光大綠色環保
Everbright Greentech

CHINA EVERBRIGHT GREENTECH LIMITED
中國光大綠色環保有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1257)

ANNOUNCEMENT
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

HIGHLIGHTS

Laying a Solid Foundation and Keeping Pace with Times

- Revenue increased by 54% to HK$3,152,907,000 (2017: HK$2,047,075,000)
- EBITDA increased by 44% to HK$1,029,065,000 (2017: HK$713,064,000)
- Profit before taxation increased by 42% to HK$800,501,000 (2017: HK$564,680,000)
- Profit attributable to equity shareholders of the Company increased by 41% to HK$644,703,000 (2017: HK$457,416,000)
- Interim dividend of HK6.0 cents per share (2017: Nil)

INTERIM FINANCIAL RESULTS

The board of directors (the "Board") of China Everbright Greentech Limited (the "Company") announces the unaudited interim financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2018. The interim financial results are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagement 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") whose report on review of interim financial information is included in the interim report to be sent to the shareholders of the Company. The interim financial results have also been reviewed by the Company's Audit and Risk Management Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2018 — unaudited

		Six months ended 30 June	
		2018	2017
	Note	***HK$'000***	*HK$'000*
REVENUE	*3*	**3,152,907**	2,047,075
Direct costs and operating expenses		**(2,166,528)**	(1,386,631)
		986,379	660,444
Other revenue		**65,315**	56,437
Other loss		**(19)**	(5)
Administrative expenses		**(154,878)**	(98,598)
PROFIT FROM OPERATIONS		**896,797**	618,278
Finance costs	*4(a)*	**(92,436)**	(53,086)
Share of loss of a joint venture		**(3,860)**	(512)
PROFIT BEFORE TAXATION	*4*	**800,501**	564,680
Income tax	*5*	**(152,524)**	(105,110)
PROFIT FOR THE PERIOD		**647,977**	459,570
ATTRIBUTABLE TO:			
Equity shareholders of the Company		**644,703**	457,416
Non-controlling interests		**3,274**	2,154
PROFIT FOR THE PERIOD		**647,977**	459,570
EARNINGS PER SHARE	*6*		
Basic and diluted *(HK cents)*		**31.20**	28.23

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2018 — unaudited

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**647,977**	459,570
OTHER COMPREHENSIVE INCOME FOR THE PERIOD:		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	**163,447**	95,447
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**811,424**	555,017
ATTRIBUTABLE TO:		
Equity shareholders of the Company	**807,776**	552,370
Non-controlling interests	**3,648**	2,647
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**811,424**	555,017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2018 — unaudited

	Note	At 30 June 2018 HK$'000	At 31 December 2017 (restated) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,322,962**	2,144,206
Interests in leasehold land held for own use under operating leases		**163,660**	138,442
		2,486,622	2,282,648
Intangible assets		**6,425,161**	5,131,608
Interest in a joint venture		**55,584**	51,841
Other receivables, deposits and prepayments	*7*	**373,324**	370,729
Service concession financial assets	*8*	**2,437,586**	1,766,507
Deferred tax assets		**34,190**	34,942
		11,812,467	9,638,275
CURRENT ASSETS			
Inventories		**174,214**	110,899
Debtors, other receivables, deposits and prepayments	*7*	**2,048,147**	1,183,895
Service concession financial assets	*8*	**159,850**	155,118
Tax recoverable		**702**	19
Pledged bank deposits		**205,152**	203,007
Deposits with banks		**42,209**	736,229
Cash and cash equivalents	*9*	**2,143,853**	2,404,175
		4,774,127	4,793,342

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 30 June 2018 — unaudited

	Note	At 30 June 2018 HK$'000	At 31 December 2017 (restated) HK$'000
CURRENT LIABILITIES			
Bank loans			
— Secured		**460,789**	314,903
— Unsecured		**173,571**	226,368
		634,360	541,271
Creditors, other payables and accrued expenses	10	**2,095,544**	1,665,570
Current taxation		**25,843**	9,885
		2,755,747	2,216,726
NET CURRENT ASSETS		**2,018,380**	2,576,616
TOTAL ASSETS LESS CURRENT LIABILITIES		**13,830,847**	12,214,891

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
At 30 June 2018 — unaudited

