



Interim Report 中期報告

2018



ELL Environmental Holdings Limited
強泰環保控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1395

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Corporate Information

公司資料

DIRECTORS

EXECUTIVE DIRECTORS

CHAU On Ta Yuen (*Chairman*)
CHAN Kwan (*Chief Executive Officer*)
Radius SUHENDRA

NON-EXECUTIVE DIRECTORS

CHAN Pak Lam Brian
CHAU Chi Yan Benny

INDEPENDENT NON-EXECUTIVE DIRECTORS

NG Chung Yan Linda
NG Man Kung
SZE Yeuk Lung Benedict

BOARD COMMITTEES

AUDIT COMMITTEE

NG Chung Yan Linda (*Chairlady*)
CHAU Chi Yan Benny
NG Man Kung
SZE Yeuk Lung Benedict

NOMINATION COMMITTEE

CHAU On Ta Yuen (*Chairman*)
CHAN Kwan
NG Chung Yan Linda
NG Man Kung
SZE Yeuk Lung Benedict

REMUNERATION COMMITTEE

NG Man Kung (*Chairman*)
CHAN Pak Lam Brian
NG Chung Yan Linda
SZE Yeuk Lung Benedict

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

董事

執行董事

周安達源 (*主席*)
陳昆 (*行政總裁*)
蘇堅人

非執行董事

陳栢林
周致人

獨立非執行董事

伍頌恩
吳文拱
施若龍

董事委員會

審核委員會

伍頌恩 (*主席*)
周致人
吳文拱
施若龍

提名委員會

周安達源 (*主席*)
陳昆
伍頌恩
吳文拱
施若龍

薪酬委員會

吳文拱 (*主席*)
陳栢林
伍頌恩
施若龍

註冊辦事處

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands



HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC" OR "CHINA")

Rugao Hengfa Municipal and Industrial Wastewater Treatment Facility
North of Huimin Road
Rugao Economic and Technological Development Zone
Jiangsu Province
The PRC

於中華人民共和國(「中國」)的總部

如皋恒發市政及工業污水處理設施
中國
江蘇省
如皋經濟技術開發區
惠民路北側

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1-3, 11th Floor, Westlands Centre
20 Westlands Road
Hong Kong

香港主要營業地點

香港
華蘭路20號
華蘭中心11樓1-3室

AUTHORISED REPRESENTATIVES

CHAN Kwan
KWOK Siu Man FCS

授權代表

陳昆
郭兆文 FCS

COMPANY SECRETARY

KWOK Siu Man FCS

公司秘書

郭兆文 FCS

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

開曼群島主要股份過戶登記處

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited
Room 2103B, 21st Floor
148 Electric Road
North Point
Hong Kong

香港證券登記分處

寶德隆證券登記有限公司
香港
北角
電氣道148號
21樓2103B室

PRINCIPAL BANKERS

Chiyu Banking Corporation Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

主要來往銀行

集友銀行有限公司
香港上海滙豐銀行有限公司
中國銀行(香港)有限公司



Corporate Information 公司資料

INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

LEGAL ADVISORS

AS TO HONG KONG LAW:

H.M. Chan & Co
in association with Taylor Wessing

AS TO PRC LAW:

King & Wood Mallesons

AS TO CAYMAN ISLANDS LAW:

Maples and Calder

WEBSITE

www.ellhk.com

LISTING INFORMATION

PLACE OF LISTING

Main Board of The Stock Exchange of Hong Kong Limited

BOARD LOT

5,000 Shares

STOCK CODE

1395

獨立核數師

德勤•關黃陳方會計師行
執業會計師

法律顧問

有關香港法律：

陳浩銘律師事務所
與泰樂信聯盟

有關中國法律：

金杜律師事務所

有關開曼群島法律：

邁普達律師事務所

公司網站

www.ellhk.com

上市資料

上市地點

香港聯合交易所有限公司主板

買賣單位

5,000 股股份

股份代號

1395

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of ELL Environmental Holdings Limited ("ELL Environmental" or the "Company", together with its subsidiaries, the "Group"), I present the interim report for the six months ended 30 June 2018 (the "Period").

In the first half of 2018, the Chinese economy maintained stable growth. According to the data released by China's National Bureau of Statistics, it registered a 6.8% GDP growth in the first half of the year over the same period of last year, exceeding the target of 6.5%. At the same time, however, there was an increasing uncertainty of the external environment as trade protectionism reared its head, posing significant challenges to the Chinese economy. In the environmental protection industry, China's central government has continued to provide various forms of support for water treatment to achieve full collection and treatment of wastewater in built-up areas of cities and accelerate comprehensive rural environment management in 130,000 administrative villages, in accordance with the "13th Five-Year Plan" for Nationwide Integrated Treatment of Rural Environment (全國農村環境綜合整治「十三五」規劃). Operating in the robust environmental protection industry, ELL Environmental has kept closely with the market dynamics and steadily expanded its business in accordance with its prudent and stable operation strategies.

Despite our outstanding wastewater treatment services, which we have leveraged to build a solid presence in China, intensifying competition has made it increasingly difficult to secure new wastewater treatment projects with satisfactory expected return. This, coupled with the pending water tariff adjustments by the local authorities, has made the Group's business environment increasingly challenging. Meanwhile, Weal Union Limited ("Weal Union") and its subsidiary in the Republic of Indonesia ("Indonesia"), which the Group acquired in the fourth quarter of 2016, failed to achieve the expected utilization rate of its biomass power generation plant in Indonesia during the Period. This was due to intense competition from local coal-fired power plants and unexpectedly low levels of energy consumption and demand. The changeable business environment which we operate in, fraught with various operational risks and challenges, makes it difficult to predict the return of wastewater treatment projects and biomass power projects. The Group will rigorously assess such risks to ensure that project risks and returns meet the management's expectations and increase the Group's profit. Meanwhile, the Group will continue to adhere to its prudent and stable operation strategies.

致各位股東：

本人謹代表強泰環保控股有限公司（「強泰環保」或「本公司」，連同其附屬公司統稱「本集團」）董事（「董事」）會（「董事會」）呈報截至二零一八年六月三十日止六個月（「本期間」）的中期報告。

二零一八年上半年中國經濟穩定增長，根據中國國家統計局公佈的數據，上半年度國內生產總值對比去年同期增長6.8%，高於目標的6.5%。但同時，外部環境不確定性增多，全球出現了貿易保護主義傾向，中國經濟仍面臨不少挑戰。在環保行業方面，中國中央政府持續給予水治理行業各種支持，以實現城市建成區污水全收集全處理，加快《全國農村環境綜合整治「十三五」規劃》中十三萬個建制村環境綜合整治目標任務之進度。強泰環保身處發展蓬勃的環保行業中，一直密切關注市場動向，持守著審慎穩健的原則，穩步擴張業務。

儘管我們憑著優秀專業的污水處理服務，在中國打下了堅實的業務基礎，可是由於競爭加劇，尋找預期回報合適的新污水處理項目愈加困難，再加上水價調整有待當地部門進一步落實，本集團的營商環境仍見艱鉅。同時，本集團於二零一六年第四季度完成收購的旭衡有限公司（「旭衡」）及其印度尼西亞共和國（「印尼」）附屬公司，於本期間在印尼的生物質發電廠尚未達到其預期利用率。此乃主要由於當地燃煤電廠的激烈競爭，能源消耗及需求低於預期所致。在變幻莫測的營商環境下，我們面對各項經營風險和挑戰，增加了預測污水處理項目及生物質發電項目回報的不確定性。本集團將會進行審慎的風險評估，確保項目風險及回報符合管理層的期望，讓集團盈利得以增長，同時，本集團在未來日子將繼續貫徹謹慎穩健的主要運營方針。

Chairman's Statement 主席報告

For the six months ended 30 June 2018, ELL Environmental recorded a revenue of approximately HK\$41.6 million with a year-on-year increase of 14.6%; the gross profit was HK\$6.7 million, up by 79.2% year-on-year. The net loss was HK\$47.5 million, including HK\$38.5 million in goodwill impairment for the biomass power generation project in Indonesia.

At present, ELL Environmental's two wastewater treatment facilities are both located in Jiangsu Province, the PRC, namely the Hai'an Hengfa Facility and the Rugao Hengfa Facility. In 2016, the Group entered into an equity transfer agreement with Nantong Jiahe Technology Investment Development Co., Ltd. ("Nantong Jiahe") to dispose of all the Group's equity interest in Rugao Honghao Metal Surface Water Treatment Company Limited ("Rugao Honghao") and the wastewater treatment facility ("Rugao Honghao Facility") operated by it. At present, the Company has received RMB20.0 million, equivalent to 36.36% of the consideration in the amount of RMB55.0 million, and the Company will complete collection of the remainder of the consideration as soon as possible. The management believes that the decision to dispose of the Rugao Honghao Facility with increasing operating costs and falling profitability will provide funding for the Group's future business development and increase its overall growth in return.

Looking forward, domestic environmental protection and water enterprises will benefit from the Chinese government's water industry policy which provides the industry with a favorable macro environment. ELL Environmental will leverage its rich experience and deep expertise to explore promising environmental protection business while maintaining the stable development of its wastewater treatment and biomass power generation business.

Here, I would like to express my gratitude to my fellow Directors, shareholders, staff and stakeholders. We are well aware that our staff, customers and partners are the key to our sustained and stable development. The management and all staff of the Group will strive to deliver better performance and generate stable and attractive returns to our investors and shareholders.

Chau On Ta Yuen
Chairman

Hong Kong, 24 August 2018

截至二零一八年六月三十日止六個月，強泰環保錄得營業收入約41.6百萬港元，同比上升14.6%；毛利為6.7百萬港元，同比上升79.2%；淨虧損為47.5百萬港元，當中包括38.5百萬港元的印尼生物質發電項目的商譽減值。

目前，強泰環保的兩座污水處理設施均位於中國江蘇省，包括海安恆發設施及如皋恆發設施。於二零一六年，本集團與南通嘉禾科技投資發展有限公司（「南通嘉禾」）就出售如皋宏皓金屬表面水處理有限公司（「如皋宏皓」）及其經營污水處理設施（「如皋宏皓設施」）的全部權益訂立股權轉讓協議。目前，本公司已收取人民幣20.0百萬元，相當於人民幣55.0百萬元代價之36.36%，並將盡快完成收取餘下代價。管理層認為，如皋宏皓設施的營運成本增加及盈利能力削弱，出售決定能為集團未來業務發展提供資金來源，加強整體回報增長。

展望未來，國家環保水務企業將從中國政府對水務行業的政策支持中獲益，行業宏觀環境理想。強泰環保會利用集團已建立的豐富經驗及知識基礎，探索具潛力的環保業務，繼續維持污水處理及生物質發電業務的穩定擴展。

在此本人向董事、股東、員工及各持份者致以衷心感謝。我們深明員工、顧客和合作夥伴是持續穩定發展的關鍵。本集團管理層成員及全體員工將竭盡所能提高表現，為投資者及股東提供穩定可觀的投資回報。

主席
周安達源

香港，二零一八年八月二十四日

BUSINESS REVIEW

In the first half of 2018, the Chinese economy maintained a stable pace of growth with steady improvement. During the period, China posted a 6.8% GDP growth, holding steady with the first half of 2017 and meeting the prediction in the *World Economic Outlook*. On the industry side, China's environmental protection industry has received a strong policy support. The revised *Water Pollution Prevention and Control Law of the People's Republic of China*, effective on 1 January 2018, has further increased the demand in the Chinese market for the Group's core business and brought new market opportunities. In addition, the report to the 19th National Congress of the Communist Party of China highlighted the commitment to taking tough steps to prevent and control pollution before 2020 and achieving a fundamental improvement in the ecological environment by 2035. Therefore, the following years are expected to see a continuous growth in China's environmental protection industry. However, uncertainties including China's monetary policy and the global trade war might pose challenges to the Chinese economy. At the same time, intensifying competition in the domestic environmental protection industry will make it increasingly difficult for enterprises to maintain their stable growth or profitability. Thus, in view of the level of risk and instability in the market, the Group adopted a practical and prudent approach to business expansion in the first half of 2018.

In addressing the significantly increasing wastewater facility costs and capital expenditure for the Group's business, management is actively seeking to adjust its business direction. On 21 September 2016, the Group entered into an agreement with Nantong Jiahe Technology Investment Development Co., Ltd. (the "Purchaser"), an independent third party, to dispose of all the Group's equity interest in Rugao Honghao at a cash consideration of RMB55.0 million. The Group has received regulatory approval for the remittance of consideration payment in connection with the disposal, and received RMB20.0 million of the consideration, with the remaining consideration expected to be remitted within this year. As stated in previous announcements of the Company, the processing time is longer than expected due to elevated regulatory controls over cross-border remittance in the PRC and heightened due diligence processes implemented by the banks. The Group will continue to work with the Purchaser and the banks closely to formally complete the payment collection process as soon as practicable. The Group will continue to own two wastewater treatment facilities, namely Hai'an Hengfa and Rugao Hengfa. The disposal will also provide an additional source of funding for the Group's operations and future business development. At the same time, the Group is also discussing and cooperating with local governments to raise the water tariff for the wastewater treatment plants we operate. It is expected that Rugao Hengfa Water Treatment Company Limited ("Rugao Hengfa") and local governments would reach an agreement on tariff rises by the end of this year, which will increase the Group's revenue and gross margin.

