68% over 2019 (FY2019: 708,075.20 MWh). As at 31 December 2020, the Group accumulated a total installed capacity of 177 MW, representing an increase of 17.37% compared to 31 December 2019 (As at 31 December 2019: 150.80 MW). The average electricity rate was HK\$0.66 per kilowatt-hour and the average CNG rate was HK\$1.93 per m³ (FY2019: average electricity rate HK\$0.58 per kilowatt-hour and the average CNG rate was HK\$1.91 per m³).

Analysis of renewable energy projects on hand is as follows:

	Project name	Provincial cities in PRC/ Indonesia	Business mode	Equity interest held by Company (%)	Actual/Expected Commencement date of operation	Exclusive right to collect landfill gas expiry in
1	Nanjing Jiaozishan	Jiangsu	Power generation	100	October 2013	June 2025
2	ZhuZhou Biogas	Hunan	Power generation	100	November 2014	October 2023
3	Shenzhen Pingshan	Guangdong	Power generation	100	January 2016	September 2024
4	Baoji	Shaanxi	Power generation	100	May 2016	April 2028
5	Chenzhou Environmental	Hunan	Power generation	100	March 2016	February 2032
6	Huayin Heng Yang	Hunan	Power generation	100	March 2016	October 2029
7	Chongqing Camda	Chongqing	Power generation	100	May 2016	May 2028
8	Hainan Camda	Hainan	Power generation	100	May 2016	<i>Note 1</i>
9	Wuzhou Landfill	Guangxi	Power generation	100	September 2016	September 2022
10	Changsha Operation Contract*	Hunan	Power generation	-	May 2014	October 2039
11	Changsha Qiaoyi Landfill Site*	Hunan	CNG/Power generation	100	CNG: December 2015 Power generation: October 2017	
12	Shenzhen Xiaping Landfill Site	Guangdong	CNG/Power generation	88	CNG: July 2015 Power generation: January 2018	April 2030
13	Liuyang Biogas	Hunan	CNG/Power generation	100	CNG: July 2016 Power generation: September 2017	October 2038
14	Qingshan Landfill Site	Guangdong	CNG/Power generation	100	CNG: May 2016 Power generation: October 2016	July 2024
15	He County	Anhui	Operation of landfill	100	2022	February 2036
16	Yichun South Suburban	Jiangxi	Power generation	100	July 2017	September 2026
17	Ningbo Qiyao	Zhejiang	Power generation	100	February 2017	June 2028
18	Shandong Qiyao	Shandong	Power generation	100	May 2017	November 2029
19	Datang Huayin	Hunan	Power generation	100	February 2017	March 2024
20	Chengdu City	Sichun	Power generation	49	May 2017	December 2027
21	Xinhua	Hunan	Power generation	100	November 2017	December 2026
22	Zhangjiakou	Hebei	Power generation	70	October 2018	<i>Note 1</i>
23	Fengcheng	Jiangxi	Power generation	100	January 2018	March 2032
24	Anqiu City	Shandong	Power generation	100	March 2018	<i>Note 1</i>
25	Dongyang	Zhejiang	Power generation	90	March 2018	June 2025
26	Haicheng	Liaoning	Power generation	100	August 2019	<i>Note 1</i>
27	Anlu	Hubei	Power generation	90	January 2019	February 2030
28	Laizhou	Shandong	Power generation	100	May 2019	February 2028
29	Jakarta TPST	Jakarta	Power generation	94	February 2018	December 2023
30	Guangzhou Huadu	Guangdong	Power generation	100	January 2020	June 2023
31	Zhijiang	Hubei	Power generation	51	January 2021	<i>Note 1</i>
32	Nanning	Guangxi	Power generation	100	April 2020	April 2028
33	Ziyang	Sichun	Power generation	49	March 2020	November 2026
34	Hainan Sanya	Hainan	Power generation	100	March 2019	January 2029
35	Lingao	Hainan	Power generation	100	September 2021	<i>Note 1</i>

	Project name	Provincial cities in PRC/Indonesia	Business mode	Equity interest held by Company (%)	Actual/Expected Commencement date of operation	Exclusive right to collect landfill gas expiry in
36	Gaizhou	Liaoning	Power generation	100	January 2021	Note 1
37	Lianyuan	Hubei	Power generation	100	January 2021	May 2024
38	Liling	Hunan	Power generation	100	October 2020	January 2027
39	Chongqing Heishizi Operation Contract	Chongqing	Power generation	–	November 2020	February 2039
40	Ankang	Shaanxi	Power generation	100	July 2021	September 2030
41	Dingnan	Jiangxi	Power generation	100	October 2021	Note 1
42	Shanghang	Fujian	Power generation	100	October 2021	September 2025
43	Yangxin	Hubei	Power generation	100	January 2022	September 2026
44	Changting	Fujian	Power generation	100	October 2021	December 2025
45	Wuping	Fujian	Power generation	100	October 2021	December 2030
46	Wafangdian	Liaoning	Power generation	100	January 2022	Note 1
* Projects of Changsha Subcontracting Contract and Changsha Qiaoyi Landfill Site are sharing household waste resources in the same site in Changsha.						

Note 1: The collection period of landfill gas is until the volume of landfill gas generated from the Landfill reduced to the level of which could not be further utilized.

1.5 Property Investment and development

For the FY2020, property development recorded the revenue and gross profit of HK\$3.65 million and HK\$0.29 million respectively (FY2019: the revenue and gross profit of HK\$5.40 million and HK\$0.89 million) which was the sale of properties in Yu Jing No. 1 Project* (御景壹號). During the year, there were only 10 residential units and 1 retail shop being sold (FY2019: 4 residential units and 1 retail shop being sold).