	Note	At 30 June 2018 HK$'000	At 31 December 2017 (restated) HK$'000
NON-CURRENT LIABILITIES			
Bank loans			
— Secured		**3,175,402**	2,444,734
— Unsecured		**634,897**	508,698
		3,810,299	2,953,432
Other payables	*10*	**59,778**	56,899
Deferred tax liabilities		**556,882**	438,514
		4,426,959	3,448,845
NET ASSETS		**9,403,888**	8,766,046
CAPITAL AND RESERVES			
Share capital	*11(a)*	**1,608,029**	1,608,029
Other reserves		**7,761,852**	7,140,023
Total equity attributable to equity shareholders of the Company		**9,369,881**	8,748,052
Non-controlling interests		**34,007**	17,994
TOTAL EQUITY		**9,403,888**	8,766,046

NOTES

1 BASIS OF PREPARATION

The interim financial results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2018 but are extracted from that interim financial report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the HKICPA.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 December 2017 ("2017 Financial Statements"), except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 Financial Statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9 *Financial instruments*
- HKFRS 15 *Revenue from contracts with customers*
- HK(IFRIC) 22 *Foreign currency transactions and advance consideration*

2 CHANGES IN ACCOUNTING POLICIES *(continued)*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has been impacted by HKFRS 9 in relation to measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition, significant financing benefit obtained from customers and presentation of contract assets and contract liabilities.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018 with no restatement of comparative information. The Group applies HKFRS 15 retrospectively by restating comparative information.

To reflect the changes in presentation under HKFRS 15, "Gross amounts due from customers for contract work" and receivables related to certain service concession arrangements of the Group included in "Debtors, other receivables, deposits and prepayments" are now reclassified to "Service concession financial assets" which includes contract assets as defined under HKFRS 15. The reclassification has no effected to reported profit or loss and net assets for any period presented.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are construction, integrated biomass utilisation project operation (biomass direct combustion power generation projects, biomass heat supply project, biomass electricity and heat cogeneration projects, waste-to-energy projects and integrated biomass and waste-to-energy projects), hazardous waste treatment project operation (hazardous waste landfill projects and hazardous waste incineration projects), environmental remediation project operation and solar energy and wind power project operation (solar energy projects and wind power projects).

Revenue represents the revenue from construction services, revenue from integrated biomass utilisation project, hazardous waste treatment project, environmental remediation project and solar energy and wind power project operation services and finance income.

3 REVENUE AND SEGMENT REPORTING *(continued)*

(a) Revenue *(continued)*

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by service lines		
— Revenue from integrated biomass utilisation project construction services	**1,701,124**	1,293,081
— Revenue from hazardous waste treatment project construction services	**170,003**	11,103
— Revenue from integrated biomass utilisation project operation services	**853,216**	446,149
— Revenue from hazardous waste treatment project operation services	**222,017**	151,317
— Revenue from environmental remediation project operation services	**12,294**	—
— Revenue from solar energy and wind power project operation services	**132,989**	112,438
— Finance income	**61,264**	32,987
	3,152,907	2,047,075
Disaggregated by geographical location of customers		
— PRC	**3,149,886**	2,044,745
— Germany	**3,021**	2,330
	3,152,907	2,047,075

3 REVENUE AND SEGMENT REPORTING *(continued)*

(a) Revenue *(continued)*

For the six months ended 30 June 2018, the Group has transactions with two (six months ended 30 June 2017: four) local government authorities in the PRC which individually exceeded 10% of the Group's revenues. The revenue from these PRC local government authorities during the six months ended 30 June 2018 amounted to HK$1,216,443,000 (six months ended 30 June 2017: HK$961,829,000).

The aggregated revenues from construction services, revenue from operation services and finance income derived from local government authorities in the PRC amounted to HK$2,875,892,000 (six months ended 30 June 2017: HK$1,876,139,000) for the six months ended 30 June 2018. The revenues are included in "Integrated biomass utilisation project construction and operation", "Hazardous waste treatment project construction and operation", "Environmental remediation project operation" and "Solar energy and wind power project operation" segments as disclosed in note 3(b).

(b) Segment reporting

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented four reportable segments. No operating segments have been aggregated to form the following reportable segments.