業務回顧

回顧二零一八年上半年，中國經濟增長步伐維持穩定，穩中向好的發展態勢。於期內，中國的國內生產總值增長6.8%，增長率與二零一七年上半年相約，並保持了《世界經濟展望》的預測。在行業方面，中國環保產業獲國家政策支持。新修訂《中華人民共和國水污染防治法》於二零一八年一月一日起實施，進一步推動中國市場對本集團核心業務的需求，帶來新的市場機遇。另外，中國共產黨第十九次全國代表大會的報告提出二零二零年前要堅決打好污染防治的攻堅戰，並定下二零三五年生態環境根本好轉的目標。因此，預期未來數年中國環保行業將持續增長。然而，中國的貨幣政策及全球貿易戰等不確定因素可能會為中國經濟帶來挑戰。同時，國內環保行業競爭加劇，令企業保持穩定增長或維持盈利能力的難度加大。因此，鑑於市場仍存在一定風險及不穩定性，本集團在二零一八年上半年以務實及審慎的態度拓展業務。

針對本集團的業務，近年污水處理設施成本及資本開支大幅增加，管理層正致力調整業務方向。於二零一六年九月二十一日，本集團與獨立第三方南通嘉禾科技投資開發有限公司（「買方」）訂立協議，向其出售如皋宏皓100%股權，現金代價為人民幣55.0百萬元。出售事項已就代價支付匯款獲得監管部門的批准，並已收取當中人民幣20.0百萬元款項，預期餘額匯款將於本年內完成。誠如本公司早前發佈的公告所示，由於中國對跨境匯款加嚴監管以及銀行實施經強化的盡職調查流程，處理時間較預期長，本集團將繼續與買方及銀行緊密協作，以盡快正式完成收款程序。本集團將繼續擁有兩座污水處理設施，即海安恆發及如皋恆發。同時，該轉讓項目也能為本集團的營運資金及未來業務發展機遇提供額外資金來源。同一時間，本集團亦正積極配合當地政府調高我們營運的污水處理廠的有關水價及商討細節，展望如皋恆發水處理有限公司（「如皋恆發」）於本年底前在調價上與當地政府可達成共識，以增加本集團收入及提升毛利。

Management Discussion and Analysis

管理層討論與分析

On the other hand, in the fourth quarter of 2016, the Group acquired Weal Union Limited (“Weal Union”) and its subsidiary in Indonesia, PT Rimba Palma Sejahtera Lestari (“RPSL”) which is engaged in biomass power generation business in Jambi, Indonesia, supported by a palm kernel oil production facility with two generating units owned and constructed by RPSL.

Since the completion of the acquisition, the Group has been committed to investing in improvement works in the power generation facility to increase generating efficiency and reduce sales costs. However, the projected revenue was less than satisfactory in the first half of 2018, with RPSL, the Indonesian subsidiary, recording approximately HK\$7.9 million of net losses, the main reason being lower-than-expected utilization of our biomass power plant. As several urban development projects planned by the Indonesian government had been aborted, the local market and economic growth, and hence power consumption and demand, had slowed down, which in turn reduced the power supply shortage in the vicinity of our biomass power plant. In addition, the electricity grid construction to connect the South Sumatra region of Indonesia where our biomass power plant is located and the North Sumatra region where the demand of electricity is higher, along with other infrastructure projects, was aborted, which also contributed to the continued low utilization level of the power plant. To increase the overall return, the Group will continuously monitor the power plant performance and local developments and communicate with customers and business partners on increasing the utilization of our biomass power plant.

另一方面，於二零一六年第四季，本集團收購了旭衡有限公司（「旭衡」）及其印尼附屬公司PT Rimba Palma Sejahtera Lestari（「RPSL」）。RPSL擁有及建造的兩台發電機組組成的發電廠支持棕櫚仁榨油廠的運營，在印尼占碑省從事生物質發電業務。

自完成收購以來，本集團致力投資發電設施改建工程，以提高發電廠的效率及降低銷售成本。然而在二零一八年上半年間，項目的收益未如理想，印尼附屬公司RPSL錄得約7.9百萬港元淨虧損，其主要原因是我們的生物質發電廠的利用率低於預期。由於印尼政府計劃的數個城市發展項目停滯，令當地市場及經濟增長率放緩，及因此電力消耗及需求降低，從而降低我們生物質發電廠附近區域的電力供應缺口。建設連接印尼蘇門答臘島南部（我們的生物質發電廠所在區域）及蘇門答臘島北部（電力需求更高）的輸電線及其他基礎設施工程停滯，也導致發電廠維持較低利用率。為了進一步加強整體回報率，本集團將持續監控發電廠的表現及附近的當地發展，並就提升我們的生物質發電廠利用率與客戶及業務合作夥伴進行溝通。



OUTLOOK

Facing a market environment with opportunities as well as challenges, the Group will forge ahead in adherence with its prudent and risk-oriented strategy by maintaining stable operations, strengthening internal controls and carrying forward successful operation concepts in order to consolidate its business foundation and maintain a strong business performance and competitiveness. Meanwhile, the Group will keep a close watch on market developments, seek new business opportunities and make a risk assessment of its expansion plan in a rigorous and disciplined way to embrace a brand-new stage of development in steady steps and achieve stable and sustainable development.

FINANCIAL REVIEW

REVENUE

Our total revenue increased by HK\$5.3 million or 14.6% to HK\$41.6 million for the Period from HK\$36.3 million for the corresponding period in 2017 (the “Last Corresponding Period”), of which the revenue excluding the imputed interest income increased by HK\$6.4 million or 22.4% to HK\$35.1 million for the Period from HK\$28.7 million for the Last Corresponding Period. Such increase was primarily attributable to (i) the recognition of construction revenue which amounted to HK\$12.4 million arising from the upgrade works of the wastewater treatment facility operated by Rugao Hengfa (the “Rugao Hengfa Facility”) in relation to the sludge dewatering system during the Period, which was absent in the Last Corresponding Period, and (ii) the offsetting effect from the absence of revenue from Rugao Honghao, a subsidiary that was disposed of in the previous year, which amounted to HK\$5.1 million. Our revenue from the operations in the PRC segment increased by HK\$4.7 million or 18.8% to HK\$29.7 million for the Period from HK\$25.0 million for the Last Corresponding Period, while our revenue from our operations in the Indonesia segment increased by HK\$0.6 million or 5.3% to HK\$11.9 million for the Period from HK\$11.3 million for the Last Corresponding Period.

未來展望

面對機遇與挑戰並存的市場環境，本集團將砥礪前行，保持謹慎及以風險為導向的策略，貫徹集團穩健的經營方向，加強內部監管，堅持成功的經營理念，以鞏固業務根基，維持優良的業務表現及競爭力。與此同時，本集團將密切關注市場動向，追求新機遇，並採用嚴格及有紀律的方針，就其擴張計劃進行審慎的風險評估，以穩步邁向嶄新的階段，實現穩健及可持續發展。

財務回顧

營業收入

我們的營業收入總額由二零一七年同期（「去年同期」）36.3百萬港元增加5.3百萬港元或14.6%至本期間41.6百萬港元，其中扣除推算利息收入的營業收入由去年同期28.7百萬港元增加6.4百萬港元或22.4%至本期間35.1百萬港元。有關增加主要由於(i)本期間如皋恆發營運的污水處理設施（「如皋恆發設施」）的升級工程（與污泥脫水系統有關）導致確認建築營業收入12.4百萬港元，而去年同期並無有關收入；及(ii)如皋宏皓（去年出售之附屬公司）未錄得營業收入產生的抵銷影響達5.1百萬港元。我們來自中國分部業務的營業收入由去年同期25.0百萬港元增加4.7百萬港元或18.8%至本期間29.7百萬港元，而我們來自印尼分部業務的營業收入由去年同期11.3百萬港元增加0.6百萬港元或5.3%至本期間11.9百萬港元。

Management Discussion and Analysis

管理層討論與分析

COST OF SALES

Our total cost of sales increased by HK\$2.3 million or 7.2% to HK\$34.9 million for the Period from HK\$32.5 million for the Last Corresponding Period, primarily due to (i) the incurrence of construction costs during the Period for the aforementioned upgrade works of Rugao Hengfa Facility, which amounted to HK\$9.8 million, and the absence of such costs during the Last Corresponding Period, (ii) the offsetting effects from the absence of cost of sales in Rugao Honghao for the Period after its disposal which amounted to HK\$2.8 million for the Last Corresponding Period, and (iii) the decrease in cost of sales from our operations in RPSL, our subsidiary in Indonesia, by HK\$3.6 million or 22.6% to HK\$12.3 million for the Period from HK\$15.9 million for the Last Corresponding Period.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit increased by HK\$3.0 million or 79.2% to HK\$6.7 million for the Period from HK\$3.7 million for the Last Corresponding Period, primarily due to the aforementioned factors. Our gross profit margin increased to 16.1% for the Period from 10.2% for the Last Corresponding Period.

OTHER INCOME AND GAINS

Our other income and gains decreased by HK\$0.2 million or 5.7% to HK\$3.3 million for the Period as compared to HK\$3.5 million for the Last Corresponding Period. Such gains comprised mainly the refund of tax and sewage expenses paid for the Period.

IMPAIRMENT LOSS

An impairment loss of HK\$38.5 million was recognised for the Period in relation to the goodwill arising on the acquisition of Weal Union, a wholly-owned subsidiary of the Company that holds 95% of the issued share capital of RPSL. RPSL is an indirect subsidiary of the Company incorporated in Indonesia, which operates a biomass power plant. The valuation of Weal Union, and hence the recoverable amount, which of the goodwill, was impaired during the Period. The impairment was a result of a lower than expected growth rate of the market and economy in the vicinity of our biomass power plant and hence a lower than expected utilisation of our biomass power plant since the completion of the acquisition of Weal Union by the Group in October 2016, which continued during the Period. Based on our understanding on the latest local development, the electricity grid construction by the government to connect the South Sumatra region, where our biomass power plant was located, and the North Sumatra region, where the demand of electricity is higher, had been aborted. As a result, the growth of electricity demand is expected to slow down and hence the expected utilisation growth rate of our biomass power plant in near term is lowered.

銷售成本

我們的銷售成本總額由去年同期32.5百萬港元增加2.3百萬港元或7.2%至本期期間34.9百萬港元，主要由於(i)本期間如皋恆發設施上述升級工程產生建設成本9.8百萬港元，而去年同期並無有關成本；(ii)本期間如皋宏皓出售後並無產生銷售成本之抵銷影響，而去年同期為2.8百萬港元；及(iii)我們印尼附屬公司RPSL業務的銷售成本由去年同期15.9百萬港元減少3.6百萬港元或22.6%至本期期間12.3百萬港元。

毛利及毛利率

我們的毛利由去年同期3.7百萬港元增加3.0百萬港元或79.2%至本期期間6.7百萬港元，主要是由於上述因素所致。我們的毛利率由去年同期10.2%增加至本期期間16.1%。

其他收入及收益

我們的其他收入及收益較去年同期3.5百萬港元減少0.2百萬港元或5.7%至本期期間3.3百萬港元，有關收益主要包括本期間的退稅及已付污水處理費用。

減值虧損

本期間就收購旭衡產生的商譽確認的減值虧損為38.5百萬港元，旭衡為本公司的全資附屬公司，其持有RPSL 95%的已發行股本。RPSL為本公司於印尼註冊成立並運營一間生物質發電廠的間接附屬公司。因此，本期間旭衡的估值及商譽的可收回金額發生減值。有關減值乃由於自本集團於二零一六年十月完成收購旭衡以來，我們的生物質發電廠附近的市場及經濟的增長率低於預期，及因此生物質發電廠的利用率低於預期，並延續至本期間所致。根據我們對當地最新發展的了解，由政府建設、將蘇門答臘島南部(我們的生物質發電廠所在地區)與蘇門答臘島北部(有較高的用電需求)連接的電網建設已被中止。因此，電力需求增長率預期會減緩，因而短期內我們的生物質發電廠的預期利用增長率將會下降。

An impairment loss on the goodwill of HK\$43.9 million was recognised for the year ended 31 December 2017. The accumulated impairment loss on the goodwill as at 30 June 2018 was HK\$82.4 million, representing 96.1% of the total amount of the goodwill initially recognised upon the acquisition of Weal Union.

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by HK\$5.5 million or 52.1% to HK\$16.2 million for the Period from HK\$10.6 million for the Last Corresponding Period. Such increase was primarily attributable to (i) the increase in unrealised exchange loss by HK\$2.9 million or 223.1% to HK\$4.2 million for the Period from HK\$1.3 million for the Last Corresponding Period arising mainly from the currency translation differences on the inter-company loans between the subsidiaries of the Company, and (ii) the increase in administrative expenses in relation to the development of potential business in Indonesia of HK\$2.2 million.

FINANCE COSTS

Our finance costs remained at HK\$0.8 million for the Period which was approximately the same as that for the Last Corresponding Period. The finance costs mainly comprised the interest expenses from the Group's bank borrowings.

LOSS BEFORE TAX

Loss before tax increased by HK\$41.3 million or 9.8 times to HK\$45.5 million for the Period from HK\$4.2 million for the Last Corresponding Period, primarily due to the factors mentioned above.

INCOME TAX EXPENSE

Our income tax expense recognised remained stable at HK\$2.0 million for the Period as compared with HK\$2.2 million for the Last Corresponding Period. Such income tax was recognised primarily in relation to our PRC wastewater operations, which remained profitable during the Period. The effective tax rate was -4.8% for the Period as compared with -51.5% for the Last Corresponding Period as a result of the aforesaid increase in loss before tax on a consolidated basis.

截至二零一七年十二月三十一日止年度，已確認商譽減值虧損43.9百萬港元。於二零一八年六月三十日，商譽的累計減值虧損為82.4百萬港元，佔收購旭衡後首次確認之商譽總額的96.1%。

行政開支

我們的行政開支由去年同期10.6百萬港元增加5.5百萬港元或52.1%至本期間16.2百萬港元。有關增加主要是由於(i)本公司附屬公司之間的公司間貸款存在匯兌差額，導致未變現匯兌虧損由去年同期1.3百萬港元增加2.9百萬港元或223.1%至本期間4.2百萬港元；及(ii)與在印尼發展潛在業務有關的行政開支增加2.2百萬港元。

融資成本

本期間我們的融資成本維持0.8百萬港元，與去年同期相若。融資成本主要包括本集團銀行借款的利息開支。

除稅前虧損

除稅前虧損由去年同期4.2百萬港元增加41.3百萬港元或9.8倍至本期間45.5百萬港元，主要是由於上述因素所致。

所得稅開支

本期間確認的所得稅開支穩定維持2.0百萬港元，而去年同期確認2.2百萬港元。有關所得稅確認主要與中國污水處理業務有關，其於本期間仍在盈利。由於上述除稅前虧損按綜合基準增加，本期間的實際稅率為-4.8%，而去年同期則為-51.5%。

Management Discussion and Analysis

管理層討論與分析

LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company increased by HK\$40.7 million or 6.5 times to HK\$46.9 million for the Period from HK\$6.2 million for the Last Corresponding Period, primarily due to the factors mentioned above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Our principal liquidity and capital requirements primarily relate to investments in our projects, construction and upgrading of our wastewater treatment facilities, purchases of equipment as well as costs and expenses related to the operation and maintenance of our wastewater treatment and electricity generating facilities. As at 30 June 2018, the carrying amount of the Group's bank balances and cash was HK\$36.6 million, representing an increase of 3.0% as compared with that of HK\$35.5 million as at 31 December 2017.