		2020	2019	Variance
Property Investment and development				
Revenue	HK\$'million	3.65	5.40	(1.75)
Gross profit	HK\$'million	0.29	0.89	(0.60)
Gross profit/(loss) %	%	7.97	16.48	(8.51)

As at 31 December 2020, the Group has a total of 7 property projects of which 4 projects under construction and 3 projects yet to develop, with a total gross floor area (“GFA”) of approximately 337,371 square meter. During the year, the Group launched four projects for pre-sale, namely Sanshui Guobinfu Project* (三水 • 國賓府項目) which has 1,001 residential units (96% sold) and 157 shops (18% sold), Sanshui California Sunshine Real Estate* (三水加州陽光房地產) which has 299 residential units (99% sold) and 64 shops (17% sold), Sanshui Jinlin House* (三水金麟府) which has 1546 residential units for phase one (18% sold) and Nanjing Space Big Data Industry Base which has 567 commercial units (49% sold). The Group achieved satisfactory pre-sale results in Jiangxi Province. In accordance with the Group’s accounting policy, the Group will recognise the property sale as revenue and/or sharing the results of these joint venture projects once the property handed over to the customers with the completion of legal assignment, but the implementation of quarantine and social distancing measures in the mainland China during the outbreak of COVID-19, the construction work had been affected resulting in delay in property delivery.

On 10 June 2020, the Group had entered into the disposal agreement to dispose the property project namely Honghu Blue Valley Wisdom Square*. However, on 26 November 2020, the disposal agreement was terminated. In the second half of the year, with full economic recovery in the PRC and Honghu Blue Valley Wisdom Square* (鴻鵠藍谷智慧廣場) well situated in the Guangdong-Hong Kong-Macau Bay Area where the pace of supply was not adequately catered for market demand, the Group has capture this advantage to relaunch this project to the market and to study from benchmarking enterprises, enhance its professional and project-specific marketing capabilities so to substantially shorten the life cycle of development and speed up the cash inflow.

Land acquisition for the development of property projects

As at 31 December 2020, the Group has 7 property projects under development in the PRC with total site area of approximately 268,136 square meters. The development status of the property projects of the Group is as follows:

	Name of project	Location	Stage of completion	Expected date of completion	Major usage/ purpose	Approximate site area (square meters)	Estimated gross floor area after completion (square meters)	Lease term (years)	Group's interest (%)
1.	Nanjing Space Big Data Industry Base (南京空間大數據產業基地)	No. 88, Kangyuan Road, Qilin Science and Technology Innovation Park, Nanjing	Under construction (95%)	April 2021	Research and development/ Commercial (50% for sale and 50% for leasing)	26,340	72,853	50	100
2.	Sanshui Guobinfu project* (三水・國賓府項目) (Note)	East of Gai Zao Yu Ting Avenue, north of Century Avenue B18-02, Shanty Town, Yugan County, Shangrao City, Jiangxi Province	Under construction (75%)	December 2021	Residential and commercial/for sale	30,742	128,384	70 years for Residential and 40 years for commercial	100
3.	Sanshui California Sunshine Real Estate* (三水加州陽光房地產) (Note)	East of Gai Zao Yu Ting Avenue, south of Siya Road B18-03, Shanty Town, Yugan County, Shangrao City, Jiangxi Province, the PRC	Under construction (95%)	April 2021	Residential and commercial/for sale	10,076	40,984	70 years for Residential and 40 years for commercial	40

	Name of project	Location	Stage of completion	Expected date of completion	Major usage/ purpose	Approximate site area (square meters)	Estimated gross floor area after completion (square meters)	Lease term (years)	Group's interest (%)
4.	Sanshui Jinlin House* (三水金麟府) (Note)	Western part of Yugan County, south of Century Avenue, east of Xiwu Road, and west of production and living land of Yanxi Village, Yugan County, Shangrao City, Jiangxi Province, the PRC	Yet to develop	March 2023	Residential and commercial/for sale	68,449	–	70 years for Residential and 40 years for commercial	30
5.	Honghu Blue Valley Wisdom Square* (鴻鵠藍谷智慧廣場)	No. 3 Taihao Road, Block 3 Centre, Gaoxin Science and Technology Industrial, Huinan Road East, Huicheng District, Huizhou City, Guangdong Province, the PRC	Under construction (70%)	December 2021	Research and development Centre/ Commercial (for sale and/or for lease)	30,544	54,738	50 years	100
6.	Jiangxi Deyin* (江西德銀) (Note)	East of Jingqi Road and Dongsan Road, Zhongtong Town, Yujiang District, Jiangxi Province, the PRC	Yet to develop	–	Residential and Commercial (for sale)	88,648	–	50 years	51
7.	Water Supply Company Datang Water Quality Monitoring and Control Building Construction* (供水公司大樓 水質化驗調度大樓建設)	North side of Xiujiang East Road, Yuanzhou District, Yichun City, Jiangxi Provision, east of Li Yuan Primary School	Yet to develop	December 2022	Other	13,337	40,412.62	50 years	51

Note: Yingtan Water Group has held equity interests in these projects.