Integrated biomass utilisation project construction and operation: this segment engages in the construction and operation of biomass direct combustion power generation projects, biomass heat supply project, biomass electricity and heat cogeneration projects, waste-to-energy projects and integrated biomass and waste-to-energy projects to generate revenue from construction services, revenue from operation services as well as finance income.

Hazardous waste treatment project construction and operation: this segment engages in the construction and operation of hazardous waste landfill projects and hazardous waste incineration projects to generate revenue from construction services, revenue from operation services as well as finance income.

Environmental remediation project operation: this segment engages in the operation of environmental remediation projects covering restoration of industrial contaminated sites, contaminated farmland, mines and landfills, treatment of industrial gas emission, integrated treatment of oil sludge, treatment of river/lake sediments and industrial sludge, construction and operation of wetland parks, environmental housekeeping services and anti-seepage at landfill sites to generate revenue from operation services.

Solar energy and wind power project operation: this segment engages in the operation of solar energy projects and wind power projects to generate revenue from operation services.

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets, interest in a joint venture, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets. Segment liabilities include current taxation, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segments and borrowings managed directly by the segments, with the exception of intercompany payables and other corporate liabilities.

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

The measure used for reporting segment profit is "EBITDA" i.e. "earnings before interest, taxes, depreciation and amortisation". To arrive at EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning EBITDA, management is provided with segment information concerning revenue, interest expense from borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities (continued)

Revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Integrated biomass utilisation project construction and operation		Hazardous waste treatment project construction and operation		Environmental remediation project operation		Solar energy and wind power project operation		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the six months ended 30 June										
Revenue from external customers and reportable segment revenue recognised over time	**2,610,846**	1,768,826	**396,778**	165,811	**12,294**	—	**132,989**	112,438	**3,152,907**	2,047,075
Reportable segment profit (EBITDA)	**735,120**	512,657	**204,350**	127,082	**5,889**	(28)	**130,708**	106,291	**1,076,067**	746,002
Additions to property, plant and equipment, interests in leasehold land held for own use under operating leases, intangible assets and non-current portion of prepayments	**1,098,430**	1,094,300	**389,710**	80,697	**64**	—	**149**	3,864	**1,488,353**	1,178,861
Additions to non-current portion of service concession financial assets	**683,175**	440,059	**4,759**	5,450	**—**	—	**—**	—	**687,934**	445,509
At 30 June 2018/ 31 December 2017										
Reportable segment assets	**11,863,239**	9,214,577	**2,050,668**	1,587,539	**14,881**	4,936	**1,678,979**	1,588,125	**15,607,767**	12,395,177
Reportable segment liabilities	**5,774,278**	4,258,620	**769,755**	585,768	**3,444**	498	**578,726**	623,569	**7,126,203**	5,468,455

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reconciliations of reportable segment revenue, profit, assets and liabilities

	Six months ended 30 June 2018	2017
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**3,152,907**	2,047,075
Profit		
Reportable segment profit derived from the Group's external customers	**1,076,067**	746,002
Depreciation and amortisation	**(136,128)**	(95,298)
Finance costs	**(92,436)**	(53,086)
Unallocated head office and corporate income	**14,055**	5,208
Unallocated head office and corporate expenses	**(61,057)**	(38,146)
Consolidated profit before taxation	**800,501**	564,680

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**15,607,767**	12,395,177
Unallocated head office and corporate assets	**978,827**	2,036,440
Consolidated total assets	**16,586,594**	14,431,617
Liabilities		
Reportable segment liabilities	**7,126,203**	5,468,455
Unallocated head office and corporate liabilities	**56,503**	197,116
Consolidated total liabilities	**7,182,706**	5,665,571

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Interests on bank loans	**97,003**	55,714
Less: interest expenses capitalised into construction in progress*	**(4,567)**	(2,628)
	92,436	53,086

* *The borrowing costs have been capitalised at a rate of 4.66% to 4.90% (six months ended 30 June 2017: 4.61% to 4.75%) per annum during the six months ended 30 June 2018.*

(b) Other items

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Amortisation		
— Interests in leasehold land held for own use under operating leases	**2,154**	1,828
— intangible assets	**77,505**	48,220
Depreciation	**56,469**	45,250
Staff costs	**177,176**	111,180
Interest income	**(14,837)**	(7,103)
Government grants*	**(15,632)**	(19,550)
Value-added tax refunds**	**(27,621)**	(28,007)
Operating lease charges: minimum lease payment		
— hire of premises	**4,256**	3,373
Carrying amount of inventories consumed	**481,373**	261,792