As at 30 June 2018, the Group's bank balances and cash of HK\$20.5 million, HK\$1.0 million, HK\$9.4 million and HK\$5.7 million were denominated in Renminbi, Hong Kong Dollars, Indonesian Rupiah and United States Dollars, respectively (31 December 2017: HK\$17.8 million, HK\$12.8 million, HK\$0.6 million and HK\$4.3 million were denominated in Renminbi, Hong Kong Dollars, Indonesian Rupiah and United States Dollars, respectively).

BANK BORROWINGS

As at 30 June 2018, the total amount of our utilised bank borrowings was HK\$36.9 million, of which approximately HK\$30.2 million was repayable within one year and approximately HK\$6.7 million was repayable after one year but within five years. Approximately HK\$28.0 million and HK\$8.9 million of the outstanding bank borrowings were denominated in Hong Kong Dollars and United States Dollars, respectively (31 December 2017: HK\$28.0 million and HK\$11.2 million were denominated in Hong Kong Dollars and United States Dollars, respectively).

HK\$28.0 million bore a floating interest rate of 1.4% over the Hong Kong Interbank Offered Rate and HK\$8.9 million bore a floating interest rate of 1.4% over London Interbank Offered Rate. We had no unutilised banking facilities as at 30 June 2018 (31 December 2017: nil).

本公司擁有人應佔期內虧損

本公司擁有人應佔虧損由去年同期6.2百萬港元增加40.7百萬港元或6.5倍至本期間46.9百萬港元，主要是由於上述因素所致。

流動資金、財務及資本資源

我們主要的流動資金及資本需求主要涉及我們的項目投資、建設及升級污水處理設施、購買設備以及與經營及維護污水處理及發電設施有關的成本及開支。於二零一八年六月三十日，本集團銀行結餘及現金的賬面值為36.6百萬港元，較二零一七年十二月三十一日的35.5百萬港元增加3.0%。

於二零一八年六月三十日，本集團的銀行結餘及現金20.5百萬港元、1.0百萬港元、9.4百萬港元及5.7百萬港元分別以人民幣、港元、印尼盾及美元計值(二零一七年十二月三十一日：17.8百萬港元、12.8百萬港元、0.6百萬港元及4.3百萬港元分別以人民幣、港元、印尼盾及美元計值)。

銀行借款

於二零一八年六月三十日，我們已動用的銀行借款總額為36.9百萬港元，當中約30.2百萬港元為於一年內償還，約6.7百萬港元為於一年後但於五年內償還。未償還銀行借款約28.0百萬港元及8.9百萬港元分別以港元及美元計值(二零一七年十二月三十一日：28.0百萬港元及11.2百萬港元分別以港元及美元計值)。

28.0百萬港元按浮動利率香港銀行同業拆借利率加1.4%計息，及8.9百萬港元按浮動利率倫敦銀行同業拆借利率加1.4%計息。我們於二零一八年六月三十日並無未動用銀行融資(二零一七年十二月三十一日：無)。



GEARING RATIO

Gearing ratio is calculated by dividing total debt by total equity, and total debt is the interest-bearing bank borrowings. Our gearing ratio was kept stable, being 0.1 as at 30 June 2018 and 0.1 as at 31 December 2017.

CHARGE ON ASSETS

As at 30 June 2018, there were no charges on the Group's assets.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group's cash requirements for the Group's strategy or direction from time to time can be met.

CAPITAL EXPENDITURES

Our capital expenditures consist primarily of expenditures for construction and acquisition of machinery and equipment for our plant of Rugao Hengfa.

For the Period, our capital expenditures amounted to HK\$9.5 million, which were funded by funds generated from our financing activities.

FOREIGN EXCHANGE RISK

Individual member companies in Mainland China and Indonesia within our Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as these principal subsidiaries mainly carried assets and liabilities in Renminbi and Indonesian Rupiah, any appreciation or depreciation of Hong Kong Dollars against Renminbi and Indonesian Rupiah will affect the Group's consolidated financial position and will be reflected in the exchange fluctuation reserve.

資產負債比率

資產負債比率按債務總額除以權益總額計算，而債務總額指計息銀行借款。我們的資產負債比率維持穩定，於二零一八年六月三十日為0.1，及二零一七年十二月三十一日為0.1。

資產質押

於二零一八年六月三十日，本集團並無資產質押。

庫務政策

本集團已對其庫務政策採取審慎的財務管理方法，故在本期間一直維持穩健的流動資金狀況。董事會緊密監察本集團的流動資金狀況以確保本集團的資產、負債及其他承擔的流動資金結構可應付其不時的資金需求。本集團將適當地投資盈餘現金，以致可不時滿足本集團策略或方針的現金需求。

資本開支

我們的資本開支主要包括如皋恆發廠的機械及設備的建設及購置開支。

本期間，我們的資本開支達到9.5百萬港元，其由我們的融資活動所得資金撥付。

外匯風險

由於本集團內中國內地及印尼各成員公司大部份交易採用的貨幣與其業務有關功能貨幣相同，因此此等公司僅承受有限的外幣風險。但是，由於此等主要附屬公司的資產及負債主要以人民幣及印尼盾記賬，港元兌人民幣及印尼盾的任何升值或貶值將對本集團的綜合財務狀況產生影響並反映於匯兌波動儲備。

Management Discussion and Analysis

管理層討論與分析

As at 30 June 2018, individual member companies in Hong Kong within our Group had translational currency exposure because our financial assets at fair value through other comprehensive income of HK\$2.6 million and cash and cash equivalents of HK\$5.7 million were denominated in United States Dollars. Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to the rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting a significant foreign currency hedging policy in the future.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group had no contingent liabilities. As at 31 December 2017, the Group had a court case in Rugao Hengfa which was subject to a potential fine ranging from RMB100,000 to RMB5,000,000. The court case was subsequently settled and hence no contingent liabilities were brought forward in relation to this court case as at 30 June 2018. For details, please refer to note 43 to the consolidated financial statements in the 2017 annual report of the Company (the "2017 Annual Report") as well as the voluntary announcement made by the Company on 9 May 2018. Save as disclosed above, the Group had no contingent liabilities as at 31 December 2017.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 219 employees (31 December 2017: 227 employees). Employee costs, including Directors' emoluments, amounted to approximately HK\$10.0 million for the Period (six months ended 30 June 2017: HK\$8.5 million). The remuneration policy for our Directors and senior management members is based on their experience and level of responsibility and the general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors and senior management members. The Group encourages self-development of its employees and provides on-the-job training where appropriate.

The Company adopted a share option scheme on 5 September 2014 for the purpose of providing incentives and rewards to eligible directors and employees of the Group.

於二零一八年六月三十日，由於透過其他全面收益按公允值計量的金融資產2.6百萬港元及現金及現金等價物5.7百萬港元以美元計值，故本集團旗下的香港各成員公司須承擔換算貨幣風險。人民幣不可自由兌換為外幣，人民幣兌換為外幣須受中國政府頒佈的外匯管制規章及法規限制。本集團並無外幣對沖政策。然而，董事密切監察本集團的外匯風險，且在視乎外幣情況及趨勢下考慮於日後採納重大外幣對沖政策。

或然負債

於二零一八年六月三十日，本集團並無或然負債。於二零一七年十二月三十一日，本集團的如皋恆發涉及一起訴訟案件，其可能被處以罰款人民幣100,000元至人民幣5,000,000元。該訴訟案件隨後得到解決，因此於二零一八年六月三十日並未就該訴訟案件產生或然負債。有關詳情，請參閱本公司二零一七年年報（「二零一七年年報」）綜合財務報表附註43以及本公司於二零一八年五月九日刊發之自願公告。除上述披露者外，本集團於二零一七年十二月三十一日並無或然負債。

僱員及薪酬政策

於二零一八年六月三十日，本集團共有219名（二零一七年十二月三十一日：227名）僱員。本期間的僱員成本（包括董事酬金）約為10.0百萬港元（截至二零一七年六月三十日止六個月：8.5百萬港元）。我們的董事及高級管理層成員的薪酬政策乃根據彼等的經驗、所負責任及一般市場情況釐定。任何酌情花紅及其他獎勵金均與本集團溢利表現及董事與高級管理層成員的個人表現掛鈎。本集團鼓勵其僱員自我發展，並提供適當的在職培訓。

本公司已於二零一四年九月五日採納一項購股權計劃，以激勵及回報本集團合資格董事及僱員。



SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this report, the Group did not have any significant investments, material acquisitions or disposals of assets, subsidiaries, associates or joint ventures during the Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group has no plan authorised by the Board for other material investments or additions of capital assets as at the date of this report.

EVENTS AFTER THE REPORTING DATE

The Group has no material event subsequent to the end of the Period and up to the date of this report.

INTERIM DIVIDEND

During its meeting held on 24 August 2018, the Board has resolved not to declare the payment of any interim dividend for the Period (six months ended 30 June 2017: nil).

重要投資、重大收購及出售事項

除本報告所披露外，本期間，本集團並無任何重要投資、重大資產、附屬公司、聯營公司或合營企業收購或出售事項。

重大投資或資本資產的未來計劃

除本報告所披露外，於本報告日期，本集團並無已獲董事會批准有關其他重大投資或增添資本資產的計劃。

報告日期後事項

本集團於本期間結束後至本報告日期並無重大事項。

中期股息

於二零一八年八月二十四日舉行的董事會會議上，董事會決議不就本期間宣派任何中期股息（截至二零一七年六月三十日止六個月：無）。

SHARE OPTION SCHEME

On 5 September 2014, the Company adopted a share option scheme (the “Share Option Scheme”) to enable the Company to grant options to the eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The principal terms of the Share Option Scheme are set out in the section headed “Share Option Scheme” in the Directors’ Report of the 2017 Annual Report.

The Share Option Scheme took effect on 26 September 2014. During the Period, no options had been granted, exercised, cancelled or lapsed.

Details of the options outstanding during the Period under the Share Option Scheme are set out as follows:

Name of option holder 購股權持有人名稱	Position held in the Group 於本集團擔任的職位	Date of Grant 授予日期	Number of Shares represented by options outstanding as at 1 January 2018 於二零一八年一月一日未行使購股權涉及的股份數目	Granted during the Period 期內授出	Exercised during the Period 期內已行使	Lapsed/cancelled during the Period 期內已失效/註銷	Number of Shares represented by options outstanding as at 30 June 2018 於二零一八年六月三十日尚未行使購股權涉及的股份數目	Exercise price per Share 每股份行使價 港元	Exercise Period 行使期
Mr. Fan Chi Chiu ("Mr. Fan") 范智超先生 (「范先生」)	Chief financial officer 財務總監	14 April 2016 二零一六年 四月十四日	500,000	—	—	—	500,000	0.52	14 April 2017 to 13 April 2026 (Note) 二零一七年 四月十四日 至二零二六年 四月十三日 (附註)

Note:

The options granted to Mr. Fan shall vest over a period of three years commencing on the date of grant, of which: (i) 165,000 options, representing 33% of the options granted, shall vest on 14 April 2017; (ii) 165,000 options, representing 33% of the options granted, shall vest on 14 April 2018; and (iii) 170,000 options, representing 34% of the options granted, shall vest on 14 April 2019. The closing price of the shares immediately before the date of grant was HK\$0.50 per share, as stated in the daily quotation sheet issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

購股權計劃

於二零一四年九月五日，本公司採納一項購股權計劃（「購股權計劃」），令本公司能夠向合資格參與者授予購股權作為彼等對本集團作出貢獻或潛在貢獻的激勵或獎勵。購股權計劃的主要條款載於二零一七年年報董事會報告「購股權計劃」一節。

購股權計劃於二零一四年九月二十六日生效。於本期間，概無購股權獲授予、行使、註銷或失效。

於本期間，購股權計劃項下未行使購股權之詳情載列如下：

附註：

授予范先生的購股權將於授出日期起三年期間內歸屬，其中：(i) 165,000份購股權（佔所授予購股權的33%）應於二零一七年四月十四日歸屬；(ii) 165,000份購股權（佔所授予購股權的33%）應於二零一八年四月十四日歸屬；及(iii) 170,000份購股權（佔所授予購股權的34%）應於二零一九年四月十四日歸屬。緊接授出日期之前的股份收市價為每股0.50港元（香港聯合交易所有限公司（「聯交所」）每日報價表所示）。

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the “SFO”), which were required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein (the “Register”); or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules” and the “Model Code”, respectively), were as follows:

INTEREST IN THE COMPANY’S ORDINARY SHARES OF HK\$0.0001 EACH (THE “SHARES”)

Name of Directors/Chief Executive 董事／最高行政人員姓名	Capacity/Nature of Interest 身份／權益性質	Number of Shares Held 所持股份數目	Approximate Percentage of Shareholding Interest in the Company 佔本公司股權概約百分比
Mr. Chau On Ta Yuen (“Mr. Chau”) 周安達源先生(「周先生」)	Interest in a controlled corporation 受控法團權益	225,000,000 ⁽¹⁾	20.25%
Mr. Chan Kwan (“Mr. Chan”) 陳昆先生(「陳先生」)	Interest in controlled corporations 受控法團權益	390,700,000 ⁽²⁾	35.17%

Notes:

- Wealthy Sea Holdings Limited (“Wealthy Sea”) which held 225,000,000 Shares is owned as to 90% and 10% by Mr. Chau, an executive Director and the chairman of the Board, and Ms. Wong Mei Ling, the wife of Mr. Chau, respectively.
- Everbest Environmental Investment Limited (“Everbest Environmental”) which held 375,000,000 Shares is owned as to 50%, 30% and 20% by Ms. Wong Shu Ying (“Ms. Wong”), Ms. Judy Chan and Mr. Chan, an executive Director and the chief executive officer of the Company, respectively. Mr. Chan is the sole director of Everbest Environmental. Ms. Wong is the mother of all of Ms. Judy Chan, Mr. Chan and Mr. Chan Pak Lam Brian, a non-executive Director. Mr. Chan also owns 25% of the issued shares in Kingdrive Limited which in turn owns 100% of the issued shares in Carlton Asia Limited (“Carlton Asia”). Carlton Asia held 15,700,000 Shares and is accustomed to act in accordance with the directions of Mr. Chan.
- All the above Shares were held in long position.

