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TIL Enviro Limited
達力環保有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1790)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

- Revenue for the year was approximately HK\$492.5 million, representing a year-on-year increase of approximately HK\$126.1 million or approximately 34% as compared to approximately HK\$366.4 million in the preceding year.
- Gross profit for the year was approximately HK\$176.1 million, representing a year-on-year increase of approximately HK\$43.3 million or approximately 33% as compared to approximately HK\$132.8 million in the preceding year.
- Profit for the year was approximately HK\$70.1 million, representing a year-on-year increase of approximately HK\$11.2 million or approximately 19% as compared to approximately HK\$58.9 million in the preceding year.
- No final dividend has been recommended by the Board for the year ended 31 December 2018 (2017: nil).

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of TIL Enviro Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, “**we**”, “**us**”, “**our**” or the “**Group**”) for the year ended 31 December 2018 with the comparative figures for the preceding financial year, as follows.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

	Note	2018 HK\$'000	2017 HK\$'000
Revenue	3	492,505	366,381
Cost of sales		<u>(316,390)</u>	<u>(233,597)</u>
Gross profit		176,115	132,784
Other income		4,140	2,847
Other gains/(losses), net		5,423	(3,083)
General and administrative expenses		<u>(36,937)</u>	<u>(10,017)</u>
Operating profit		148,741	122,531
Finance costs	4	<u>(43,646)</u>	<u>(41,972)</u>
Profit before income tax		105,095	80,559
Income tax expense	5	<u>(34,965)</u>	<u>(21,659)</u>
Profit for the year		<u>70,130</u>	<u>58,900</u>
Profit for the year attributable to:			
Owners of the Company		69,996	58,915
Non-controlling interests		<u>134</u>	<u>(15)</u>
		<u>70,130</u>	<u>58,900</u>
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted (HK\$ per share)	6	<u>0.26</u>	<u>0.79</u>

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	<i>Note</i>	2018 HK\$'000	2017 HK\$'000
Profit for the year		70,130	58,900
Other comprehensive income:			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		(41,975)	42,253
Reclassification of exchange reserve upon deregistration/disposal of subsidiaries		<u>(144)</u>	<u>–</u>
Total comprehensive income for the year		<u>28,011</u>	<u>101,153</u>
Total comprehensive income attributable to:			
Owners of the Company		27,604	101,409
Non-controlling interests		<u>407</u>	<u>(256)</u>
		<u>28,011</u>	<u>101,153</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	<i>Note</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		1,810	1,700
Receivable under service concession arrangement	8	1,266,925	1,153,512
Intangible assets		66,457	59,496
Restricted bank balance		4,554	4,785
Other non-current assets		–	46,143
		<u>1,339,746</u>	<u>1,265,636</u>
Current assets			
Inventories		731	364
Trade and other receivables	9	72,389	36,126
Receivable under service concession arrangement	8	264,922	251,359
Amounts due from fellow subsidiaries		–	17,962
Financial assets at fair value through profit or loss		–	66,873
Restricted bank balance		–	6,580
Cash and cash equivalents		296,897	130,141
		<u>634,939</u>	<u>509,405</u>
Total assets		<u>1,974,685</u>	<u>1,775,041</u>
EQUITY			
Capital and reserves			
Share capital		10,000	–
Reserves		687,800	(7,769)
Retained earnings		272,179	202,183
		<u>969,979</u>	<u>194,414</u>
Non-controlling interests		–	(12,928)
Total equity		<u>969,979</u>	<u>181,486</u>

	<i>Note</i>	2018 HK\$'000	2017 HK\$'000
LIABILITIES			
Non-current liabilities			
Long-term borrowings	<i>10</i>	685,176	700,356
Deferred tax liabilities		106,540	90,371
		<u>791,716</u>	<u>790,727</u>
Current liabilities			
Trade and other payables	<i>11</i>	128,149	134,062
Tax payable		6,361	–
Amount due to LGB Group (HK) Limited		–	595,739
Amount due to a fellow subsidiary		–	4,780
Amounts due to related companies		–	146
Current portion of long-term borrowings	<i>10</i>	66,526	48,960
Short-term borrowings	<i>10</i>	11,954	19,141
		<u>212,990</u>	<u>802,828</u>
Total liabilities		<u>1,004,706</u>	<u>1,593,555</u>
Total equity and liabilities		<u>1,974,685</u>	<u>1,775,041</u>
Net current assets/(liabilities)		<u>421,949</u>	<u>(293,423)</u>
Total assets less current liabilities		<u>1,761,695</u>	<u>972,213</u>

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Company Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the valuation of financial assets at fair value through profit or loss, which have been measured at fair value.