ACQUISITION AND/OR FORMATION OF RENEWABLE ENERGY PROJECTS DURING AND AFTER THE YEAR UNDER REVIEW

The Group had entered into eight landfill gas collection and power generation agreements with different government authority departments in the PRC, the analysis of new construction and acquisition of renewable energy projects is as follows:

	Date of agreement	Name of project company	Concession Agreement Signing Department	Project name	Business mode	Provincial cities in PRC	Garbage disposal capacity or (tons/day)	Business model		Expected commencement date of operation	Exclusive right to collect landfill gas expiry in	Equity interest held by the Group	Average electricity rate per kilowatt-hour (RMB)
								New construction	Investment consideration mode				
1	19 January 2020	Zhuzhou New Water Environmental Protection Technology Co., Ltd.* (株洲新中水環保科技有限公司)	Liling City Appearance and Environmental Sanitation Administration and Liling Yingfeng Zhonglian Environmental Industry Co., Ltd.	Liling Municipal Waste Landfill Power Generation Project ("Liling Project")	Power generation	Hunan	600	New construction	BOO	October 2020	7 years from the date of agreement	100%	0.634
2	17 September 2020	Ankang New Water Environmental Protection Technology Co., Ltd.* (安康新中水環保科技有限公司)	Urban Management Law Enforcement Bureau of Ankang City (Hambin Branch)	Ankang Landfill Biogas Power Generation Project ("Ankang Projects")	Power generation	Shaanxi	400	New construction	BOO	July 2021	10 years	100%	0.532
3	23 September 2020	Shanghang Greenspring Environmental Technology Limited* (上杭縣青泓環保科技有限公司)	Shanghang County Environmental Sanitation Management Office	Shanghang County Landfill Gas Power Generation Project ("Shanghang Project")	Power generation	Jiangxi	300	New construction	BOO	October 2021	5 years	100%	0.585
4	15 October 2020	Dingnan Greenspring Environmental Technology Limited* (定南縣青泓環保科技有限公司)	Dingnan County Urban Management Bureau	Dingnan County Landfill Gas Power Generation Project ("Dingnan Project")	Power generation	Fujian	250	New construction	BOO	October 2021	until the volume of landfill gas fully utilized	100%	0.629

Date of agreement	Name of project company	Concession Agreement Signing Department	Project name	Business mode	Provincial cities in PRC	Garbage disposal capacity (tons/day)	Business model		Estimated investment cost/consideration (RMB)	Expected commencement date of operation	Exclusive right to collect landfill gas expiry in	Equity interest held by the Group	Average electricity rate per kilowatt-hour (RMB)	
							New construction or acquisition	Investment mode						
5	2 December 2020	Huangshi Hangwei Smart Energy Co., Ltd.* (黄石市航为智慧能源有限公司)	City Appearance and Public Utilities Administration of Yangxin County	Landfill Gas Power Generation Project of Yangxin Waste Landfill Site ("Yangxin Project")	Power generation	Hubei	400	Acquisition	BOO	350,000.00	January 2022	6 years	100%	0.587
6	5 December 2020	Changting County Greenspring Environmental Protection Technology Co., Ltd.* (长汀縣青泓環保科技有限公司)	Changting County Health Management Office	Changting County Landfill Gas Power Generation Project ("Changting Project")	Power generation	Fujian	300	New construction	BOO	8,000,000.00	October 2021	5 years	100%	0.629
7	21 December 2020	Wuping County Greenspring Environmental Protection Technology Co., Ltd.* (武平縣青泓環保科技有限公司)	Wuping County Urban Management Bureau	Wuping County Landfill Gas Power Generation Project ("Wuping Project")	Power generation	Fujian	200	New construction	BOO	8,000,000.00	October 2021	10 years	100%	0.629
8	5 March 2021	Wafangdian * project (瓦房店項目) (the project company has not been established)	Wafangdian Urban Management Comprehensive Law Enforcement Bureau	Wafangdian Landfill Gas Power Generation Project ("Wafangdian Project")	Power generation	Liaoning	800	New construction	BOO	7,000,000.00	January 2022	until the volume of landfill gas fully utilized	100%	0.5472

OTHER MATERIAL EVENT DURING THE YEAR UNDER REVIEW

A. Termination in the disposal of the entire equity interests in Huizhou Swan Heng Chang Property Development Company Limited

On 10 June 2020, Swan (Huizhou) Investment Company Limited (the “**Swan (Huizhou)**”), Huizhou Yuandong Kangshouyuan Medical Center Co., Ltd.* (惠州市遠東康壽園療養中心有限公司) (the “**Huizhou Yuandong**”) and 惠州鴻鵠恒昌置業有限公司* (Huizhou Swan Heng Chang Property Development Company Limited*) (the “**Disposed Company**”) entered into the disposal agreement in relation to the sale and purchase of the sale capital at an aggregate consideration of approximately RMB161.05 million (equivalent to approximately HK\$173.93 million) and the settlement arrangements of the bank loan of RMB45 million (equivalent to approximately HK\$48.60 million), the loans in aggregate of RMB46.96 million (equivalent to approximately HK\$50.71 million) due from Swan (Huizhou), the project debts in aggregate of RMB16.02 million (equivalent to approximately HK\$17.30 million) due from contractor and the construction contracts debts of RMB11.50 million (equivalent to approximately HK\$12.42 million) due from various contractors (the “**Disposed Transaction**”). The Disposed Transaction was approved by the shareholders by way of poll at the EGM on 14 August 2020. On 26 November 2020, as certain conditions precedent have not been fulfilled and no agreement was reached by the Swan (Huizhou) and the Huizhou Yuandong to further extend the extended long stop date, the Disposed Transaction was terminated.