本公司董事及最高行政人員於本公司及其相聯法團的股份、相關股份及債權證中的權益及淡倉

於二零一八年六月三十日，本公司董事及最高行政人員於本公司或其任何相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債權證中擁有須：(i) 根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所的權益及淡倉（包括彼等根據證券及期貨條例的該等條文被當作或視為擁有的權益及淡倉）；或(ii) 根據證券及期貨條例第352條須登記於該條所指登記冊（「登記冊」）的權益及淡倉；或(iii) 根據聯交所證券上市規則（「上市規則」）附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所的權益及淡倉如下：

於本公司每股面值0.0001港元的普通股股份（「股份」）之權益

Name of Directors/Chief Executive 董事／最高行政人員姓名	Capacity/Nature of Interest 身份／權益性質	Number of Shares Held 所持股份數目	Approximate Percentage of Shareholding Interest in the Company 佔本公司股權概約百分比
Mr. Chau On Ta Yuen (“Mr. Chau”) 周安達源先生(「周先生」)	Interest in a controlled corporation 受控法團權益	225,000,000 ⁽¹⁾	20.25%
Mr. Chan Kwan (“Mr. Chan”) 陳昆先生(「陳先生」)	Interest in controlled corporations 受控法團權益	390,700,000 ⁽²⁾	35.17%

附註：

- 潤海集團有限公司（「潤海」）持有225,000,000股股份，並由執行董事兼董事會主席周先生及王美玲女士（周先生的妻子）分別擁有90%及10%。
- Everbest Environmental Investment Limited（「Everbest Environmental」）持有375,000,000股股份並由王穗英女士（「王女士」）、陳芳女士及本公司執行董事兼行政總裁陳先生分別擁有50%、30%及20%。陳先生為Everbest Environmental的唯一董事。王女士為陳芳女士、陳先生及非執行董事陳栢林先生的母親。陳先生亦持有Kingdrive Limited 25%的已發行股份，而該公司擁有Carlton Asia Limited（「Carlton Asia」）100%已發行股份。Carlton Asia於15,700,000股股份中擁有權益並慣於按照陳先生的指示行事。
- 上述所有股份均以好倉持有。

Corporate Governance and Other Information 企業管治及其他資料

Save as disclosed above, as at 30 June 2018, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which had been notified to the Company and the Stock Exchange or recorded in the Register or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2018, the following entities or persons (other than the Directors or the chief executive of the Company) had or were deemed or taken to have interests and short positions in the Shares and underlying Shares as recorded in the register of interests and short positions of the substantial shareholders (the "Register of Substantial Shareholders") required to be kept by the Company under section 336 of the SFO:

INTEREST IN THE COMPANY'S SHARES

除上文所披露者外，於二零一八年六月三十日，概無本公司董事或最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中擁有已知會本公司及聯交所或記錄於登記冊內或根據標準守則需另行知會本公司及聯交所的權益或淡倉。

主要股東及其他人士於本公司股份及相關股份中的權益及淡倉

於二零一八年六月三十日，下列實體或人士（本公司董事或最高行政人員除外）擁有或被視作或當作於股份及相關股份中擁有記錄於本公司根據證券及期貨條例第336條須存置的主要股東之權益及淡倉之登記冊（「主要股東登記冊」）內的權益及淡倉：

於本公司股份之權益

Name of Shareholders 股東姓名／名稱	Capacity/Nature of Interest 身份／權益性質	Number of Shares Held 所持股份數目	Approximate Percentage of Shareholding Interest in the Company 佔本公司股權 概約百分比
Everbest Environmental	Beneficial interest 實益權益	375,000,000 ⁽¹⁾	33.75%
Ms. Wong 王女士	Interest in controlled corporations 受控法團權益	380,790,000 ^{(1) & (2)}	34.27%
Mr. Chan Chun Keung 陳進強先生	Interest in a controlled corporation and interest held by spouse 受控法團權益及配偶所持權益	380,790,000 ^{(1) & (2)}	34.27%
Wealthy Sea 潤海	Beneficial interest 實益權益	225,000,000 ⁽³⁾	20.25%
Ms. Wong Mei Ling 王美玲女士	Interest held by spouse 配偶所持權益	225,000,000 ⁽³⁾	20.25%
Morgan Top Trading Company Ltd.	Beneficial interest 實益權益	143,300,000	12.90%

Notes:

- (1) Each of Everbest Environmental and Hightop Investment Limited (“Hightop”) is owned as to 50% by Ms. Wong and, therefore, Ms. Wong is deemed to be interested in the 375,000,000 Shares and 5,790,000 Shares held by Everbest Environmental and Hightop respectively pursuant to the SFO.
- (2) Hightop is also owned as to 50% by Mr. Chan Chun Keung, the husband of Ms. Wong. Therefore, Mr. Chan Chun Keung is deemed to be interested in the 5,790,000 Shares held by Hightop and 375,000,000 Shares deemed to be held by Ms. Wong pursuant to the SFO.
- (3) Wealthy Sea is owned as to 90% and 10% by Mr. Chau, an executive Director and the chairman of the Board, and Ms. Wong Mei Ling, the wife of Mr. Chau, respectively. Ms. Wong Mei Ling is, therefore, deemed to be interested in the 225,000,000 Shares held by Wealthy Sea controlled by Mr. Chau pursuant to the SFO.
- (4) All of the above Shares were held in long position.

Save as disclosed above, as at 30 June 2018, the Directors were not aware of any entities or persons (other than a Director or the chief executive of the Company) which/who had or were deemed or taken to have interests or short positions in the Shares or the underlying Shares, which were required to be recorded in the Register of Substantial Shareholders under section 336 of the SFO.

CORPORATE GOVERNANCE

The Company strives to maintain a high standard of corporate governance, and has applied the principles and complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “CG Code”) throughout the Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct governing the securities transactions by the Directors. Following specific enquiries made by the Company with all the Directors, all of them have confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

附註：

- (1) Everbest Environmental 及高峻投資有限公司(「高峻」)各由王女士擁有50%，因此，根據證券及期貨條例，王女士被視為分別於Everbest Environmental 及高峻所持有的375,000,000股及5,790,000股股份中擁有權益。
- (2) 高峻亦由陳進強先生擁有50%(王女士的丈夫)。因此，根據證券及期貨條例，陳進強先生被視為於高峻所持有的5,790,000股股份及視為王女士所持有的375,000,000股股份中擁有權益。
- (3) 潤海由執行董事兼董事會主席周先生及王美玲女士(周先生的妻子)分別擁有90%及10%。因此，根據證券及期貨條例，王美玲女士被視為於周先生控制的潤海所持有的225,000,000股股份中擁有權益。
- (4) 上述所有股份均以好倉持有。

除上文所披露者外，於二零一八年六月三十日，董事並不知悉有任何實體或人士(董事或本公司最高行政人員除外)，於股份或相關股份中擁有或被視為或視作擁有根據證券及期貨條例第336條須記錄於主要股東登記冊內的權益或淡倉。

企業管治

本公司致力維持高標準的企業管治，並於本期間一直應用原則及遵守上市規則附錄十四所載企業管治守則(「企業管治守則」)的所有適用守則條文。

董事進行證券交易

本公司已採納標準守則，作為各董事進行證券交易之操守準則。經本公司向全體董事作出具體查詢後，彼等確認其於本期間內一直遵守標準守則載列的規定準則。

Corporate Governance and Other Information 企業管治及其他資料

PURCHASE, SALE AND REDEMPTION OF SHARES

The Company did not redeem its Shares listed on the Main Board of the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of such Shares during the Period.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the CG Code for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls. The Audit Committee comprises four members, namely Ms. Ng Chung Yan Linda (chairlady), Mr. Ng Man Kung and Mr. Sze Yeuk Lung Benedict, all being independent non-executive Directors and Mr. Chau Chi Yan Benny, a non-executive Director. The Audit Committee has reviewed with the Company’s management the accounting principles and practices adopted by the Group, the unaudited interim results of the Group for the Period and this interim report.

UPDATE ON THE DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors’ information since the date of the 2017 Annual Report is set out below:

Mr. Ng Man Kung has been the chairman of the supervisory board of Well Link Bank in Macau since 31 March 2018.

Save as disclosed above, pursuant to Rule 13.51B(1) of the Listing Rules, the Company is not aware of other changes in the Directors’ information.

買賣及贖回股份

於本期間，本公司概無贖回其於聯交所主板上市之股份，本公司或其任何附屬公司亦無買賣任何有關股份。

由審核委員會審閱

本公司已遵照上市規則第3.21條及企業管治守則第C.3段成立審核委員會（「審核委員會」），旨在審閱及監督本集團的財務申報程序、風險管理及內部控制。審核委員會包括四名成員，即獨立非執行董事伍頌恩女士（主席）、吳文拱先生及施若龍先生及非執行董事周致人先生。審核委員會已與本公司管理層審閱於本期間本集團所採納的會計原則及慣例、本集團的未經審核中期業績及本中期報告。

根據上市規則第13.51B(1)條更新董事資料

根據上市規則第13.51B(1)條，自二零一七年年報日期後的董事資料變動載列如下：

吳文拱先生由二零一八年三月三十一日起擔任澳門立橋銀行監事會主席。

除上文所披露者外，根據上市規則第13.51B(1)條，本公司並不知悉董事資料的其他變動。

Condensed Consolidated Statement of Profit or Loss 簡明綜合損益表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月		
		Notes 附註	2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
REVENUE	營業收入	4	41,597	36,294
Cost of sales	銷售成本		(34,881)	(32,546)
Gross profit	毛利		6,716	3,748
Other income and gains	其他收入及收益	6	3,347	3,455
Impairment loss on goodwill	商譽減值虧損	15	(38,536)	—
Administrative expenses	行政開支		(16,190)	(10,643)
Finance costs	融資成本	7	(821)	(767)
LOSS BEFORE TAX	除稅前虧損	8	(45,484)	(4,207)
Income tax expense	所得稅開支	9	(1,995)	(2,166)
LOSS FOR THE PERIOD	期內虧損		(47,479)	(6,373)
Loss for the period attributable to:	以下各方應佔期內虧損：			
Owners of the Company	本公司擁有人		(46,865)	(6,240)
Non-controlling interests	非控股權益		(614)	(133)
			(47,479)	(6,373)
			HK cents 港仙	HK cent 港仙
LOSS PER SHARE	每股虧損	11		
Basic and diluted	基本及攤薄		(4.22)	(0.56)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income 簡明綜合損益及其他全面收益表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
Loss for the period	期內虧損	(47,479)	(6,373)
OTHER COMPREHENSIVE INCOME (EXPENSE)	其他全面收入(開支)		
<i>Items that may be reclassified subsequently to profit or loss:</i>	<i>隨後可能重新分類至損益的項目：</i>		
Exchange difference arising on translation of foreign operations	換算海外業務產生之匯兌差額	1,542	7,434
Fair value change on available-for-sale investments	可供出售投資之公允值變動	—	(17)
Investment revaluation reserve released upon disposal of available-for-sale investments	出售可供出售投資後解除投資重估儲備	—	(417)
		1,542	7,000
<i>Items that will not be reclassified to profit or loss:</i>	<i>將不會重新分類至損益的項目：</i>		
Fair value change on financial assets at fair value through other comprehensive income	透過其他全面收益按公允值計量的金融資產之公允值變動	180	—
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD	期內全面(開支)收入總額	(45,757)	627
Total comprehensive (expense) income for the period attributable to:	以下各方應佔期內全面(開支)收入總額：		
Owners of the Company	本公司擁有人	(45,686)	(26)
Non-controlling interests	非控股權益	(71)	653
		(45,757)	627

Condensed Consolidated Statement of Financial Position 簡明綜合財務狀況表

As at 30 June 2018 於二零一八年六月三十日

		Notes	30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
		附註		
NON-CURRENT ASSETS 非流動資產				
Property, plant and equipment	物業、廠房及設備	12	122,743	134,326
Deposits for purchase of property, plant and equipment	購買物業、廠房及設備之按金		9	3,408
Receivables under service concession arrangements	服務特許權安排下的應收款項	13	302,973	290,159
Goodwill	商譽	14	1,768	42,242
Available-for-sale investments	可供出售投資	16	—	10,311
Financial assets at fair value through other comprehensive income	透過其他全面收益按公允價值計量的金融資產	16	2,579	—
Restricted bank deposits	受限制銀行存款		—	12,427
			430,072	492,873
CURRENT ASSETS 流動資產				
Inventories	存貨		551	554
Receivables under service concession arrangements	服務特許權安排下的應收款項	13	27,585	28,970
Trade receivables	貿易應收款項	17	5,013	6,284
Prepayments and other receivables	預付款項及其他應收款項	18	80,574	64,394
Income tax recoverable	可收回所得稅		456	338
Bank balances and cash	銀行結餘及現金		36,586	35,515
			150,765	136,055
CURRENT LIABILITIES 流動負債				
Trade payables	貿易應付款項	19	8,118	9,313
Other payables and accruals	其他應付款項及應計費用		5,554	5,614
Amounts due to related parties	應付關聯方款項		6,474	6,474
Bank borrowings — due within one year	銀行借款 — 一年內到期	20	30,240	30,240
Income tax payables	應付所得稅		1,766	4,108
			52,152	55,749
NET CURRENT ASSETS	流動資產淨值		98,613	80,306
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		528,685	573,179

Condensed Consolidated Statement of Financial Position 簡明綜合財務狀況表

As at 30 June 2018 於二零一八年六月三十日

		Notes	30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
		附註		
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	21	111	111
Reserves	儲備		447,005	492,687
Equity attributable to owners of the Company	本公司擁有人應佔權益		447,116	492,798
Non-controlling interests	非控股權益		28,954	29,024
TOTAL EQUITY	權益總額		476,070	521,822
NON-CURRENT LIABILITIES	非流動負債			
Bank borrowings — due after one year	銀行借款 — 一年後到期	20	6,720	8,960
Deferred tax liabilities	遞延稅項負債		34,972	33,591
Provision for major overhauls	重大檢修撥備		10,767	8,635
Retirement benefit obligations	退休福利責任		156	171
			52,615	51,357
			528,685	573,179