2. APPLICATION OF NEW STANDARD AND AMENDMENTS TO HKFRS

Amendments to standards and improvements to HKFRS adopted in 2018

In 2018, the Group has adopted the following amendments to standards which are relevant to its operations:

HKFRSs Annual Improvements	2014–2016 Cycle
HKFRS 2 (amendments)	Classification and Measurement of Share-based Payment Transactions
HKAS 40 (amendments)	Transfers of Investment Property
Interpretation 22	Foreign Currency Transactions and Advance Consideration

The adoption of these new standards and amendments to standards did not have any impact on the consolidated financial statements or result in any significant changes in the Group’s significant accounting policies.

3. REVENUE

	2018 <i>HK\$’000</i>	2017 <i>HK\$’000</i>
Wastewater treatment operation services	142,714	76,590
Recycle water supply operation services	5,403	5,428
Wastewater treatment construction services	248,656	197,249
Finance income from service concession arrangement	95,018	86,002
Management fees from related companies	714	1,112
	492,505	366,381

4. FINANCE COSTS

	2018 <i>HK\$’000</i>	2017 <i>HK\$’000</i>
Interest expenses on borrowings	43,360	41,299
Interest expenses on loan from LGB Group (HK) Limited	286	809
	43,646	42,108
Less: interest expenses capitalised as intangible asset	–	(136)
	43,646	41,972

5. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current income tax	13,512	–
Deferred income tax	21,453	21,659
	<u>34,965</u>	<u>21,659</u>

6. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares issued during the year.

	2018	2017
Profit attributable to the ordinary shareholders of the Company <i>(HK\$'000)</i>	69,996	58,915
Weighted average number of ordinary shares in issue <i>(thousand shares)</i>	273,973	75,000
Basic earnings per share <i>(HK\$ per share)</i>	<u>0.26</u>	<u>0.79</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation (the “**Reorganisation**”) arrangements undertaken by the Group in preparation for listing on The Stock Exchange of Hong Kong Limited has been effective from 1 January 2017.

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential diluted ordinary shares outstanding as at 31 December 2018.

7. DIVIDENDS

No dividend has been paid or declared by the Company since its incorporation on 17 April 2018.

8. RECEIVABLE UNDER SERVICE CONCESSION ARRANGEMENT

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
— Current	264,922	251,359
— Non-current	1,266,925	1,153,512
	<u>1,531,847</u>	<u>1,404,871</u>

9. TRADE AND OTHER RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	49,947	17,168
Other receivables	6,735	5,305
Loan receivable	6,830	–
Prepayments	8,877	13,653
	<u>72,389</u>	<u>36,126</u>

In general, the Group grants credit periods of within 5–20 days to its customers. Aging analysis of trade receivables based on the invoice dates is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0–30 days	26,372	17,147
31–60 days	23,572	19
61–90 days	1	–
Over 90 days	2	2
	<u>49,947</u>	<u>17,168</u>

10. BORROWINGS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current		
Long-term borrowings	685,176	700,356
Current		
Current portion of long-term borrowings	66,526	48,960
Short-term borrowings	11,954	19,141
	<u>763,656</u>	<u>768,457</u>

11. TRADE AND OTHER PAYABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables	9,216	89,838
Advances from customers	–	12
Retention payables	21,213	8,608
Note payables	–	6,580
Other payables and accruals	97,720	29,024
	<u>128,149</u>	<u>134,062</u>

The aging analysis of trade payables based on invoice dates is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0–30 days	3,640	26,364
31–60 days	4,024	39,257
61–90 days	71	2,226
Over 90 days	1,481	21,991
	<u>9,216</u>	<u>89,838</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a wastewater treatment service provider operating and managing four wastewater treatment facilities located in Yinchuan, being the capital city of Ningxia, the People's Republic of China (the "PRC"). We operate and manage our wastewater treatment plants on a "Transfer — Operate — Transfer" (TOT) basis for 30 years since September 2011. We also undertake the upgrading and expansion of our wastewater treatment facilities to achieve higher wastewater discharge standards and to increase our designed treatment capacities.