* *Government grants of HK$14,128,000 (six months ended 30 June 2017: HK$16,293,000) were granted during the six months ended 30 June 2018 to subsidise certain integrated biomass utilisation and hazardous waste treatment projects of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future. The remaining amounts represent amortisation of deferred income.*

** *The Group was entitled to PRC value-added tax refunds of HK$27,621,000 (six months ended 30 June 2017: HK$28,007,000) during the six months ended 30 June 2018. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refunds. There is no assurance that the Group will continue to receive such tax refunds in the future.*

5 INCOME TAX

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Current tax		
— Hong Kong Profits Tax		
Provision for the period	**—**	—
Current tax		
— PRC Income Tax		
Provision for the period	**46,340**	27,952
Over-provision in respect of prior periods	**(2,807)**	(4,267)
	43,533	23,685
Deferred tax		
Origination and reversal of temporary differences	**108,991**	81,425
	152,524	105,110

No provision for Hong Kong Profits Tax has been made as the Group's operations in Hong Kong did not earn any income subject to Hong Kong Profits Tax purpose for the six months ended 30 June 2017 and 2018.

Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the period, certain PRC subsidiaries are subject to tax concessions under the relevant tax rules and regulations.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$644,703,000 (six months ended 30 June 2017: HK$457,416,000) and the weighted average of 2,066,078,000 ordinary shares (six months ended 30 June 2017: 1,620,214,000) in issue during the interim period. The weighted average number of ordinary shares in issue during the six months ended 30 June 2017 is calculated based on the assumption that 1,440,000,000 shares were in issue at the beginning of the period, taking into consideration the effect of share split and the capitalisation issue.

6 EARNINGS PER SHARE *(continued)*

(a) Basic earnings per share *(continued)*

Weighted average number of ordinary shares

	Six months ended 30 June	
	2018	2017
	'000	*'000*
Issued ordinary shares at 1 January	**2,066,078**	—*
Share split and capitalisation issue	**—**	1,440,000
Effect of shares issued under IPO	**—**	180,214
Weighted average number of ordinary shares at 30 June	**2,066,078**	1,620,214

* *Represents less than 1,000 shares.*

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 June 2018 and 2017 were the same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during both periods.

7 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2018	At 31 December 2017 *(restated)*
	HK$'000	*HK$'000*
Debtors	**1,459,773**	837,465
Other receivables, deposits and prepayments	**957,018**	716,325
Amounts due from fellow subsidiaries	**4,680**	834
	2,421,471	1,554,624
Less: Non-current portion		
— Other receivables, deposits and prepayments	**(373,324)**	(370,729)
Current portion	**2,048,147**	1,183,895

7 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

Included in "Debtors, other receivables, deposits and prepayments" are debtors with the following ageing analysis as of the end of the reporting period:

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
Current	**252,869**	155,709
Within 1 month past due	**64,302**	3,875
More than 1 month but within 3 months past due	**3,963**	3,522
More than 3 months but within 6 months past due	**7,087**	6,040
More than 6 months but within 12 months past due	**14,619**	66
More than 12 months past due	**2,676**	2,392
Amounts past due	**92,647**	15,895
Unbilled receivables *(Note)*	**1,114,257**	665,861
	1,459,773	837,465

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

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
Within 1 month	**198,584**	124,878
More than 1 month but within 2 months	**39,328**	19,022
More than 2 months but within 4 months	**45,316**	9,001
More than 4 months but within 7 months	**40,627**	12,281
More than 7 months but within 13 months	**13,657**	4,016
More than 13 months	**8,004**	2,406
	345,516	171,604
Unbilled receivables *(Note)*	**1,114,257**	665,861
	1,459,773	837,465

Note: Unbilled receivables represent government on-grid tariff subsidy receivables for certain projects which newly commenced commercial operation, the amounts will be billed and settled upon the completion of government administrative procedures.

Debtors are mainly due within 30 to 90 days from the date of billing.

7 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

There was no recent history of default in respect of the Group's debtors. Since most of the debtors are local government authorities in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognised by the Group at 30 June 2018 (31 December 2017: Nil).

All of the current portion of the above balances are expected to be recovered or recognised as expense within one year.