B. The auction of the land use right of the Land in Shangrao City, Jiangxi Province, PRC

On 18 May 2020, Yingtan Xiang Rui Property Limited* (鷹潭祥瑞置業有限公司) (the “**Yingtan Property**”) and Yingtan Sanhui Trading Company Limited* (鷹潭三匯貿易有限公司) (the “**Yingtan Sanhui**”) entered into a joint venture agreement (“**JV Agreement**”). Pursuant to the JV Agreement, Yingtan Property and Yingtan Sanhui shall establish a joint venture company (“**the JV Company**”) in Yingtan, to participate in the bidding of the land located in Hengfeng County, the PRC with total area of 27,487.33m² (the “**Land**”) for the development of the property development project and the total investment amount of the JV Company would not exceed RMB125 million (equivalent to approximately HK\$137.00 million). The JV Company will be owned as to 49% by Yingtan Property and 51% by Yingtan Sanhui. On 20 May 2020, the JV Company did not win the auction of the land use right of the Land. In view of such, JV Agreement was terminated and the auction deposit amount refunded to each equity holder of the JV Company.

C. FINANCE LEASE ARRANGEMENT

On 27 August 2020, Zhuzhou New China Water Environmental Technology Ltd.* (株洲新中水環保科技有限公司) (the “**Existing Lessee**”), Canton Greengold Financial Leasing Ltd.* (廣東綠金融租賃有限公司) (the “**Greengold Leasing**”) and Guangzhou Shenfa Electromechanical Industry Development Company Limited* (廣州市深發機電實業發展有限公司) (the “**Guangzhou Shenfa**”) entered into the existing sale and purchase agreement I, pursuant to which Greengold Leasing shall purchase the containerised generators (the “**Leased Assets I**”) from the Guangzhou Shenfa for the purchase price I of RMB12,000,000 (the “**Purchase Price I**”) (equivalent to approximately HK\$14,400,000). On the same date, the Existing Lessee and Greengold Leasing entered into the existing finance lease agreement I, pursuant to which the Greengold Leasing shall lease the Leased Assets I to the Existing Lessee for a lease consideration comprising of principal amount equivalent to the Purchase Price I and the interest accrued thereon at a rate of 6.5% per annum for a lease period of 36 months commencing from the payment date of the Purchase Price I.

On 24 September 2020, the Existing Lessee and Greengold Leasing entered into the existing sale and purchase agreement II, pursuant to which Greengold Leasing shall purchase the high and low voltage power distribution system and substation system equipment (the “**Leased Assets II**”) from the Existing Lessee for the purchase price II of RMB3,000,000 (the “**Purchase Price II**”) (equivalent to approximately HK\$3,600,000). On the same date, Existing Lessee and Greengold Leasing entered into the existing finance lease agreement II, pursuant to which Greengold Leasing shall lease back the Leased Assets II to the Existing Lessee for a lease consideration comprising of principal amount equivalent to the Purchase Price II and the interest accrued thereon at a rate of 6.5% per annum for a lease period of 36 months commencing from the payment date of the Purchase Price II.

D. Disposal of 20% equity interests in Yingtan Water Supply Group Co., Ltd

On 15 December 2020, China Water Industry (HK) Limited (the “**China Water (HK)**”), being an indirect wholly-owned subsidiary of the Company, Jiangxi Sanchuan Group Company Limited* (江西三川集團有限公司) (the “**Jiangxi Sanchuan**”) and Yingtan Water entered into the Equity Transfer Agreement, pursuant to which the China Water (HK) has conditionally agreed to sell, and the Jiangxi Sanchuan has conditionally agreed to purchase 20% equity interests in the Yingtan Water for a total consideration of RMB120,000,000 (equivalent to approximately HK\$142,416,000). The Yingtan Water is owned as to 51% by the China Water (HK), 46% by Jiangxi Sanchuan Water Supply Company Limited* (江西三川水務有限公司) and 3% by Yingtan City Water Supply Company Limited* (鷹潭市供水公司). The Disposal was approved by the shareholders by way of poll at the EGM on 10 February 2021. As all conditions precedent have been fulfilled, the Disposal was completed in February 2021. Upon Completion, the Yingtan Water will cease to be a subsidiary of the Company, and the financial information of the Yingtan Water Group will cease to be consolidated into the consolidated financial statements of the Group.

E. Impact of COVID-19 outbreak to the Group

During the early stage, the Group's project construction and operation for the renewable energy business have been inevitably affected by the COVID-19 outbreak. Project companies encountered shortage of materials due to interruption of raw material transportation which caused the productivity of power generation was below the standard. Meanwhile, higher emission standards and the stringent infection prevention and control measures exerted greater pressure on the Group. Routine work was affected by the COVID-19 restrictions while the construction of new projects for power generation was delayed. In addition, given the COVID-19 prevention and control requirements across provinces, market expansion, tendering and procurement and business negotiation were interrupted. As longer processing time was required for the application for commencement of construction works for water supply and sewage treatment projects as well as building construction which caused the related business fell behind schedule. Following the effective containment of the pandemic in China, such temporary policies were lifted. As at mid-April 2020, all the Group's construction projects resumed operations. For the sales of the property business, it have been affected by the short-term psychological impact of the public on the pandemic. During the pandemic period, the Group's pre-sale recorded a satisfactory sale performance.