Our revenue was primarily derived from three major revenue components, namely: (i) wastewater treatment construction services; (ii) wastewater treatment operation services; and (iii) finance income from service concession arrangement. For the year ended 31 December 2018, we recorded revenue of approximately HK\$492.5 million, out of which the revenue contribution of our three major revenue components were as follows, (i) approximately 50% of our revenue was derived from wastewater treatment construction services; (ii) approximately 29% of our revenue was derived from wastewater treatment operation services; and (iii) approximately 19% of our revenue was derived from finance income from service concession arrangement.

As at 31 December 2018, our aggregate daily wastewater treatment capacity had already been increased to 375,000 cubic metres per day, and the discharge standard for all plants had already been upgraded to Class IA. We have completed the construction works for the upgrading of Plant 1 from Class II to Class IA during the year and is currently in the process of obtaining the completion acceptance. The construction works for the expansion for Plant 4 by additional capacity of 100,000 cubic meters where the treated water discharge shall meet Quasi Surface Water Standard Class IV (準四類水標準) has commenced in the second half of 2018 and we expect it to be completed by the end of 2020.

For the year ended 31 December 2018, the total quantity of water effluent treated was approximately 113,396,000 cubic meter, representing a decrease of approximately 6% from the year ended 31 December 2017 at 120,387,000 cubic meter, mainly due to one-off 15 days of suspension to the wastewater treatment operations of Plant 1 attributable to the upgrading works as well as lower incoming wastewater flows from Plant 3 and Plant 4 during the year.

During the year, as an ancillary business, we had also derived approximately 1% of our total income from the supply of recycled water, which was the treated wastewater processed by our Plant 1 and Plant 3, to end-users in Yinchuan which include but not limited to a power plant and a public institution in Yinchuan in charge of public area landscaping.

On another note, given the continuous effort of Yinchuan local government on adhering to the urban development ideology of "Green, High-end, Harmonious and Livable*" (綠色、高端、和諧、宜居), our main subsidiary, Taliworks (Yinchuan) Wastewater Treatment Co. Ltd* (達力(銀川)污水處理有限公司) was accredited as an "Advanced Entity in Overall Environmental Management" (環境綜合治理工作先進集體) for the year of 2017 issued by the Municipal Government of Yinchuan in December 2018.

* For identification purpose only

OUTLOOK

2018 was the first year that our shares (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The successful listing of our Shares will provide strong capital support to our Company in carrying out our future business development.

In the meantime, our Group will continue to strengthen our mission of ensuring stable operation, stable outflow of treated wastewater as per required discharge standards under the concession agreement entered into between us and Yinchuan local government (穩定達標排放) and will continue to focus on cost optimisation and increasing efficiency in our existing wastewater treatment facilities.

FINANCIAL REVIEW

Results of Operations

Revenue

The Group’s revenue is derived from (i) wastewater treatment construction services for the upgrading and expansion of our existing wastewater treatment facilities; (ii) wastewater treatment operation services; and (iii) finance income from service concession arrangement, despite that we generally only receive payments for our services rendered during the operational phase.

Our revenue increased from approximately HK\$366.4 million for the year ended 31 December 2017 to approximately HK\$492.5 million for the year ended 31 December 2018, representing a year-on-year increase of approximately HK\$126.1 million or approximately 34%, which was primarily attributable to the increase in revenue derived from our wastewater treatment operation and construction services, further analysis of which is set out below:

- revenue derived from the wastewater treatment operation services increased from approximately HK\$76.6 million for the year ended 31 December 2017 to approximately HK\$142.7 million for the year ended 31 December 2018, representing a year-on-year increase of approximately HK\$66.1 million or approximately 86%. As our wastewater treatment operation services revenue is recognised on the basis of actual costs with a reasonable profit margin, the increase was mainly attributable to our increase in costs to meet Class IA discharge standard for all plants;
- revenue derived from the wastewater treatment construction services increased from approximately HK\$197.3 million for the year ended 31 December 2017 to approximately HK\$248.7 million for the year ended 31 December 2018, representing a year-on-year increase of approximately HK\$51.4 million or approximately 26%, such increase was primarily attributable to upgrading works carried out on Plant 1 and expansion of Plant 4 during the year;