Condensed Consolidated Statement of Changes in Equity 簡明綜合權益變動表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Attributable to owners of the Company 本公司擁有人應佔										
		Issued capital 已發行股本 (Unaudited) (未經審核) HK\$'000 千港元	Share premium 股份溢價 (Unaudited) (未經審核) HK\$'000 千港元	Share option reserve 購股權儲備 (Unaudited) (未經審核) HK\$'000 千港元	Other reserve 其他儲備 (Unaudited) (未經審核) HK\$'000 千港元	Exchange reserve 匯兌儲備 (Unaudited) (未經審核) HK\$'000 千港元	General reserve 一般儲備 (Unaudited) (未經審核) HK\$'000 千港元	Investment revaluation reserve 投資重估儲備 (Unaudited) (未經審核) HK\$'000 千港元	Retained earnings 保留盈利 (Unaudited) (未經審核) HK\$'000 千港元	Sub-total 小計 (Unaudited) (未經審核) HK\$'000 千港元	Non-controlling interests 非控股權益 (Unaudited) (未經審核) HK\$'000 千港元	Total 總額 (Unaudited) (未經審核) HK\$'000 千港元
At 1 January 2018	於二零一八年一月一日	111	409,031	100	(31,476)	(3,843)	21,005	(292)	98,162	492,798	29,024	521,822
Exchange difference arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	-	-	1,003	-	-	-	1,003	544	1,547
Fair value change on available-for-sale investments	可供出售投資之公允值變動	-	-	-	-	-	-	180	-	180	-	180
Investment revaluation reserve released upon disposal of available-for-sale investments	出售可供出售投資後解除投資重估儲備	-	-	-	-	-	-	-	-	-	-	-
Loss for the period	期內虧損	-	-	-	-	-	-	-	(46,865)	(46,865)	(614)	(47,479)
Total comprehensive income for the period	期內全面收入總額	-	-	-	-	1,003	-	180	(46,865)	(45,682)	(70)	(45,752)
Transfer to general reserve	轉撥至一般儲備	-	-	-	-	-	924	-	(924)	-	-	-
At 30 June 2018	於二零一八年六月三十日	111	409,031	100	(31,476)	(2,840)	21,929	(112)	50,373	447,116	28,954	476,070

Condensed Consolidated Statement of Changes in Equity 簡明綜合權益變動表

For the six months ended 30 June 2017 截至二零一七年六月三十日止六個月

		Attributable to owners of the Company 本公司擁有人應佔										
		Issued capital 已發行股本 (Unaudited) (未經審核) HK\$'000 千港元	Share premium 股份溢價 (Unaudited) (未經審核) HK\$'000 千港元	Share option reserve 購股權儲備 (Unaudited) (未經審核) HK\$'000 千港元	Other reserve 其他儲備 (Unaudited) (未經審核) HK\$'000 千港元	Exchange reserve 匯兌儲備 (Unaudited) (未經審核) HK\$'000 千港元	General reserve 一般儲備 (Unaudited) (未經審核) HK\$'000 千港元	Investment revaluation reserve 投資重估儲備 (Unaudited) (未經審核) HK\$'000 千港元	Retained earnings 保留盈利 (Unaudited) (未經審核) HK\$'000 千港元	Sub-total 小計 (Unaudited) (未經審核) HK\$'000 千港元	Non-controlling interests 非控股權益 (Unaudited) (未經審核) HK\$'000 千港元	Total 總額 (Unaudited) (未經審核) HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	111	409,031	54	(31,476)	(16,535)	20,597	505	159,665	541,952	27,650	569,602
Exchange difference arising on translation of foreign operations	換算海外業務產生之匯兌差額	—	—	—	—	6,648	—	—	—	6,648	786	7,434
Fair value change on available-for-sale investments	可供出售投資之公允值變動	—	—	—	—	—	—	(17)	—	(17)	—	(17)
Investment valuation reserve released upon disposal of available-for-sale investments	出售可供出售投資後解除投資重估儲備	—	—	—	—	—	—	(417)	—	(417)	—	(417)
Loss for the period	期內虧損	—	—	—	—	—	—	—	(6,240)	(6,240)	(133)	(6,373)
Total comprehensive income for the period	期內全面收入總額	—	—	—	—	6,648	—	(434)	(6,240)	(26)	653	627
Share-based payments	股份基礎付款	—	—	38	—	—	—	—	—	38	—	38
Transfer to general reserve	轉撥至一般儲備	—	—	—	—	—	632	—	(632)	—	—	—
At 30 June 2017	於二零一七年六月三十日	111	409,031	92	(31,476)	(9,887)	21,229	71	152,793	541,964	28,303	570,267

Condensed Consolidated Statement of Cash Flows 簡明綜合現金流量表

For the six months ended 30 June 2018 截至二零一八年六月三十日止六個月

		Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
OPERATING ACTIVITIES	經營活動		
Cash generated from operations	經營所得的現金	94	72
Income tax paid	已付所得稅	(3,939)	(1,801)
Net cash flows used in operating activities	經營活動所用的 現金流量淨額	(3,845)	(1,729)
INVESTING ACTIVITIES	投資活動		
Purchases of items of property, plant and equipment	購買物業、廠房及 設備項目	(680)	(1,579)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及 設備的所得款項	19	—
Proceeds on disposal of financial assets through other comprehensive income/available-for-sale investments	出售透過其他全面收益列賬 的金融資產／可供出售 投資的所得款項	7,612	13,199
Interest received from financial assets through other comprehensive income/available-for-sale investments	已收透過其他全面收益列賬 的金融資產／可供出售 投資的利息	209	255
Bank interest received	已收銀行利息	417	44
Net cash flows from investing activities	投資活動所得的 現金流量淨額	7,577	11,919
FINANCING ACTIVITIES	融資活動		
New bank borrowings raised	新造銀行借款	—	11,200
Repayments of bank borrowings	償還銀行借款	(2,240)	(3,778)
Interest paid	已付利息	(585)	(559)
Net cash flows (used in) from financing activities	融資活動(所用)所得 現金流量淨額	(2,825)	6,863
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加 淨額	907	17,053
Cash and cash equivalents at beginning of period	期初現金及現金等價物	35,515	29,085
Effect of foreign exchange rate changes, net	外匯匯率變動的影響，淨額	164	(153)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期末現金及現金等價物	36,586	45,985
Represented by:	指：		
Bank balances and cash	銀行結餘及現金	36,586	45,975
Bank balances and cash classified as held for sales	分類為持作出售的 銀行結餘及現金	—	10
		36,586	45,985

Notes to the Condensed Interim Financial Information 簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

1. CORPORATION AND GROUP INFORMATION

ELL Environmental Holdings 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”). The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is Units 1-3, 11th Floor, Westlands Centre, 20 Westlands Road, Hong Kong.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company. The Company acts as an investment holding company. The principal activities of its principal subsidiaries are engaged in the construction and operation of wastewater treatment facilities and generation of electricity.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited condensed interim financial information of the Group for the Period (the “Unaudited Condensed Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (the “HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the Companies Ordinance, Chapter 622 of the Laws of Hong Kong.

The Unaudited Condensed Interim Financial Information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2017.

This Unaudited Condensed Interim Financial Information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated. This Unaudited Condensed Interim Financial Information has not been audited or reviewed by the Company’s external auditor, but has been reviewed by the Company’s audit committee (the “Audit Committee”).

1. 公司及集團資料

強泰環保控股有限公司(「本公司」)為一間在開曼群島註冊成立的獲豁免有限責任公司，其股份於香港聯合交易所有限公司(「聯交所」)上市。本公司的註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands，本公司的主要營業地點位於香港華蘭路20號華蘭中心11樓1-3室。

簡明綜合財務報表以港元(「港元」)列值，港元亦為本公司功能貨幣。本公司為投資控股公司。其主要附屬公司的主要活動為從事污水處理設施的建造及營運以及發電。

2. 簡明綜合財務報表編製基準

本集團於本期間的未經審核簡明中期財務資料(「未經審核簡明中期財務資料」)乃根據香港會計師公會(「香港會計師公會」)頒佈的香港會計準則(「香港會計準則」)第34號*中期財務報告*及聯交所證券上市規則(「上市規則」)附錄十六及香港法例第622章公司條例的適用披露規定編製。

未經審核簡明中期財務資料並不包括年度綜合財務報表規定的所有資料及披露，且應與本集團截至二零一七年十二月三十一日止年度的年度綜合財務報表一併閱讀。

本未經審核簡明中期財務資料以港元(「港元」)呈列，而除另有指明外，所有數值已約整至最接近的千位數(「千港元」)。本未經審核簡明中期財務資料未經本公司外部核數師審核或審閱，惟已由本公司審核委員會(「審核委員會」)審閱。

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies used in the condensed consolidated financial statements for the six months ended 30 June 2018 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2017.

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 — 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

3. 主要會計政策

除若干金融工具按公允值計量外（倘合適），本簡明綜合財務報表按歷史成本基準編製。

除因應用新訂香港財務報告準則（「香港財務報告準則」）及修訂本所導致的會計政策變動外，截至二零一八年六月三十日止六個月之簡明綜合財務報表所採用之會計政策與編製本集團截至二零一七年十二月三十一日止年度之年度綜合財務報表所遵循者一致。

應用新訂香港財務報告準則及修訂本

於本中期期間，本集團已首次應用以下於二零一八年一月一日當日或之後開始年度期間強制生效並由香港會計師公會頒佈的新訂香港財務報告準則及修訂本，以編製本集團之簡明綜合財務報表：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約收入及相關修訂
香港（國際財務報告詮釋委員會）— 詮釋第22號	外幣交易與預付代價
香港財務報告準則第2號（修訂本）	基於股份的付款交易的分類及計量
香港財務報告準則第4號（修訂本）	對香港財務報告準則第4號保險合約應用香港財務報告準則第9號金融工具
香港會計準則第28號（修訂本）	作為香港財務報告準則二零一四年至二零一六年週期年度改進之一部分
香港會計準則第40號（修訂本）	轉讓投資物業

Notes to the Condensed Interim Financial Information 簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

APPLICATION OF NEW AND AMENDMENTS TO HKFRSs (Cont'd)

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which result in changes in accounting policies, amounts reported and/or disclosures as described below.

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 15 “REVENUE FROM CONTRACTS WITH CUSTOMERS”

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related interpretations.

The Group recognises revenue mainly from the following major sources:

- construction and operation of wastewater treatment facilities; and
- biomass power generation business.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed as at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 “Revenue” and HKAS 11 “Construction Contracts” and the related interpretations.

3. 主要會計政策(續)

應用新訂香港財務報告準則及修訂本(續)

新訂香港財務報告準則及修訂本已根據各準則及修訂本之相關過渡性條文應用，導致會計政策、呈報金額及／或披露資料出現以下所述之變動。

應用香港財務報告準則第15號「客戶合約收入」之會計政策影響及變動

本集團已於本中期期間首次應用香港財務報告準則第15號。香港財務報告準則第15號取代香港會計準則第18號「收入」、香港會計準則第11號「建築合約」及相關詮釋。

本集團主要自下列主要來源確認收益：

- 污水處理設施的建設及營運；及
- 生物質發電業務。

本集團已追溯應用香港財務報告準則第15號，而首次應用該準則的累計影響於二零一八年一月一日首次應用日期確認。於首次應用日期之任何差異於期初保留溢利(或其他權益部分(倘合適))確認，並無重列比較資料。此外，根據香港財務報告準則第15號之過渡條文，本集團僅選擇對於二零一八年一月一日尚未完成之合約追溯應用該準則。因此，若干比較資料未必可與根據香港會計準則第18號「收入」及香港會計準則第11號「建築合約」及相關詮釋編製的比較資料作比較。

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 15 "REVENUE FROM CONTRACTS WITH CUSTOMERS" (Cont'd)

KEY CHANGES IN ACCOUNTING POLICIES RESULTING FROM APPLICATION OF HKFRS 15

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

3. 主要會計政策(續)

應用香港財務報告準則第15號「客戶合約收入」之會計政策影響及變動(續)

應用香港財務報告準則第15號導致之會計政策的主要變動

根據香港財務報告準則第15號，當(或於)達成履約義務時，本集團確認收益，即於特定履約義務的相關商品或服務的「控制權」轉讓予客戶時確認。

履約義務指一項明確商品及服務(或一批商品或服務)或一系列大致相同的明確商品及服務。

倘符合以下其中一項標準，則控制權隨時間轉移，而收益乃參照完全滿足相關履約義務的進展情況而隨時間確認：

- 客戶於本集團履約時同時收取及消耗本集團履約所提供的利益；
- 本集團的履約導致創建及增強客戶於本集團履約時所控制的資產；或
- 本集團的履約並未創建對本集團具有替代用途的資產，而本集團有強制執行權收取至今已履約部分的款項。

否則，收益於客戶獲得明確商品或服務控制權的時間點確認。

合約負債指本集團就已向客戶收取代價(或代價金額已到期)而承擔向該客戶轉移貨品或服務的責任。

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3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

EXISTENCE OF SIGNIFICANT FINANCING COMPONENT

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

SUMMARY OF EFFECTS ARISING FROM INITIAL APPLICATION OF HKFRS 15

The application of the HKFRS 15 has no significant impact on the timing and amounts of revenue in the current interim period and retained profits at 1 January 2018.

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 “FINANCIAL INSTRUMENTS”

In the current period, the Group has applied HKFRS 9 “Financial Instruments” and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and other items (for example, financial guarantee contracts) and 3) general hedge accounting.