8 SERVICE CONCESSION FINANCIAL ASSETS

	At 30 June 2018	At 31 December 2017 *(restated)*
	HK$'000	*HK$'000*
Non-current	**2,437,586**	1,766,507
Current	**159,850**	155,118
	2,597,436	1,921,625

The service concession financial assets bear interest at rates ranging from 4.90% to 6.60% (31 December 2017: 4.90% to 6.60%) per annum as at 30 June 2018 and relate to certain Build-Operate-Transfer ("BOT") and Build-Operate-Own ("BOO") arrangements of the Group. The amounts are not yet due for payment and will be settled by the revenue to be generated during the operating periods of the arrangements.

9 CASH AND CASH EQUIVALENTS

	At 30 June 2018	At 31 December 2017
	HK$'000	*HK$'000*
Deposits with banks	**732,772**	1,181,261
Cash at banks and in hand	**1,411,081**	1,222,914
	2,143,853	2,404,175

Included in "Cash and cash equivalents" are deposits of HK$270,238,000 (31 December 2017: HK$332,328,000) which are placed with a related party bank.

10 CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2018 HK$'000	At 31 December 2017 HK$'000
Creditors		
— third parties	**1,490,796**	1,104,766
— fellow subsidiaries	**6,131**	1,711
	1,496,927	1,106,477
Other payables and accrued expenses	**561,144**	522,854
Amounts due to fellow subsidiaries	**988**	—
Deferred income — government grants	**96,263**	93,138
	2,155,322	1,722,469
Less: Non-current portion		
— Deferred income — government grants	**(59,778)**	(56,899)
Current portion	**2,095,544**	1,665,570

Included in "Creditors, other payables and accrued expenses" are creditors with the following ageing analysis based on the date of invoice as of the end of the reporting period:

	At 30 June 2018 HK$'000	At 31 December 2017 HK$'000
Within 6 months	**1,190,659**	1,037,721
More than 6 months	**306,268**	68,756
	1,496,927	1,106,477

Creditors totalling HK$1,368,719,000 (31 December 2017: HK$1,050,799,000) as at 30 June 2018 represent construction payables for the Group's BOT and certain BOO arrangements.

Creditors due to fellow subsidiaries are unsecured, interest-free and repayable in accordance with the contract terms.

The amounts due to fellow subsidiaries are unsecured, interest-free and repayable on demand.

11 SHARE CAPITAL AND DIVIDENDS

(a) Share capital

Authorised share capital

	No. of shares *'000*	*US$'000*	Equivalent *HK$'000*
Ordinary shares of US$0.1 each			
At 31 December 2017, 1 January 2018 and 30 June 2018	5,000,000	500,000	3,891,500

Issued share capital

	No. of shares *'000*	Amount *HK$'000*
Ordinary shares of US$0.1 each		
At 31 December 2017, 1 January 2018 and 30 June 2018	2,066,078	1,608,029

(b) Dividends

(i) Dividends payable to equity shareholders attributable to the interim period

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Interim dividend declared and payable after the interim period of HK6.0 cents per share (six months ended 30 June 2017: Nil)	**123,965**	—

The interim dividend has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2018	2017
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK9.0 cents per share (six months ended 30 June 2017: Nil)	**185,947**	—

BUSINESS REVIEW AND PROSPECTS

Operating Results

In 2018, as the second largest economy in the world and a major nation undertaking to promote the sustainable development of humankind, China has increasingly taken on the role of an active proponent and champion of global cooperation in environmental governance and, given the aim to develop into "an important participant, contributor and leader in the building of a global ecological civilisation", ecological civilisation and environmental governance have ranked top on the agenda of the nation as never before.

The year of 2018 is the commencing year for China's full implementation of the principles of the 19th National Congress of the Communist Party, as well as a crucial year for the further implementation of "13th Five-year Plan" underpinned by ongoing execution of existing initiatives and commencement of new ones. The report of the 19th National Congress of the Communist Party expressly stated that, in the new era, the idea of "Lucid waters and lush mountains are invaluable assets" must be firmly established and put into practice through the rigorous implementation of an ecological protection system. Subsequently, a number of heavy-weight policy documents on environmental protection, including the "Environmental Protection Tax Law", "Reform Program of the Ecological Environmental Damage Compensation System" and "Opinions on Strengthening the Protection of the Ecological Environment in all aspects and firmly winning the battle of the Preventing and Controlling Environmental Pollution", came into effect in 2018 in a significant move to step up with reforms of the ecological civilisation regime and drive green development, providing robust driving force for a new cycle of demand of environment-related services.