However, due to the main business models of the Group as a provision of water supply and sewage treatment services and the sale of renewable energy, its daily operation has not been seriously affected by COVID-19. The stability performance of these businesses in 2020 proved that the Group was not suffering any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

With the COVID-19 gradually under control in the second half of 2020, the Group continued to adopt the pandemic prevention measures and at the same time put great effort to accelerate the implementation of different business targets and hence the annual overall operating results still maintained at stable performance as compared with last year.

OTHER MATERIAL EVENT AFTER THE YEAR UNDER REVIEW

F. FINANCE LEASE ARRANGEMENT

On 7 February 2021, Wuzhou City China Water New Renewable Resources Company Limited* (梧州市中水新能源科技有限公司) (the "**Lessee 1**"), Datang Huayin Xiangtan Environmental Electricity Generation Company Limited* (大唐華銀湘潭環保發電有限責任公司) (the "**Lessee 2**") and Hunan Liuyang New China Water Environmental Technology Limited* (湖南瀏陽新中水環保科技有限公司) (the "**Lessee 3**"), each being a subsidiary of the Company, (collectively known as the "**Lessees**"), entered into the finance lease agreement (the "**Finance Lease**") with Greengold Leasing, pursuant to which Greengold Leasing shall purchase certain biogas power generating facilities (the "**Leased Assets**") from the Lessees for a total consideration of RMB27,000,000 (equivalent to approximately HK\$32,400,000) which was paid on the date of the Finance Lease. The Leased Assets would then be leased back to the Lessees for a term of three (3) years. The transfer agreement was entered into between Greengold Leasing and the Lessees on the date of the Finance Lease, effecting the terms of the Finance Lease in relation to the transfer of the Leased Assets from the Lessees to Greengold Leasing above.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group has no material contingent liabilities (As at 31 December 2019: Nil).

PLEDGE OF ASSETS

The Group's obligations under finance leases, bank loans and other loans of HK\$381.57 million in total as at 31 December 2020 (As at 31 December 2019: HK\$293.72 million) were secured by charges over:

- (i) property, plant and equipment in which their carrying amount was HK\$167.57 million (As at 31 December 2019: HK\$24.55 Million); and
- (ii) right-of-use assets in which their carrying amount was HK\$340.18 million (As at 31 December 2019: HK\$351.12 million)
- (iii) contractual rights to receive revenue generated by certain of our subsidiaries.

NO MATERIAL CHANGE

Save as disclosed in this announcement, during the year, there has been no material change in the Group's financial position or business since the publication of the latest annual report of the Company for the 31 December 2019.

EMPLOYEES

As at 31 December 2020, excluding jointly controlled entities and associates, the Group had 1,430 (As at 31 December 2019: 1,406) employees, of which 18 (As at 31 December 2019: 20) are Hong Kong employees. During the year, total employee benefit expenses, including directors' emoluments and provident funds, was HK\$222.18 million (As at 31 December 2019: HK\$233.04 million). The decrease was due to the reduction of salaries and staff benefits and the relief of social insurance promulgated by the Chinese government which resulted in the relief of certain contributions to defined contribution scheme during the pandemic period. Employees were remunerated on the basis of their performance and experience. Remuneration packages include salary and a year-end discretionary bonus, which are determined with reference to the Group's operating results, market conditions and individual performance. Remuneration packages are normally reviewed as an annual basis by the Remuneration Committee. During the year, all of the Hong Kong employees have participated in the Mandatory Provident Fund Scheme, and a similar benefit scheme is offered to employees in Mainland China. In addition, the Group encourage employees' participation in continuing training programmes, seminars and e-learning through which their career, knowledge and technical skills can be enhanced with the development of individual potentials.

SHARE CAPITAL

The Company's issued and fully paid share capital as at 31 December 2020 amounted to HK\$798.27 million divided into 1,596,539,766 ordinary shares of HK\$0.50 each.

DIRECTORS' RIGHTS TO ACQUIRE OR DEBENTURES

Save as disclosed under the heading "Share option scheme" below, at no time during the year were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or Chief Executive of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

At the annual general meeting (the "**2011 AGM**") of the Company held on 3 June 2011, the shareholders of the Company approved the adoption of the Company's New Share Option Scheme (the "**Scheme**"). From the date of the Scheme being adopted up to 31 December 2020, no share options have been granted. The purpose of the Scheme is to enable the Company to grant options to selected Participants as incentive and/or rewards for their contribution and support to the Group and any Invested Entity and/or to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity. The Scheme will remain in force for 10 years and expire on 2 June 2021.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as the code of the conduct for securities transactions by directors (the "**Model Code**"). The prohibitions on securities dealing and disclosure requirements in the Model Code apply to all Directors and Group's senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry of all Directors and senior management, the Board confirmed that they had complied with the Model Code regarding directors' securities transactions throughout the accounting period and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group recognises the importance of transparency and accountability to shareholders. The Board will continually review and enhance its corporate governance practices to ensure that they meet shareholders' expectation and comply with relevant standards. The Board believed that the Company has complied with the code provisions of Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2020 except for the following deviation:

- Pursuant to the code provision of A.2.1 of the CG Code, the roles of Chairman and the chief executive officer (the "**CEO**") of the Company should be separated and should not be performed by the same individual. During the period from 4 September 2018 to 7 February 2021, Mr. Lin Yue Hui ("**Mr. Lin**") took up the positions of Chairman and CEO. The Board has evaluated the situation of the Group and taken into account of the experience and past performance of Mr. Lin, the Board was of the opinion that it was appropriate and in the best interest of the Company for vesting the roles of the Chairman and the CEO of the Company in the same person as it helps to facilitates the execution of the Group's business strategies and maximizes the effectiveness of its operation. On 8 February 2021, Mr. Lin resigned as the Chairman and CEO of the Company, but he remain serves as an executive Director of the Company. Mr. Zhu Yongjun ("**Mr. Zhu**"), an executive Director of the Company, was appointed as the Chairman of Company at the same date. Since such arrangements, the role of Chairman is performed by Mr. Zhu and the role of CEO is performed by different members of the Board. The Board currently comprises five executive Directors, one non-executive Director and three independent non-executive Directors, and therefore has a strong independence element in its composition. The Company has been in compliance with code provision A.2.1 of the CG Code when Mr. Lin resigned as the Chairman and CEO of the Company and Mr. Zhu was appointed as the Chairman since 8 February 2021.
- Pursuant to the code provision of A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election while all Directors should be subject to retirement by rotation at least once every three years. All independent non-executive Directors ("**INEDs**") of the Company were not appointed for a specific term but they are subject to retirement by rotation and re-election at annual general meetings of the Company in line with the Company's Article of Association.

The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

CHAIRMAN’S STATEMENT FOR THE YEAR 2020

The outbreak and spread of the COVID-19 pandemic in 2020 not only threatened the public health and safety worldwide, but also severely hit the global economy. Meanwhile, it further aggravated the situation by putting significant downward pressure on the world economy, causing a sharp deterioration of the external environment that brought severe challenges to all industries. The lockdown measures across various countries once caused economies to shut down, and the unemployment rates soared. As the pandemic prevention and control policies of the PRC have achieved remarkable results, the domestic economy has been gradually recovering. Nevertheless, there were still some small and medium-sized enterprises that failed to survive the economic winter. The Group, as a well-known investment and integrated service provider in the domestic environmental protection industry, has been affected by the initial stage of the pandemic, but the Group has made quick adaptive adjustments and successfully passed the “survival test” with generally stable development of all business segments in 2020.

MARKET REVIEW:

2020 was the final year of the “13th Five-Year Plan” and the decisive year of the battle of pollution prevention and control. Ecological and environmental protection has delivered brilliant results: The nine binding indicators of ecological and environmental protection and the phased goals set for pollution prevention and control as determined in the outline of the “13th Five-Year Plan” have been fully accomplished beyond targets. The three environmental protection battles, namely blue sky, clear water and clean land, have achieved remarkable results. The environmental protection industry provided technical support for pollution control, and it in turn gained opportunities for its own development and expansion.

The promulgation and implementation of the new version of the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste” (《中華人民共和國固體廢物污染環境防治法》) in 2020 promoted the standardized development of the solid waste treatment and disposal industry in the PRC. In particular, the new Solid Waste Law clarifies the principles of reduction, recycling and harmless treatment of solid waste in the prevention and control of environmental pollution, and strengthens the supervision and management responsibilities of the government and its relevant departments; it also improves the environmental pollution prevention and control system for industrial solid waste, domestic waste, construction waste, agricultural solid waste, hazardous waste and other environmental pollution, and put forward higher requirements for the whole process of solid waste generation, collection, storage, transportation, utilization and disposal.

In terms of water treatment, the National Development and Reform Commission issued the “Notice on Accelerating County and Town Urbanization, and Enhancing the Strengths and Improving the Weaknesses” (《關於加快開展縣城城鎮化補短板強弱項工作的通知》), addressing the issues of “the heavy debts arising from environmental infrastructures in some areas and the unmatched urban sewage collection pipe networks” (「部份地區環境基礎設施欠賬大、城市收集管網不配套」). The Notice focuses on public spheres such as urban sewage pipe network construction, in which the market cannot effectively allocate resources and government support and guidance are required, and sets out the task to make up for the shortcomings in urban and rural sewage collection and treatment facilities, so as to further advance the full coverage of urban sewage pipe network and strengthen the treatment of pollution from domestic sources. In 2020, the daily sewage treatment capacity of cities and counties was over 200 million cubic meters, and the elimination rate of black and odorous water in built-up areas at prefecture-level and above reached 96%. Furthermore, the solid waste treatment and disposal capacity was significantly improved.

BUSINESS REVIEW:

I. Steady Improvement in Environmental Protection and New Energy Segments with Internal and External Efficiency Enhancement as Carbon Emission Reduction Contributed to Promising Outlook

Under the COVID-19 pandemic, the environmental protection and new energy segment had a steady improvement, and New China Water (Nanjing) Renewable Resources Investment Company Limited* (新中水(南京)再生能源投資有限公司) and its subsidiaries (the “**New China Water Companies**”) not only realized annual power generation of 759 million kWh, but also sustained stable development. At the same time, it actively expanded its business market by entering into contracts for 9 new biogas power generation projects, namely Liling Hunan, Chongqing Heishizi, Shaanxi Ankang, Fujian Shanghang, Jiangxi Dingnan, Hubei Huangshi, Fujian Changting, Fujian Wuping and Gansu Jingchuan, and adding 2 new operation service projects, namely the maintenance technical service project for gas collecting station and emergency incineration system of Guangzhou Xingfeng Domestic Waste Landfill Site and the operation service of the fully enclosed residual landfill of Beijing Fengtai District Circular Economy Industrial Park.