3. 主要會計政策(續)

存在重大融資成份

於釐定交易價時，倘向客戶轉移貨品或服務時（不論以明示或暗示方式）協定之付款時間為客戶或本集團帶來重大融資利益，則本集團就金額時間值的影響而調整已承諾之代價金額。於該等情況下，合約含有重大融資成份。不論於合約中以明示呈列或合約訂約方協定的支付條款暗示融資承諾，合約中均存在重大融資成份。

就相關貨品或服務之支付與轉移期間少於一年的合約而言，本集團就任何重大融資成份應用不調整交易價之簡易處理方法。

首次應用香港財務報告準則第15號產生之影響概要

應用香港財務報告準則第15號對本中期期間的收益及二零一八年一月一日的保留溢利之時間及金額不會產生重大影響。

應用香港財務報告準則第9號「金融工具」之會計政策影響及變動

於本期間，本集團已應用香港財務報告準則第9號「金融工具」及其他香港財務報告準則相關的相應修訂本。香港財務報告準則第9號就1) 金融資產及金融負債的分類及計量，2) 金融資產及其他項目的預期信貸虧損（「預期信貸虧損」）（例如融資擔保合約）及3) 一般對沖會計引入新規定。

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 "FINANCIAL INSTRUMENTS" (Cont'd)

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

KEY CHANGES IN ACCOUNTING POLICIES RESULTING FROM APPLICATION OF HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from construction and operation of wastewater treatment facilities and biomass power generation business are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unlisted equity investments measured at cost less impairment under HKAS 39.

3. 主要會計政策(續)

應用香港財務報告準則第9號「金融工具」之會計政策影響及變動(續)

本集團已根據香港財務報告準則第9號所載的過渡條文應用香港財務報告準則第9號，即對於二零一八年一月一日(首次應用日期)尚未終止確認的工具追溯應用分類及計量規定(包括減值)，且並無對已於二零一八年一月一日已終止確認的工具應用有關規定。於二零一七年十二月三十一日之賬面值與於二零一八年一月一日之賬面值之間的差額於期初保留溢利及其他權益部份確認而並無重列比較資料。

因此，若干比較資料未必可與根據香港會計準則第39號「金融工具：確認及計量」編製之比較資料作比較。

應用香港財務報告準則第9號導致會計政策的主要變動

金融資產分類及計量

建設及營運污水處理設施以及生物質發電業務產生的貿易應收款項初步根據香港財務報告準則第15號計量。

屬香港財務報告準則第9號範圍的所有已確認金融資產其後按攤銷成本或公允值計量，包括香港會計準則第39項下按成本減減值計量之非上市股權投資。

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3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 “FINANCIAL INSTRUMENTS” (Cont'd)

KEY CHANGES IN ACCOUNTING POLICIES RESULTING FROM APPLICATION OF HKFRS 9 (Cont'd)

Classification and measurement of financial assets (Cont'd)

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (“FVTOCI”):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss (“FVTPL”), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income (“OCI”) if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 “Business Combinations” applies.

3. 主要會計政策(續)

應用香港財務報告準則第9號「金融工具」之會計政策影響及變動(續)

應用香港財務報告準則第9號導致會計政策的主要變動(續)

金融資產分類及計量(續)

符合以下條件的債務工具其後按攤銷成本計量：

- 以收取合約現金流量為目的而持有金融資產之業務模式下持有之金融資產；及
- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及尚未償還本金之利息。

符合下列條件的債務工具其後透過其他全面收益按公允值計量(「透過其他全面收益按公允值計量」)：

- 以達致收取合約現金流量及出售金融資產目的而持有金融資產之業務模式下持有之金融資產；及
- 金融資產之合約條款於指定日期產生之現金流量純粹為支付本金及尚未償還本金之利息。

所有其他金融資產其後透過損益按公允值計量(「透過損益按公允值計量」)，惟在首次應用／首次確認金融資產日期，倘該股權投資並非持作買賣，亦非由於收購方在香港財務報告準則第3號「業務合併」所適用的業務合併中確認的或然代價，則本集團可不可撤銷地選擇於其他全面收益(「其他全面收益」)呈列股權投資公允值的其後變動。

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 "FINANCIAL INSTRUMENTS" (Cont'd)

KEY CHANGES IN ACCOUNTING POLICIES RESULTING FROM APPLICATION OF HKFRS 9 (Cont'd)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income" line item.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed below.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents that ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. 主要會計政策(續)

應用香港財務報告準則第9號「金融工具」之會計政策影響及變動(續)

應用香港財務報告準則第9號導致會計政策的主要變動(續)

透過損益按公允值計量的金融資產

金融資產如不符合按攤銷成本或透過其他全面收益按公允值計量或指定為透過其他全面收益按公允值計量的條件，則透過損益按公允值計量。

於各報告期末，透過損益按公允值計量的金融資產按公允值計量，而任何公允值收益或虧損於損益確認。於損益確認的收益或虧損淨額不包括就金融資產所賺取的任何股息或利息，並計入「其他收益」項目內。

本公司董事根據於二零一八年一月一日存在的事實及情況，審閱及評估本集團於當日的金融資產。本集團金融資產的分類及計量變動及其影響於下文詳述。

預期信貸虧損模式項下之減值

本集團根據香港財務報告準則第9號就發生減值之金融資產(包括貿易及其他應收款項)確認預期信貸虧損的虧損撥備。預期信貸虧損的金額於各報告日期更新，以反映自初步確認後信貸風險的變動。

全期預期信貸虧損指因相關工具的預期使用期內所有可能的違約事件而將產生之預期信貸虧損。相反，12個月預期信貸虧損(「12個月預期信貸虧損」)指預期於報告日期後12個月內可能發生的違約事件導致之全期預期信貸虧損部份。評估乃根據本集團的歷史信貸虧損經驗進行，並根據債務人特有的因素、一般經濟狀況以及對報告日期當前狀況的評估以及對未來狀況的預測作出調整。

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3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 "FINANCIAL INSTRUMENTS" (Cont'd)

KEY CHANGES IN ACCOUNTING POLICIES RESULTING FROM APPLICATION OF HKFRS 9 (Cont'd)

Impairment under ECL model (Cont'd)

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

3. 主要會計政策(續)

應用香港財務報告準則第9號「金融工具」之會計政策影響及變動(續)

應用香港財務報告準則第9號導致會計政策的主要變動(續)

預期信貸虧損模式項下之減值(續)

本集團經常就貿易應收賬款確認全期預期信貸虧損。該等資產的預期信貸虧損乃就具有巨額結餘的債務人個別及／或使用具有合適分組的撥備組合集體予以評估。

就所有其他工具而言，本集團計量的虧損撥備等於12個月預期信貸虧損，除非自初始確認後信貸風險顯著增加，本集團確認全期預期信貸虧損。評估是否應確認全期預期信貸虧損乃基於自初始確認以來發生違約之可能性或風險的顯著增加。

信貸風險顯著增加

於評估自初始確認起信貸風險是否顯著增加時，本集團將於報告日期金融工具發生之違約風險與初始確認日起金融工具發生之違約風險進行比較。在進行該評估時，本集團會考慮合理且可支持的定量及定性資料，包括無需付出不必要的成本或努力而可得之過往經驗及前瞻性資料。

特別是，在評估信貸風險是否已顯著增加時，會考慮以下資料：

- 金融工具的外部(如有)或內部信貸評級的實際或預期顯著惡化；
- 信貸風險外部市場指標的顯著惡化，如信貸利差、債務人的信貸違約掉期價格大幅增加；

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 "FINANCIAL INSTRUMENTS" (Cont'd)

KEY CHANGES IN ACCOUNTING POLICIES RESULTING FROM APPLICATION OF HKFRS 9 (Cont'd)

Significant increase in credit risk (Cont'd)

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. 主要會計政策(續)

應用香港財務報告準則第9號「金融工具」之會計政策影響及變動(續)

應用香港財務報告準則第9號導致會計政策的主要變動(續)

信貸風險顯著增加(續)

- 預計會導致債務人償還債務能力大幅下降的業務、財務或經濟狀況的現有或預測的不利變動；
- 債務人經營業績的實際或預期顯著惡化；
- 導致債務人償還債務能力大幅下降的債務人監管、經濟或技術環境的實際或預期的重大不利變動。

不論上述評估之結果如何，本集團認為，倘合約付款逾期超過60天，則自初始確認以來信貸風險已顯著增加，除非本集團有合理且可支持之資料證明屬其他情況。

本集團認為，倘工具逾期超過90天時則發生違約，除非本集團有合理且可支持之資料證明更滯後的違約標準屬更合適。

預期信貸虧損之計量及確認

預期信貸虧損之計量為違約概率、違約虧損(即違約時虧損程度)及違約風險之函數。違約概率及違約虧損之評估乃基於歷史數據按前瞻性資料作調整。

一般而言，預期信貸虧損乃按根據合約應付本集團之所有合約現金流量與本集團預期收取之所有現金流量之間的差額(按初始確認時釐定之有效利率貼現)估計。

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3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 "FINANCIAL INSTRUMENTS" (Cont'd)

KEY CHANGES IN ACCOUNTING POLICIES RESULTING FROM APPLICATION OF HKFRS 9 (Cont'd)

Measurement and recognition of ECL (Cont'd)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed below.

3. 主要會計政策(續)

應用香港財務報告準則第9號「金融工具」之會計政策影響及變動(續)

應用香港財務報告準則第9號導致會計政策的主要變動(續)

預期信貸虧損之計量及確認(續)

利息收入乃根據金融資產的賬面總值計算，惟金融資產為信貸減值則除外，在此情況下，利息收入乃按金融資產的攤銷成本計算。

本集團經調整所有金融工具的賬面值於損益確認其減值收益或虧損，惟貿易應收款項經虧損撥備賬確認相應調整。

於二零一八年一月一日，本公司董事根據香港財務報告準則第9號要求使用毋須花費不必要成本或精力而可獲取之合理且有根據的資料審閱及評估本集團現有金融資產之減值。評估結果及其影響詳述如下。

Notes to the Condensed Interim Financial Information 簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 "FINANCIAL INSTRUMENTS" (Cont'd)

KEY CHANGES IN ACCOUNTING POLICIES RESULTING FROM APPLICATION OF HKFRS 9 (Cont'd)

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 at the date of initial application, 1 January 2018.

3. 主要會計政策(續)

應用香港財務報告準則第9號「金融工具」之會計政策影響及變動(續)

應用香港財務報告準則第9號導致會計政策的主要變動(續)

首次應用香港財務報告準則第9號產生之影響概要

下表列示須根據香港財務報告準則第9號受預計信貸虧損規限的金融資產、金融負債及其他項目於初次應用日期二零一八年一月一日的分類及計量(包括減值)情況。

		Available-for-sale investments 可供出售投資 HK\$'000 千港元	Financial assets at FVTOCI required by HKFRS 9 香港財務報告準則第9號規定之透過其他全面收益按公允值計量的金融資產 HK\$'000 千港元
Closing balance at 31 December 2017	於二零一七年十二月三十一日的期末結餘		
— HKAS 39	— 香港會計準則第39號	10,311	—
Effect arising from initial application of HKFRS 9:	初始應用香港財務報告準則第9號所產生的影響：		
Reclassification	重新分類		
From available-for-sale investments (note)	自可供出售投資(附註)	(10,311)	10,311
Opening balance at 1 January 2018	於二零一八年一月一日的期初結餘	—	10,311

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30 June 2018 二零一八年六月三十日

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

IMPACTS AND CHANGES IN ACCOUNTING POLICIES OF APPLICATION ON HKFRS 9 "FINANCIAL INSTRUMENTS" (Cont'd)

KEY CHANGES IN ACCOUNTING POLICIES RESULTING FROM APPLICATION OF HKFRS 9 (Cont'd)

Summary of effects arising from initial application of HKFRS 9 (Cont'd)

Note:

(a) Available-for-sale investments

At the date of initial application of HKFRS 9, the Group's debt investment of HK\$10,311,000 were reclassified from available-for-sale investments to financial assets at FVTOCI. No adjustment was made to retained profits as at 1 January 2018.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost mainly comprise of bank balances are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

The application of the HKFRS 9 has no significant impact on the provision of impairment of financial assets in the current interim period and retained profits at 1 January 2018.

3. 主要會計政策(續)

應用香港財務報告準則第9號「金融工具」之會計政策影響及變動(續)

應用香港財務報告準則第9號導致會計政策的主要變動(續)

首次應用香港財務報告準則第9號產生之影響概要(續)

附註：

(a) 可供出售投資

於首次應用香港財務報告準則第9號的日期，本集團之債務投資10,311,000港元已由可供出售投資重新分類至透過其他全面收益按公允值計量的金融資產。並未對二零一八年一月一日之保留溢利進行調整。

(b) 預期信貸虧損模式項下之減值

本集團採用香港財務報告準則第9號簡化方法計量所有使用貿易應收款項全期預期信貸虧損的預期信貸虧損。為計量預期信貸虧損，貿易應收款項已根據共享信貸風險特徵分組。

其他按攤銷成本計量的金融資產(主要包括銀行結餘)的虧損撥備按12個月預期信貸虧損基準計量，自初始確認以來信貸風險並無大幅增加。

應用香港財務報告準則第9號對金融資產於本中期期間的減值撥備及二零一八年一月一日的保留溢利概無構成重大影響。

3. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

3. 主要會計政策(續)

IMPACTS ON OPENING CONDENSED CONSOLIDATED
STATEMENT OF FINANCIAL POSITION ARISING FROM
THE APPLICATION OF ALL NEW STANDARDS

應用所有新訂準則對期初簡明綜合財務狀況表的影響

		31 December 2017 (Audited) 二零一七年 十二月三十一日 (經審核) HK\$'000 千港元	HKFRS 9 香港財務報 告準則第9號 HK\$'000 千港元	1 January 2018 (Restated) 二零一八年 一月一日 (經重列) HK\$'000 千港元
Non-current assets	非流動資產			
Available-for-sale investments	可供出售投資	10,311	(10,311)	—
Financial assets at fair value through other comprehensive income	透過其他全面收 益按公允值計量 的金融資產	—	10,311	10,311
Others with no adjustments	其他並無調整的項目	482,562	—	482,562
		492,873	—	492,873
Current assets	流動資產			
Others with no adjustments	其他並無調整的項目	136,055	—	136,055
Current liabilities	流動負債			
Others with no adjustments	其他並無調整的項目	55,749	—	55,749
		80,306	—	80,306
Non-current liabilities	非流動負債			
Others with no adjustments	其他並無調整的項目	51,357	—	51,357
		521,822	—	521,822
Capital and reserves	資本及儲備			
Share capital	股本	111	—	111
Reserves	儲備	492,687	—	492,687
Equity attributable to owners of the Company	本公司擁有人應佔 權益	492,798	—	492,798
Non-controlling interests	非控股權益	29,024	—	29,024
Total equity	權益總額	521,822	—	521,822

Notes to the Condensed Interim Financial Information

簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

4. REVENUE

4. 營業收入

Six months ended 30 June
截至六月三十日止六個月

		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
Revenue	營業收入		
Construction services	建設服務	12,352	—
Wastewater treatment facility operation services	污水處理設施營運服務	10,874	17,415
Imputed interest income on receivables under service concession arrangements	服務特許權安排下應收款項的推算利息收入	6,499	7,612
Sales of electricity generated from biomass power plants	銷售生物質發電廠產生的電力	11,872	11,267
		41,597	36,294

5. SEGMENT INFORMATION

The Group is engaged in the construction and operation of wastewater treatment facilities and biomass power generation business. Information reported to the Group's chief operating decision maker (i.e. the executive Directors) for the purposes of resource allocation and assessment of performance is focused on geographical locations of its manpower and customers, including Hong Kong, the People's Republic of China (the "PRC") and the Republic of Indonesia ("Indonesia").