The Group has persisted in advancing development with a diverse business portfolio and innovation. Our principal businesses include integrated biomass utilisation, hazardous waste treatment, environmental remediation and solar energy and wind power. As at 30 June 2018, the Group had 93 environmental protection projects involving a total investment of approximately RMB23.089 billion (including Anqing Solid Waste Integrated Treatment Project, in which 49% interests held by the Group, with an investment amount of approximately RMB576 million), 38 completed and operating projects involving a total investment of approximately RMB8.145 billion, 18 projects under construction involving a total investment of approximately RMB5.281 billion and 37 projects in the preparatory stage involving a total investment of approximately RMB9.663 billion.

In 2018, the Group acted in tandem with new trends to seize opportunities afforded by the nation's strong efforts in pollution treatment. Solid progress were made as we persisted in advancing our operations in an efficient and pragmatic manner, delivering satisfactory results in market expansion, project construction, business performance, research and development of technology, corporate management and industry participation.

In terms of market development, the Group continued its business expansion with strong momentum during the first half of the year and reported encouraging results. The Group launched a record-high number of new projects during the period under review, it secured 12 new projects involving a total investment of approximately RMB3.162 billion (including Anqing Solid Waste Integrated Treatment Project, in which 49% interests held by the Group, with an investment amount of approximately RMB576 million). Such new projects included 3 integrated biomass and waste-to-energy projects, 2 biomass electricity and heat cogeneration projects, 5 hazardous waste treatment projects and 2 environmental remediation projects. Our aggregate power generation designed capacity was increased by 85.5MW, while our biomass processing designed capacity, household waste treatment designed capacity and hazardous waste treatment designed capacity were increased by approximately 580,000 tonnes per year, 1,300 tonnes per day and 217,000 tonnes per year, respectively. In addition, the Group has not only achieved a breakthrough in expansion of scope of business by successfully securing 2 new environmental remediation projects, but also made a breakthrough in new regions by including debuts in the environmental markets of 5 new provinces, namely, Hebei, Zhejiang, Gansu, Fujian and Liaoning, which enlarged the geographic coverage of the Group's environmental business in China to 14 provinces/municipalities, as a result, further consolidating the Group's industry position.

Among such projects, there were 2 environmental remediation projects involving contract amounts of approximately RMB48.18 million which were principally engaged in the provision of investigation, risk assessment and restoration services relating to site pollution by industrial parks and household waste landfill, all developed on an EPC (Engineering-Procurement-Construction) basis.

In terms of project construction, the Group upheld the principle of "Excellence in Quality, Standard, Technology and Efficiency" in its engineering operations, as it carried on with its project construction in a steady manner. During the period under review, 10 projects started construction, 25 projects were under construction at one point and 7 projects completed and commenced operation, all of which represented record high levels. As at 30 June 2018, the Group had 18 projects under construction which are scheduled to be completed and commenced operations in the second half of 2018 and in 2019. In addition, the Group has substantially raised the level of refined and standardised management in respect of its construction works by further amending and improving its engineering management systems and regulations.

In connection with technology research and development, the 8 key research and development projects of Everbright Greentech Research Institute (光大綠色環保研究所) were progressing in a systematic manner during the period under review, providing strong technical support for the Group's project operations. Following the full application of low-nitrogen combustion and flue gas recirculation technologies in our integrated biomass utilisation projects in operation, the concentration level of nitrogen oxides (NOx) and sulphur dioxide (SO_2) of the biomass power generation projects was reduced to below 100mg/m^3 in line with the goals for flue gas emission, as well as the technology of preventing high-temperature corrosion has been successfully applied in biomass boiler, thereby providing solid assurance for the compliance with discharge standards and the stable operation of these integrated biomass utilisation projects for long cycles. Moreover, Everbright Greentech Research Institute has also built the Group's first hyperactive waste pre-processing system for hazardous waste treatment projects to provide urgent treatment of thionyl chloride ($SOCl_2$), offering a practical solution to difficulties experienced in the operation of hazardous waste treatment projects.