Efficiency was optimized through balanced internal and external resources. In 2020, New China Water companies continued to enter into financing cooperation with various banks and financial leasing institutions to provide the corporation with a reliable safeguard of capital. At the same time, New China Water companies set up three drilling teams to implement unified drilling coordinated by the headquarters and self-constructed pre-treatment facilities, saving approximately 78% of the construction cost throughout the year. In terms of carbon emission reduction, New China Water Companies actively responded to the national carbon emission reduction policy. Its subsidiaries Ningbo Qiyao New Energy Company Limited* (寧波齊耀新能源有限公司) and Shandong Qiyao New Energy Company Limited* (山東齊耀新能源有限公司) took the lead in entering the trading market of carbon emission reduction. In 2020, the total carbon emission reduction transaction volume was 300,000 tonne, laying a solid foundation for the Company to fully enter the carbon emission reduction trading market in the future, and the prospects are promising.

II. Steady Operation of Water Sector with Outstanding Effectiveness of Smart Water Services

In 2020, all companies in the water services segment achieved better performance targets. During the pandemic, the Company unremittingly fulfilled the responsibility of ensuring safe water for the use by residents, actively adopted various pandemic prevention and testing procedures, and calmly responded to the pandemic in order to ensure the safe production, safe water supply and qualified water output throughout the year.

Among which, Yingtian Water Group made full use of the intelligent water platform to ensure safe and stable water supply without leaving home and through remote control, demonstrating the advantage of intelligent water. At the same time, the Company vigorously promoted the “Three Supplies and One Property” (「三供一業」) railway transfer and reformation project, and completed 11,447 reformation projects throughout the year. It carried through the government’s decision and fully promoted the reformation project of drinking water for rural areas. During the year, the number of reformations reached 2,371 which improved the water quality for users to the greatest extent and enhanced users’ experience and satisfaction. Yichun Water Industry Group Co. Ltd.* (宜春水務集團有限公司) and its subsidiaries (the “**Yichun Water Industry Group**”) vigorously promoted the installation and application of new products such as smart fire hydrants and smart water meters. During the year, 61 new smart fire hydrants, 36 large meters with remote display were installed, and 8 pressurized pump stations were reformed to be unmanned. The construction projects of Linyi Fenghuang Water Industry Co. Ltd. made a rapid development where smart water meters were reformed, and the operation and management of water supply pipeline network and the maintenance of fire hydrants were comprehensively strengthened. Yichun Fangke Sewage Treatment Company Limited* (宜春市方科污水處理有限公司) approved the supplemental BOT concession contract for the expansion of the first-class A project and successfully raised the unit price of sewage treatment services by RMB0.04/tonne of water on the original basis. At the same time, the Company successfully applied for and was approved the environmental protection incentive fund of RMB10 million for the black and odorous water treatment project in Jiangxi Province in 2020. The new construction project of Mingyue Mountain Wentang Sewage Treatment Plant with capacity of 20,000 tonne/day was basically completed and entered the inspection and acceptance stage. Jining City Haisheng Water Treatment Company Limited* (濟寧市海晟水務有限公司) completed the inspection and acceptance and commenced production in August 2020, with a guaranteed minimum water volume of 20,000 tonne/day and the effluent meeting the National Class IA Standard.

III. Industry-City Integration and Segment-Brand Linkage Gaining High Reputation in Yugan

Works for Huizhou Honghu Blue Valley Wisdom Square* (鴻鵠藍谷智慧廣場) Project and Nanjing Space Big Data Industrial Base Project continued to progress.

Yingtian Water Group made great efforts in the development of Sanshui Guobinfu Project* (三水 • 國賓府項目), Sanshui California Sunshine Real Estate* (三水加州陽光房地產) and Sanshui Jinlin House* (三水金麟府) in the Yugan region. These three projects acquired widespread recognition for Yugan and formed a characteristic Sanshui brand. At present, the main part of the two property projects, namely Sanshui Guobinfu Project* (三水 • 國賓府項目) and Sanshui California Sunshine Real Estate* (三水加州陽光房地產) Project, has been completed with sales rate and collection rate exceeding 95%, while Sanshui Jinlin House has achieved a pre-sale rate of 85%.

OUTLOOK AND FUTURE PLANS:

After the COVID-19 outbreak in 2020, the country and the people are bound to pay more attention to hygiene and health, and the government and society will attach higher significance to business areas including environmental protection. With the constant improvement of policies and measures for the development of the environmental protection industry, the development opportunities for the environmental protection industry are greater than challenges. 2021 is the kick-off year of the “14th Five-Year Plan” and a year of special importance in the progress of modern construction of the PRC. 2021 is also a year of reform for the Group. The Group will strive to build a highly reputable, larger scale and more dedicated enterprise with sustainable development, improve its adaptability and overcome uncertainties in the environment and markets.

In the future, the Group will continue to keep track of the upcoming national policies on renewable energy subsidies and implement the subsidies for power generation of all projects. In terms of carbon emissions, President Xi Jinping outlined the concepts at the ninth meeting of the Central Finance and Economics Committee that “China is striving to reach peak of carbon emissions by 2030 and carbon neutrality by 2060, which is a major strategic decision made by the Central Committee of the Communist Party of China after thorough consideration of the sustainable development of the Chinese people of all ethnic groups and creating of a community of shared future for mankind. The “14th Five-Year Plan” is a critical period and window period for carbon peaks. To this end, it is necessary to focus on forming a clean, low-carbon, safe and efficient energy system, implementing renewable energy alternatives, deepening power system reform, and building a new power system with new energy as the subjects so as to improve the green and low-carbon policy and market system, refine the energy “dual control” system, optimize fiscal and taxation, price, finance, land, government procurement and other policies that are conducive to green and low-carbon development, accelerate the promotion of carbon emission rights trading, and actively develop Green finance”. The Group will closely follow the national carbon emission related policies, strengthen the learning of knowledge related to carbon emissions, proactively prepare for entering into carbon emission trading in an all-round way, seize the benefits of Green finance policies, realize the carbon assets of all projects, and acquire a new profit growth point for the Group. At the same time, the Group will further enhance its competitiveness in the industry and become a new leading enterprise in environmental protection.