5. 分部資料

本集團從事建設及營運污水處理設施以及生物質發電業務。呈報予本集團主要營運決策人(即執行董事)，以作為資源分配及表現評估之用的資料集中在其人力資源及客戶的地理位置，包括香港、中華人民共和國(「中國」)及印度尼西亞共和國(「印尼」)。

Notes to the Condensed Interim Financial Information 簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

5. SEGMENT INFORMATION (Cont'd)

SEGMENT REVENUE AND RESULTS

The following is an analysis of the Group's revenue and results by reportable and operating segments:

Six months ended 30 June 2018

		Hong Kong 香港 (Unaudited) (未經審核) HK\$'000 千港元	the PRC 中國 (Unaudited) (未經審核) HK\$'000 千港元	Indonesia 印尼 (Unaudited) (未經審核) HK\$'000 千港元	Total 總計 (Unaudited) (未經審核) HK\$'000 千港元
Results	業績				
Segment revenue	分部收入	—	29,725	11,872	41,597
Segment (loss) profit	分部(虧損)溢利	(6,724)	9,565	(9,777)	(6,936)
Unallocated expenses	未分配開支				
Administrative expenses	行政開支				(12)
Impairment loss on goodwill	商譽減值虧損				(38,536)
Loss before tax	除稅前虧損				(45,484)

Six months ended 30 June 2017

截至二零一七年六月三十日止六個月

		Hong Kong 香港 (Unaudited) (未經審核) HK\$'000 千港元	the PRC 中國 (Unaudited) (未經審核) HK\$'000 千港元	Indonesia 印尼 (Unaudited) (未經審核) HK\$'000 千港元	Total 總計 (Unaudited) (未經審核) HK\$'000 千港元
Results	業績				
Segment revenue	分部收入	—	25,027	11,267	36,294
Segment (loss) profit	分部(虧損)溢利	(6,411)	8,765	(6,548)	(4,194)
Unallocated expenses	未分配開支				
Administrative expenses	行政開支				(13)
Loss before tax	除稅前虧損				(4,207)

Notes to the Condensed Interim Financial Information

簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

5. SEGMENT INFORMATION (Cont'd)

SEGMENT REVENUE AND RESULTS (Cont'd)

There were no inter-segment sales for both periods.

All of the segment revenue reported above was generated from external customers.

Revenues from customers contributing over 10% of the Group's revenue for the six months ended 30 June 2018 and 2017 are as follows:

5. 分部資料(續)

分部收入及業績(續)

兩個期間均無分部間銷售。

上述呈報的所有分部收入均產生自外部客戶。

截至二零一八年及二零一七年六月三十日止六個月，佔本集團收入10%以上的客戶收入如下：

Six months ended 30 June

截至六月三十日止六個月

		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
Customer A from the PRC segment	中國分部客戶 A	5,025	5,015
Customer B from the PRC segment	中國分部客戶 B	24,700	20,012
Customer C from the Indonesia segment	印尼分部客戶 C	11,872	11,267

Notes to the Condensed Interim Financial Information 簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

6. OTHER INCOME AND OTHER GAINS

6. 其他收入及其他收益

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	30 June 2017 二零一七年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元
Bank interest income	銀行利息收入	417	44
Interest income from financial assets through other comprehensive income/available-for-sale investments	透過其他全面收益列賬的金融資產／可供出售投資的利息收入	209	255
Gain on disposal of available-for-sale investments	出售可供出售投資的收益	—	417
Foreign exchange gain, net	外匯收益淨額	—	76
Refund of value-added tax	增值稅退稅	1,289	2,279
Government grant (note)	政府補助(附註)	1,416	—
Others	其他	16	384
		3,347	3,455

Note: Government grants have been received from local governments in Jiangsu Province for the purpose of carrying out environmental protection works. There were no unfulfilled conditions or contingencies relating to these grants as at 30 June 2018.

附註：就實施環保工程得到江蘇省地方政府的補助。於二零一八年六月三十日概無有關該等補助的未完成條件或或然事件。

7. FINANCE COSTS

7. 融資成本

**Six months ended 30 June
截至六月三十日止六個月**

		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
Interest on bank borrowings	銀行借款的利息	585	559
Increase in discounted amounts of provision for major overhauls arising from the passage of time	由於時間流逝而產生的重大檢修撥備的貼現金額增加	236	208
		821	767

Notes to the Condensed Interim Financial Information 簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

8. LOSS BEFORE TAX

8. 除稅前虧損

Six months ended 30 June
截至六月三十日止六個月

		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
Loss before tax has been arrived at after charging (crediting):	除稅前虧損已扣除(計入):		
Employee benefit expense (including Directors' remuneration):	僱員福利開支(包括董事酬金):		
Salaries and other benefits	薪金及其他福利	9,019	7,706
Pension scheme contributions (note)	退休金計劃供款(附註)	967	768
Share-based payments	基於股份的付款	—	38
		9,986	8,512
Cost of construction services	建築服務成本	9,831	—
Cost of wastewater treatment facilities operation services rendered	所提供污水處理設施營運服務成本	10,033	16,172
Cost of power plant operation	發電廠營運成本	15,017	16,374
Cost of inventories recognised as expenses	確認為開支的存貨成本	9,287	9,897
Depreciation of property, plant and equipment	物業、廠房及設備折舊	6,145	6,196
Gain on disposal of available-for-sale investments	出售可供出售投資收益	—	(417)
Foreign exchange loss (gain), net	匯兌虧損(收益), 淨額	4,388	(76)
Provision for major overhauls	重大檢修撥備	1,694	683

Note:

As at 30 June 2018, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (six months ended 30 June 2017: nil).

附註:

於二零一八年六月三十日, 本集團概無可供減少未來年度的退休金計劃供款之沒收供款(截至二零一七年六月三十日止六個月: 無)。

Notes to the Condensed Interim Financial Information 簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

9. INCOME TAX EXPENSE

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profits arising in Hong Kong during the Period (six months ended 30 June 2017: nil).

No provision for Indonesian income tax had been made as the Group did not generate any assessable profits arising in Indonesia during the Period (six months ended 30 June 2017: nil).

The provision for the PRC income tax is based on the respective corporate income tax rates applicable to the subsidiaries of the Company located in the PRC as determined in accordance with the relevant income tax laws and regulations of the PRC.

9. 所得稅開支

根據開曼群島及英屬處女群島（「英屬處女群島」）的法律及法規，本集團毋須於開曼群島及英屬處女群島繳納任何所得稅。

由於本集團本期間並無於香港產生任何可評稅溢利，故概無計提香港利得稅撥備（截至二零一七年六月三十日止六個月：無）。

由於本集團本期間並無於印尼產生任何可評稅溢利，故概無計提印尼所得稅撥備（截至二零一七年六月三十日止六個月：無）。

中國所得稅撥備是根據本公司位於中國的附屬公司所適用並按中國相關所得稅法律及規例所釐定的各企業所得稅率而作出。

Six months ended 30 June 截至六月三十日止六個月

		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
Current — PRC	即期 — 中國		
— Charge for the period	— 期內支出	1,556	1,959
Deferred tax	遞延稅項	439	207
Total tax charge for the period	期內稅項支出總額	1,995	2,166

10. DIVIDEND

No interim dividend in respect of the six months ended 30 June 2018 has been proposed by the Board (six months ended 30 June 2017: nil).

10. 股息

董事會不建議就截至二零一八年六月三十日止六個月派付中期股息（截至二零一七年六月三十日止六個月：無）。

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簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

11. LOSS PER SHARE

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

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	30 June 2017 二零一七年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元
Loss for the purposes of basic and diluted loss per share, being loss for the period attributable to owners of the Company	就每股基本及攤薄虧損而言之虧損，即本公司擁有人應佔期內虧損	(46,865)	(6,240)

Number of shares 股份數目

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) '000 千股	30 June 2017 二零一七年 六月三十日 (Unaudited) (未經審核) '000 千股
Number of ordinary shares for the purpose of loss per share	就每股虧損而言之普通股數目	1,111,000	1,111,000

The computation of the diluted loss per share for the six months ended 30 June 2018 and 2017 does not take into account the exercise of any of the Company's options by the holder because the exercise price of those options was higher than the average market price of the shares of the Company for the six months ended 30 June 2018 and 2017.

因本公司購股權之行使價高於截至二零一八年及二零一七年六月三十日止六個月本公司股份之平均市價，故計算截至二零一八年及二零一七年六月三十日止六個月每股攤薄虧損時並未計及持有人行使該等購股權。

Notes to the Condensed Interim Financial Information 簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

12. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group incurred HK\$680,000 (six months ended 30 June 2017: HK\$1,579,000) on the acquisition of items of property, plant and equipment.

12. 物業、廠房及設備

於本期間，本集團因購買物業、廠房及設備項目耗資 680,000 港元（截至二零一七年六月三十日止六個月：1,579,000 港元）。

13. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

13. 服務特許權安排下的應收款項

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	30 June 2017 二零一七年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元
Receivables under service concession arrangements	服務特許權安排下的應收款項	330,558	319,129
Portion classified as current assets	分類為流動資產的部份	(27,585)	(28,970)
Portion classified as non-current assets	分類為非流動資產的部份	302,973	290,159

The following is an ageing analysis of receivables under service concession arrangements, presented based on the invoice date at the end of the reporting period:

於報告期末，根據發票日期對服務特許權安排下應收款項的賬齡分析如下：

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Billed:	已開具發票：		
Within 3 months	3個月內	13,983	12,243
4 to 6 months	4至6個月	3,720	7,341
Not yet billed	尚未開具發票	17,703 312,855	19,584 299,545
		330,558	319,129

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14. GOODWILL

14. 商譽

		HK\$'000 千港元
COST	成本	
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日 及二零一七年一月一日	85,699
Exchange adjustments	匯兌調整	299
At 31 December 2017	於二零一七年十二月三十一日	85,998
Exchange adjustments	匯兌調整	(4,128)
At 30 June 2018	於二零一八年六月三十日	81,870
IMPAIRMENT	減值	
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日 及二零一七年一月一日	—
Impairment loss recognised	已確認之減值虧損	43,863
Exchange adjustments	匯兌調整	(107)
At 31 December 2017	於二零一七年十二月三十一日	43,756
Impairment loss recognised	已確認之減值虧損	38,536
Exchange adjustments	匯兌調整	(2,190)
At 30 June 2018	於二零一八年六月三十日	80,102
CARRYING VALUES	賬面值	
At 30 June 2018	於二零一八年六月三十日	1,768
At 31 December 2017	於二零一七年十二月三十一日	42,242

Particulars regarding impairment testing on goodwill are disclosed in note 15.

有關商譽減值測試的詳情於附註15披露。

The amount represents goodwill arising on the acquisition of Weal Union Limited and its subsidiary (the "Weal Union Group") on 21 October 2016. The recoverable amount of this cash generating unit ("CGU") has been determined based on a value-in-use calculation. The Group engaged an independent professional valuer to perform such valuation which requires the use of key assumptions, including the discount rate, terminal growth rate, budgeted sales and gross margin, taking into account the relevant industry growth forecasts, financial budgets approved by the Directors from the management's experience in the provision of electricity services and the management's expectations for the market development. The detailed assumptions are set out in note 15.

金額表示於二零一六年十月二十一日收購旭衡有限公司及其附屬公司(「旭衡集團」)產生的商譽。此現金產生單位(「現金產生單位」)之可收回金額乃根據使用價值計算釐定。本集團聘請獨立專業估值師進行該估值，這需要使用主要假設，包括貼現率、永久增長率、預算銷售及毛利率，考慮從管理層對供電服務的經驗及管理層對市場發展的預期得出的相關行業增長預測、董事批准的財務預算。詳細假設載於附註15。

15. IMPAIRMENT TESTING ON GOODWILL

For the purposes of impairment testing, goodwill with indefinite useful life set out in note 14 has been allocated to only one CGU, comprising one subsidiary in the investment holding and one subsidiary in the biomass power generation business. The carrying amount of goodwill (net of accumulated impairment losses) as at 30 June 2018 allocated to this unit is set out in note 14.

During the Period, the Group recognised an impairment loss of HK\$38,536,000 (2017: HK\$43,863,000) in relation to goodwill arising on acquisition of Weal Union Group. The biomass power plant of the Group in Indonesia (“Biomass Plant”) had yet to reach their expected utilisation rate. Taking into consideration that (i) the electricity grid construction by the government to connect the South Sumatra region, where the Biomass Plant was located, and the North Sumatra region, where the demand of electricity is higher, had been aborted, and (ii) the 10-year forecast of electricity growth rate in Sumatra, Indonesia, where the Biomass Plant is located, as published by the Ministry of Energy and Mineral Resources in the first quarter of 2018 had dropped to 9.1% from 11.2% as published in the first quarter of 2017, it is expected that the growth of electricity demand will slow down. Therefore, the expected utilisation growth rate of the Biomass Plant in near term is lowered. There is also no clarity as to when or whether the aforesaid infrastructure will resume and when the local economy will start to improve. Accordingly, the valuation of Weal Union Group, and hence the recoverable amount of the goodwill, is impaired due to the lower growth rate and delay in the realisation of the expected return.