- revenue derived from the finance income from service concession arrangement increased from approximately HK\$86.0 million for the year ended 31 December 2017 to approximately HK\$95.0 million for the year ended 31 December 2018, representing a year-on-year increase of approximately HK\$9.0 million or approximately 10%, such increase was primarily attributable to the increase in receivable under the service concession arrangement mainly as a result of the upgrading and expansion works during the year; and
- the remaining revenue was primarily attributable to the recycle water supply operation services and management fees from related companies, which remained largely stable at approximately HK\$6.5 million and HK\$6.1 million for the two years ended 31 December 2017 and 2018, respectively.

Cost of sales

Our cost of sales increased from approximately HK\$233.6 million for the year ended 31 December 2017 to approximately HK\$316.4 million for the year ended 31 December 2018, representing a year-on-year increase of approximately HK\$82.8 million or approximately 35%, which was primarily attributable to the increase in construction costs and cost of wastewater treatment operation, further analysis of which is set out below:

- construction costs increased from approximately HK\$179.3 million for the year ended 31 December 2017 to approximately HK\$226.1 million for the year ended 31 December 2018, representing an increase of approximately HK\$46.8 million or approximately 26%. The construction costs recorded during the year ended 31 December 2018 was mainly attributable to upgrading and expansion works carried out on Plant 1 and Plant 4;
- costs of wastewater treatment operation increased from approximately HK\$41.2 million for the year ended 31 December 2017 to approximately HK\$74.5 million for the year ended 31 December 2018, representing an increase of approximately HK\$33.3 million or approximately 81%. Such increase was mainly attributable to higher chemical and utility cost to meet Class IA discharge standard for all plants;
- the remaining cost of sales, which consisted primarily of employee benefit expenses, amortisation of intangible assets, repair and maintenance costs and other costs, recorded a slight increase from approximately HK\$13.1 million for the year ended 31 December 2017 to approximately HK\$15.9 million for the year ended 31 December 2018, such movement was mainly attributable to a year-on-year increase of approximately HK\$2.6 million in employee benefit expenses.

Gross profit and gross profit margin

Our gross profit increased from approximately HK\$132.8 million for the year ended 31 December 2017 to approximately HK\$176.1 million for the year ended 31 December 2018, representing a year-on-year increase of approximately HK\$43.3 million or approximately 33%, which was primarily attributable to the increase in revenue derived from our wastewater treatment operation services during the year ended 31 December 2018. Our gross profit margin remained largely stable at approximately 36% for the two years ended 31 December 2017 and 2018, respectively. Further analysis on the gross profit and gross profit margin is set out below:

- gross profit derived from the wastewater treatment operation services and recycle water supply operation services, amounted to approximately HK\$27.7 million and HK\$57.7 million for the year ended 31 December 2017 and 2018, respectively;
- gross profit margin for the upgrading and expansion services, which contributed approximately 50% of our revenue for the year ended 31 December 2018 (2017: approximately 54%), were lower than our gross profit margin derived from the provision of wastewater treatment operation services, which contributed approximately 29% of our revenue for the year ended 31 December 2018 (2017: approximately 21%); and
- our finance income from service concession arrangement, representing the imputed interest income, amounted to approximately HK\$86.0 million and HK\$95.0 million for the year ended 31 December 2017 and 2018, respectively.

Other income

Other income increased by approximately HK\$1.3 million, or approximately 46%, to approximately HK\$4.1 million for the year ended 31 December 2018 from approximately HK\$2.8 million for the year ended 31 December 2017, such increase was mainly attributable to increase in value-added tax refund attributable to intangible asset by approximately HK\$0.9 million to approximately HK\$2.8 million (2017: HK\$1.9 million) and increase in interest income by approximately HK\$0.5 million to approximately HK\$1.1 million (2017: HK\$0.6 million).

Other gains and losses, net

Our Group recorded net other gains of approximately HK\$5.4 million for the year ended 31 December 2018 compared to net other losses of approximately HK\$3.1 million for the year ended 31 December 2017. Such movement in the other gains and losses, net balance was mainly attributable to net foreign exchange gains of approximately HK\$3.9 million (2017: net foreign exchange loss of approximately HK\$4.0 million).