Meanwhile, as the development of the domestic water and real estate industries has been gradually declining and the policies have been tightened continuously, the Group will progressively reduce the water and city-industry integration segment businesses, paving the way for further development of the environmental protection and new energy segments. We aim at further promoting the business expansion of the environmental protection and new energy segment by optimizing market positioning and strengthening financing cooperation. By leveraging on the advantages of technological innovation and projects, the Group formed a strategic alliance with other relevant environmental protection enterprises to create a new landscape for environmental protection business.

To ensure the sustainable development of core businesses of the Group and fulfil the capital demands during the development, the Group took the initiative to expand its financing channels and enhanced its funding capability including but not limited to issue of new bonds, issue of new shares, loans financing with various domestic and international commercial banks so as to make well preparation for the future development of our projects. The Group managed to maintain a healthy financial condition with a reasonable gearing ratio.

The Group will stay true to its original aspiration and always adhere to the business philosophy of “The government is assured and the public is satisfied. Shareholders’ recognition and staff contentment are achieved” (「政府放心，市民滿意，股東認可，員工樂業」). The market remains sluggish in 2021; however, China Water Industry Group is confident and well-prepared to face challenges. The Group will closely follow the national policies and conform with the market development trend so as to become sizable and reputable to write a new chapter for the Group.

SUFFICIENT OF PUBLIC FLOAT

As far as the information publicly available to the company is concerned and to the best knowledge of the Directors of the Company, at least 25% of the Company's issued share capital were held by members of the public as at the date of announcement.

AUDIT COMMITTEE

The Audit Committee comprises 3 INEDs of the Company including Mr. Wong Siu Keung, Joe (Committee Chairman), Mr. Lam Cheung Shing, Richard and Ms. Qiu Na, together with the management of the Company, has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including the review of the audited FY2020 Annual Results. The term of reference of the Audit Committee is available on the Company's website and on the Stock Exchange's website.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the annual report of the Company for the year ended 31 December 2019 required to be disclosed were as follows:

- (i) Mr. Ho Chi Ho has been re-designated from an executive Director to a non-executive Director with effect from 19 October 2020;
- (ii) The following changes were with effect from 8 February 2021:
 - Mr. Lin has resigned as the Chairman, the Chief Executive Officer, the Process Agent and the chairman of the Nomination Committee and has been re-designated from the chairman of the Investment Committee to a member of the Investment Committee. However, Mr. Lin remain serves as an executive Director of the Company.
 - Mr. Zhu, an executive Director, has been appointed as the Chairman, an Authorised Representative, a member of the Remuneration Committee, the chairman of the Nomination Committee and the chairman of the Investment Committee;
 - Mr. Liu Feng ("**Mr. Liu**") has resigned as an executive Director, an Authorised Representative and a member of the Remuneration Committee. Mr. Liu was appointed as a senior management of the Company subsequent to the aforesaid resignation.
 - Mr. Guo Chao Tian has resigned as an independent non-executive Director and a member of the Audit Committee, the Remuneration Committee and the Nomination Committee;
 - Ms. Chu Yin Yin, Georgiana, an executive Director and Company Secretary of the Company, has been appointed as the process agent to accept service of process and notices on behalf of the Canpany;
 - Mr. Lam Cheung Shing, Richard, an independent non-executive Director, has been appointed as a member of the Audit Committee, the Nomination Committee and the Remuneration Committee; and
 - Ms. Deng Xiao Ting, an executive Director, has been appointed as a member of the Investment Committee.

- (iii) On 6 March 2020, Mr. Zhu resigned as the chairman of the board of Josab Water Solutions AB, a company incorporated under the laws of Sweden, whose shares are listed on the Spotlight Stock Market, a stock exchange in Sweden.

Save as disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

DIVIDENDS

The Board did not recommend the payment of a final dividend for the FY2020 (FY2019: Nil).

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Company's auditor, Crowe (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting will be published on the websites of the Stock Exchange and the Company and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

PUBLICATION OF ANNUAL REPORT

This audited FY2020 annual results announcement is published on the websites of the Stock Exchange and the Company. The annual report of the Company for the year ended 31 December 2020 containing all the information as required by the Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my most sincere gratitude to investors and financial institutions for their continuous support to the Group, as well as to the fighters and the entire family of the Group who have contributed to the development of the Group. In 2021, the Group will devote its strenuous efforts and strive for innovation. We look forward to sharing with you the Group's harvest.

By order of the Board
China Water Industry Group Limited
Mr. Zhu Yongjun
Chairman and Executive Director

Hong Kong, 30 March 2021

As at the date of this announcement, the Board comprises Mr. Zhu Yongjun (Chairman), Mr. Zhang Wei Guang (Chief Operating Officer), Mr. Lin Yue Hui, Ms. Chu Yin Yin, Georgiana and Ms. Deng Xiao Ting, all being executive Directors, Mr. Ho Chi Ho being a non-executive Director and Mr. Wong Siu Keung, Joe, Mr. Lam Cheung Shing, Richard and Ms. Qiu Na.

* *The English name is for identification purpose only.*