15. 商譽減值測試

為進行減值測試，附註14所載具有無限使用年期的商譽已分配至唯一一個現金產生單位，包含從事投資控股業務的一個附屬公司及從事生物質發電業務的一個附屬公司。於二零一八年六月三十日，分配至此單位的商譽賬面值（已扣除累計減值虧損）載於附註14。

於本期間，本集團就收購旭衡集團產生的商譽確認減值虧損38,536,000港元（二零一七年：43,863,000港元）。本集團在印尼的生物質發電廠（「生物質發電廠」）尚未達到其預期利用率。考慮到(i)由政府建設、將蘇門答臘島南部（生物質發電廠所在地區）與蘇門答臘島北部（有較高的用電需求）連接的電網建設已被中止；及(ii)能源及礦產資源部於二零一八年第一季度公佈之印尼蘇門答臘島（生物質發電廠所在地區）的電力增長率10年期預測從二零一七年第一季度公佈的11.2%降至9.1%，預期電力需求增長將會減緩。因此，短期內生物質發電廠的預期利用增長率將會下降。目前亦不清楚上述基礎設施工程何時或是否會恢復建設以及當地經濟何時會開始好轉。因此，旭衡集團的估值及商譽的可收回金額因較低增長率及預期回報延遲實現而減值。

15. IMPAIRMENT TESTING ON GOODWILL (Cont'd)

The recoverable amount of Weal Union Group has been determined on the basis of value in use calculations which use cash flow projections based on financial budgets approved by the management. According to HKAS 36, the recoverable amount is defined as the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When there is no basis for making a reliable estimate of the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions, value-in-use approach is a possible way to estimate the recoverable amount. Given that there is no or limited recent transaction with similar business as Weal Union Group observed, the management believes that it is more appropriate to adopt value-in-use of Weal Union Group for the impairment test. In view of the above, when preparing the cash flow projects for the impairment assessment of goodwill as at 30 June 2018, certain assumptions in the cash flow projections (such as utilisation rate and unit price) during the budget period are adjusted. Expected cash inflows/outflows have been adjusted based on (i) an annual sales growth rate of 26.8% (2017: 37.5%), a gross margin of 42.7% (2017: 43.6%), and earnings before interest, tax, depreciation and amortization margin of 35.1% (2017: 36.9%), each for a 5-year forecast period, (ii) a discount rate of 18.4% (2017: 18.2%), and (iii) a long term growth rate of 5% (2017: 5%) for extrapolating the cash flows beyond the 5-year forecast period. The adjustments were made based on the performance of the Biomass Plant for the Period and the management's expectations for the market development. The long-term growth rate was estimated based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

15. 商譽減值測試(續)

旭衡集團的可收回金額乃根據使用價值計算釐定，該項計算使用了基於管理層所批准之財務預算的現金流量預測。根據香港會計準則第36號，可收回金額定義為資產或現金產生單位的公允值減出售成本與其使用價值兩者中之較高者。倘並無基準能夠可靠估計市場參與者在現行市況下於計量日期可能進行有序交易出售資產的價格，則使用價值法是估計可回收金額的可行方式。鑑於近期完全沒有或較少可觀察到的涉及類似於旭衡集團之業務的交易，管理層認為採用旭衡集團的使用價值進行減值測試較為適當。鑑於以上所述，編製用於二零一八年六月三十日商譽減值評估的現金流量預測時，預算期間現金流量預測的若干假設(例如利用率及單位價格)進行調整。預期現金流入／流出已根據下列情況進行調整：(i)各五年預算週期期間，年度銷售增長率26.8%(二零一七年：37.5%)、毛利率42.7%(二零一七年：43.6%)及息稅折舊及攤銷前利潤率35.1%(二零一七年：36.9%)；(ii)貼現率18.4%(二零一七年：18.2%)；及(iii)五年預算週期後現金流量的推算長期增長率5%(二零一七年：5%)。調整乃根據生物質發電廠本期間的表現及管理層對市場發展之預期進行。該長期增長率乃基於相關行業的增長預測估計，且不超過相關行業的平均長期增長率。

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16. AVAILABLE-FOR-SALE INVESTMENTS/FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

16. 可供出售投資／透過其他全面收益按公允值計量的金融資產

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Non-current	非即期		
Listed debt securities classified as available-for-sale investments, at fair value	分類為可供出售投資的上市債務證券，按公允值	—	10,311
Non-current	非即期		
Listed debt securities classified as financial assets at fair value through other comprehensive income	分類為透過其他全面收益按公允值計量的金融資產的上市債務證券	2,579	—

During the period, the gross gain in respect of the Group's listed debt securities classified as financial assets at fair value through other comprehensive income recognised in other comprehensive income amounted to approximately HK\$180,000 (six months ended 30 June 2017: listed debt securities classified as available-for-sale investments, at fair value recognised in other comprehensive expense amounted to approximately HK\$17,000), of which no gain (six months ended 30 June 2017: gain of HK\$417,000) was reclassified from other comprehensive income to profit or loss for the period.

期內，就本集團於其他全面收益內確認的透過其他全面收益按公允值計量的金融資產的總收益約為180,000港元(截至二零一七年六月三十日止六個月：於其他全面開支內確認的分類為可供出售投資的上市債務證券，按公平值約17,000港元)，其中期內並無收益(截至二零一七年六月三十日止六個月：收益417,000港元)乃自其他全面收入重新分類至損益。

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17. TRADE RECEIVABLES

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Trade receivables	貿易應收款項	5,013	6,284

Trade receivables mainly arise from sales of electricity and management services fee of wastewater facilities. The Company's credit terms are negotiated at terms determined and agreed with its trade customers. The credit periods are ranging from 30 to 60 days.

The following is an ageing analysis of trade receivables, presented based on the invoice date at the end of the reporting period:

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
0-30 days	0至30日	2,768	3,901
31-60 days	31至60日	28	2,383
Over 60 days	超過60日	2,217	—
		5,013	6,284

The Company maintains a defined credit policy to assess the credit quality of the trade customers. The collection is closely monitored to minimise any credit risk associated with these trade receivables. There is no allowance for doubtful debts for both periods. None of the above trade receivables is either past due or impaired. The Group has assessed the creditworthiness, past payment history and subsequent settlement, and considered that the amounts are still recoverable. The Group does not hold any collateral over these balances.

17. 貿易應收款項

貿易應收款項主要因售電及污水設施管理服務費用產生。本公司之信貸期乃按與其貿易客戶磋商及協定的條款而訂立。信貸期為30至60日。

貿易應收款項於報告期末按發票日期列示之賬齡分析如下：

本公司設有清晰之信貸政策，以評核各貿易客戶之信貸質素。密切注視收款情況，以將該等貿易應收款項之任何相關信貸風險減至最低。兩個期間並無呆賬撥備。上述貿易應收款項概無逾期或減值。本集團已對其信譽、過往還款記錄及其後之結賬作出評估，及考慮該等數額仍可收回。本集團並無就該等結餘持有任何抵押品。

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18. PREPAYMENTS AND OTHER RECEIVABLES

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Consideration receivable (note)	應收代價(附註)	60,600	60,600
Other receivables	其他應收款項	2,819	1,711
Other debtors, deposits and prepayments	其他應收賬項、 按金及預付款項	17,155	2,083
		80,574	64,394

Note: The balance represents the consideration receivable for the disposal of a subsidiary. It is unsecured, non-interest bearing and repayable according to the agreements entered by the Group and an independent third party.

附註：該結餘指出售一間附屬公司的應收代價。該款項為無抵押，不計息並按本集團與一名獨立第三方訂立的協議償還。

19. TRADE PAYABLES

The following is an ageing analysis of the trade payables, presented based on the invoice date at the end of the reporting period:

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
0-60 days	0至60日	3,442	2,705
61-90 days	61至90日	2,298	1,321
Over 90 days	超過90日	2,378	5,287
		8,118	9,313

Included in the Group's trade payable are construction retention payable of HK\$1,208,000 (31 December 2017: HK\$2,201,000)

本集團貿易應付款項包括工程應付保留金1,208,000港元(二零一七年十二月三十一日：2,201,000港元)。

18. 預付款項及其他應收款項

19. 貿易應付款項

於報告期末按發票日期所呈列的貿易應付款項的賬齡分析如下：

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20. BANK BORROWINGS

20. 銀行借款

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
On demand or within one year	按要求或一年內	30,240	30,240
In the second year	第二年	2,240	2,240
In the third to fifth years inclusive	第三年至第五年 (包括首尾兩年)	4,480	6,720
		36,960	39,200
Less: Amount due within one year shown under current liabilities	減：一年內到期並列作 流動負債之款項	(30,240)	(30,240)
Amount due after one year	一年後到期款項	6,720	8,960
Current-unsecured	即期 — 無抵押	30,240	30,240
Non-current-unsecured	非即期 — 無抵押	6,720	8,960
		36,960	39,200

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20. BANK BORROWINGS (Cont'd)

20. 銀行借款(續)

		Carrying amount 賬面值	
		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
		Effective interest rate 實際利率	
Floating-rate borrowing:	浮動利率借款：		
Unsecured HK\$ bank borrowing	無抵押港元銀行借款	2.35%	28,000
Unsecured United States dollars bank borrowing	無抵押美元銀行借款	3.24%	11,200
Total bank borrowings	銀行借款總額		39,200

21. SHARE CAPITAL

21. 股本

		30 June 2018 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Authorised:	法定：		
3,800,000,000 ordinary shares of HK\$0.0001 each	3,800,000,000 股每股面值 0.0001 港元的普通股	380	380
Issued and fully paid:	已發行及繳足：		
1,111,000,000 ordinary shares of HK\$0.0001 each	1,111,000,000 股每股面值 0.0001 港元的普通股	111	111

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22. RELATED PARTY TRANSACTIONS

The Group has sub-leased the commercial premises located at Units 1-3, 11th Floor, Westlands Centre, 20 Westlands Road, Hong Kong (the "Office Premises") for use as offices from Dragonfield Management Limited ("Dragonfield"), a company controlled by close family members of a director of the Company. On 5 September 2014, the Group entered into a commercial premises sublease agreement with Dragonfield for the continuing use and occupation of the Office Premises after the listing, retrospectively, effective from 27 August 2014 to 26 August 2016 at a rent of HK\$276,000 per annum (the "Sublease Agreement").

On 11 December 2015, the Group entered into an administrative services sharing agreement with Dragonfield in connection with the sharing of administrative services, retrospectively, effective from 1 July 2015 to 30 June 2018 which supersedes the Sublease Agreement. The Group was charged for the shared administrative services, which includes the rent to Dragonfield for the area of the Office Premises used by the Group, on a cost basis.

The total amounts of rental and shared administrative service expenses charged to profit or loss during the six months ended 30 June 2018 was HK\$1,459,000 (six months ended 30 June 2017: HK\$1,608,000).

There is no amount due to Dragonfield at the end of the reporting period.

22. 關聯方交易

本集團向龍田管理有限公司(「龍田」)(由本公司一名董事近親控制的公司)分租位於香港華蘭路20號華蘭中心11樓1-3室的商用物業(「辦公室物業」)用作辦公室。於二零一四年九月五日,本集團與龍田訂立商用物業分租協議,以於上市後持續使用及佔用辦公室物業,並追溯生效,自二零一四年八月二十七日起至二零一六年八月二十六日止,年租金為276,000港元(「分租協議」)。

於二零一五年十二月十一日,本集團已就共享行政服務與龍田訂立行政服務共享協議,以取代分租協議,並追溯生效,自二零一五年七月一日起至二零一八年六月三十日止。相關共享行政服務按成本基準向本集團收費,其中包括向龍田支付本集團使用的辦公室物業區域的租金。

截至二零一八年六月三十日止六個月計入損益的租賃及共享行政服務開支總額為1,459,000港元(截至二零一七年六月三十日止六個月:1,608,000港元)。

於報告期末並無應付龍田之款項。

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

23. 金融工具的公允值計量

公允值計量根據公允值計量之輸入數據可觀察程度及輸入數據對公允值計量之整體重要性分類為第一級、第二級或第三級，載述如下：

- 第一級輸入數據為實體於計量日期可以取得的相同資產或負債於活躍市場的報價(未經調整)；
- 第二級輸入數據為就資產或負債直接或間接地可觀察之輸入數據(第一級內包括的報價除外)；及
- 第三級輸入數據為資產或負債的不可觀察輸入數據。

按經常基準以公允值計量的本集團金融資產及金融負債的公允值

本集團若干金融資產於各報告期末以公允值計量。下表載列有關如何釐定該等金融資產的公允值的資料(特別是所使用的估值技術及輸入數據)。

Notes to the Condensed Interim Financial Information 簡明中期財務資料附註

30 June 2018 二零一八年六月三十日

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND FINANCIAL LIABILITIES THAT ARE MEASURED AT FAIR VALUE ON A RECURRING BASIS (Cont'd)

Financial assets/financial liabilities 金融資產 / 金融負債	Fair value as at 於以下日期之公允值		Fair value Hierarchy 公允值層級	Valuation techniques and key inputs 估值技術及主要輸入數據
	30.06.2018 二零一八年 六月三十日	31.12.2017 二零一七年 十二月三十一日		
1) Listed debt securities classified as available-for-sale investments 分類為可供出售投資的上市債務證券	—	Asset — HK\$10,311,000 資產 — 10,311,000 港元	Level 1 第一級	Quoted market price 市場報價
2) Listed debt securities classified as financial assets at fair value through other comprehensive income 分類為透過其他全面收益按公允值計量的金融資產的上市債務證券	Asset — HK\$2,579,000 資產 — 2,579,000 港元	—	Level 1 第一級	Quoted market price 市場報價

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

There were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 during the period.

24. APPROVAL OF THE CONDENSED INTERIM FINANCIAL INFORMATION

The unaudited condensed interim financial information was approved by the board of directors on 24 August 2018.

23. 金融工具的公允值計量(續)

按經常基準以公允值計量的本集團金融資產及金融負債的公允值(續)

Fair value Hierarchy 公允值層級	Valuation techniques and key inputs 估值技術及主要輸入數據
Level 1 第一級	Quoted market price 市場報價

董事認為，於簡明綜合財務報表按攤銷成本入賬的金融資產及金融負債的賬面值與其公允值相若。

期內第一級及第二級之間概無任何轉移且概無轉入或轉出第三級。

24. 簡明中期財務資料的批准

未經審核簡明中期財務資料已於二零一八年八月二十四日獲董事會批准。



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