General and administrative expenses

General and administrative expenses, excluding listing expenses of approximately HK\$19.0 million recognised during the year, increased by approximately HK\$7.9 million, or approximately 79%, to approximately HK\$17.9 million for the year ended 31 December 2018 from approximately HK\$10.0 million for the year ended 31 December 2017. Such increase was primarily due to increase in the legal and professional fee (including audit fee) and travelling and transportation expenses for the year ended 31 December 2018 amounted to approximately HK\$6.7 million, representing an increase of approximately HK\$4.2 million as compared to the year ended 31 December 2017 (2017: HK\$2.5 million).

Finance costs

Finance costs increased by approximately HK\$1.6 million, or approximately 4%, to approximately HK\$43.6 million for the year ended 31 December 2018 from approximately HK\$42.0 million for the year ended 31 December 2017. Such increase was mainly attributable to the increase in interest expenses on borrowings arising from higher drawdown of loan during the year.

Income tax expenses

We incurred income tax expense of approximately HK\$35.0 million for the year ended 31 December 2018 and approximately HK\$21.7 million for the year ended 31 December 2017 at effective tax rates of approximately 33% and 27%, respectively. The increase in effective tax rate was mainly attributable to the increase in non-tax deductible expenses such as one-off listing expenses recorded by our Group during the year.

Profit and total comprehensive income for the year

As a result of the foregoing factors, our profit for the year increased from approximately HK\$58.9 million for the year ended 31 December 2017 to approximately HK\$70.1 million for the year ended 31 December 2018, representing an increase of approximately HK\$11.2 million, or approximately 19%.

The total comprehensive income for the year ended 31 December 2017 amounted to approximately HK\$101.2 million compared to approximately HK\$28.0 million for the year ended 31 December 2018. The difference between the profit for the year and the total comprehensive income for the year was due to currency translation differences from the translation of RMB being our functional currency to HK\$ being our reporting currency (2018: RMB/HKD 1.1384, 2017: RMB/HKD 1.1963).

Earnings per share

For the year ended 31 December 2018, the earnings per share (the “EPS”) for profit attributable to owners of the Company (basic and diluted) was HK\$0.26 per share as compared to HK\$0.79 per share* for the year ended 31 December 2017. Such decrease was primarily due to increase in number of ordinary shares in issue pursuant to capitalisation of shareholders’ loan and Share Offer which took effect in September and November 2018, respectively.

* Although our Company was listed on 29 November 2018, the EPS calculation for 2017 was on the assumption that the Reorganisation has been effective from 1 January 2017.

Receivable under Service Concession Arrangement

Our receivable under service concession arrangement that were classified as (i) current assets were approximately HK\$251.4 million and HK\$264.9 million as at 31 December 2017 and 2018, respectively; and (ii) non-current assets were approximately HK\$1,153.5 million and HK\$1,266.9 million as at 31 December 2017 and 2018, respectively.

Our total receivable under service concession arrangement amounted to approximately HK\$1,404.9 million and HK\$1,531.8 million as at 31 December 2017 and 2018, respectively. This represented a year-on-year increase of approximately 9% from 2017 to 2018, primarily due to the tariff payments received by our Group being less than the revenue recognised from (i) our wastewater treatment construction services; (ii) our wastewater treatment operation services; and (iii) finance income from service concession arrangement during the year ended 31 December 2018.

Cash and bank balances

Our Group's cash and bank balances increased by approximately 113% to approximately HK\$301.5 million in 2018 as compared to approximately HK\$141.5 million in 2017, mainly due to the net proceeds raised from the initial public offering of our Shares listed on the Stock Exchange. The cash and bank balances were denominated in HK\$, RMB, US\$ and SG\$.

Borrowings

As at 31 December 2018, our Group had bank borrowings of approximately HK\$763.7 million (2017: HK\$768.5 million), represented by short-term working capital loan of approximately HK\$12.0 million (2017: HK\$19.1 million) and long term loan of approximately HK\$751.7 million (2017: HK\$749.4 million), which were denominated in RMB.

Gearing ratio

As at 31 December 2018, the gearing ratio (calculated by net debts divided by total equity; net debts include total borrowings plus amounts due to related companies minus cash and bank balances) was approximately 33% (2017: approximately 87%).

Foreign currency risks

Our Group principally operates in the PRC with most of the transactions being settled in RMB, which is the functional currency of most of the group entities. Foreign currency risk arises from the recognised assets and liabilities and net investments in foreign operations. Currency exposure arising from the net assets of our Group's foreign operations is managed primarily through financing activities denominated in the relevant foreign currencies, including the US\$ (the "Non-functional Currency").

Fluctuations in exchange rates between the functional currencies of respective group entities and Non-functional Currency in which our group entities conduct business may affect our Group's financial position and results of operations. Our Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimising its net foreign currency position.

Contingent liabilities

Our Group did not have any material contingent liabilities or outstanding litigation as at 31 December 2017 and 2018.

Final dividend

No final dividend has been recommended by the Board for the year ended 31 December 2018 (2017: nil).

Contractual Obligations

Capital commitments

As at 31 December 2017 and 2018, our Group has the following capital commitments in respect of upgrading and expansion works of our wastewater treatment plants under development:

	As at 31 December	
	2018	2017
	HK\$'000	HK\$'000
Contracted but not provided for	88,725	200,530

As at 31 December 2018, our capital commitments of approximately HK\$88.7 million is related to the upgrading and expansion works of Plant 4.

Lease Commitments

Our Group had the following future aggregate minimum lease payments under non-cancellable operating leases as at 31 December 2017 and 2018:

	As at 31 December	
	2018	2017
	HK\$'000	HK\$'000
Within one year	439	717
Over one year	–	30
	439	747

INITIAL PUBLIC OFFERING AND USE OF PROCEEDS

The Shares of our Company were listed on the Main Board of the Stock Exchange on 29 November 2018 (the “**Listing date**”) and our Company issued 250,000,000 Shares of par value of HK\$0.01 per share with the offer price of HK\$0.58 per share (the “**Share Offer**”). The total issuance size (before deducting the expenses) amounted to approximately HK\$145 million. The net proceeds from the Share Offer received by our Company, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Share Offer, were approximately HK\$104.7 million.

As of 31 December 2018, we have not utilised any of the net proceeds from the Share Offer. Such net proceeds will be applied in accordance with the proposed application as disclosed in the supplemental prospectus issued by our Company dated 14 November 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Company has applied the principles and complied with all the applicable code provisions as set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) throughout the period from the Listing Date to 31 December 2018.

AUDIT COMMITTEE

Our Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.12 of the Listing Rules and paragraph C.3 of the CG Code for the purpose of reviewing and providing supervision over our Group’s financial reporting process, risk management and internal controls.

The Audit Committee comprises of two independent non-executive Directors, Mr. Hew Lee Lam Sang (being the chairman of the Audit Committee who has a professional qualification in accountancy) and Mr. Tam Ka Hei Raymond, and one non-executive Director, Mr. Lim Chin Sean.

The Audit Committee has reviewed the consolidated annual results of our Group for the financial year ended 31 December 2018. The Audit Committee has also discussed matters with respect to the accounting policies and internal controls adopted with the senior management of our Company.

SCOPE OF WORK OF THE AUDITOR

The figures as set out in this announcement in respect of our Group’s results for the year ended 31 December 2018 have been agreed by our Company’s auditor, PricewaterhouseCoopers, to the amounts set out in our Group’s draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants, and consequently, no assurance has been expressed by PricewaterhouseCoopers on this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Our Company has made specific enquiries with all of its Directors, and all of the Directors have confirmed that they have fully complied with the required standard set out in the Model Code from the Listing Date to 31 December 2018.

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

During the period from the Listing Date to 31 December 2018, neither our Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of our Company.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement has been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.tilenviro.com). The annual report of our Company for the year ended 31 December 2018 will be despatched to our Company’s shareholders and published on the aforesaid websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to our Company’s shareholders for their support and to our Group’s staff for their hard work and contribution in 2018.

By order of the Board
TIL Enviro Limited
Lim Chin Sean
Chairman

Hong Kong, 25 March 2019

As at the date of this announcement, the non-executive Director is Mr. Lim Chin Sean; the executive Director is Mr. Wong Kok Sun; and the independent non-executive Directors are Mr. Tan Yee Boon, Mr. Hew Lee Lam Sang and Mr. Tam Ka Hei Raymond.