In terms of management, the Group places a strong emphasis on the rigorous implementation of its environmental, safety, health and social responsibility ("ESHS") management system ("ESHS Management System"). During the period under review, the Group procured project companies to set up ESHS management departments equipped with dedicated managers to further substantiate management input in this regard. Moreover, 34 standards were announced as specialised staff were enlisted to draft the "System of Safety Management Standards", while multiple special ESHS inspections headed by external as well as internal experts were held. A "Safety Production Month" campaign featuring a variety of activities was also organised, aiming to identify and remove safety hazards in a timely manner while enhancing staff awareness of production safety. In terms of risk management, specific committees such as the Investment Project Risk Review Committee and Engineering Technology Committee strengthen specialised review and effective progress of material matters, as well as a three-tier risk control mechanism comprising project companies; functional departments at the headquarters and the Risk Management Department; and the Internal Audit Department to facilitate effective control and management of internal risks.

In the meantime, to facilitate the robust development of the biomass industry, the Group worked actively with the China Industry Development Promotion Association biomass energy branch ("BEIPA", formerly China Biomass Energy Association) during the period under review to hold national seminars on topics such as "Supervision and Assessment of Household Waste-to-Energy Power Generation Projects in Cities and Towns" and "Enhancing Management of Grant Funds for Renewable Energy", while refining propositions submitted by industry members to relay the views of fellow-operators to competent national authorities. Moreover, the "2018 China Biomass Power Generation Industry Ranking Report" completed and published by BEIPA with the support of the Group was highly commended by relevant government ministries and commissions. In addition to announcing the rankings of the provinces in agricultural and forestry biomass power generation, waste-to-energy power generation and swamp gas power generation, the report also provided an in-depth analysis of the sector's current status and future trends of development, such that advanced enterprises in the industry might guide the backward ones to form a positive momentum for the sustainable development of China's biomass energy industry in a systematic and healthy manner.

In terms of operating results, the Group reported encouraging growth in revenue and profitability for the first half of 2018. The Group's revenue from construction services reached a historical high as compared to the same periods of previous years, thanks to enhanced management of the projects at the preparatory stage and steady progress of project construction. In connection with project operation services, revenues from the operational service segment continued to growth in line with the sustained increase in the volume of projects processed. For the period under review, the Group's revenue amounted to approximately HK$3,152,907,000, an increase of 54% over HK$2,047,075,000 for the same period last year. EBITDA amounted to approximately HK$1,029,065,000, an increase of 44% over HK$713,064,000 for the same period last year. Profit attributable to equity shareholders of the Company for the period was approximately HK$644,703,000, 41% more than HK$457,416,000 recorded for the same period last year. Basic earnings per share for the first half of 2018 amounted to HK31.20 cents, HK2.97 cents more than HK28.23 cents for the same period last year. The Group had ample cash flow and ready access to various financing options, as it reported sound financial indicators across the board.

For the period under review, revenue generated from the integrated biomass utilisation, hazardous waste treatment, environmental remediation and solar energy and wind power segments amounted to approximately HK$3,152,907,000 in aggregate, comprising approximately HK$1,871,127,000 from construction services, representing a 43% growth compared to HK$1,304,184,000 for the same period last year, and approximately HK$1,220,516,000 from project operation services representing a 72% growth compared to HK$709,904,000 for the same period last year. Analysed by segment, construction services, operation services and financial income accounted for 59%, 39% and 2%, respectively, of our total revenue.

Major financial data of integrated biomass utilisation, hazardous waste treatment, environmental remediation and solar energy and wind power projects for the first half of 2018 are summarised as follows:

	Six months ended 30 June 2018					Six months ended 30 June 2017				
	Integrated biomass utilisation projects	**Hazardous waste treatment projects**	**Environmental remediation projects**	**Solar energy and wind power projects**	**Total**	Integrated biomass utilisation projects	Hazardous waste treatment projects	Environmental remediation projects	Solar energy and wind power projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue										
— Construction services	**1,701,124**	**170,003**	**—**	**—**	**1,871,127**	1,293,081	11,103	—	—	1,304,184
— Operation services	**853,216**	**222,017**	**12,294**	**132,989**	**1,220,516**	446,149	151,317	—	112,438	709,904
— Finance income	**56,506**	**4,758**	**—**	**—**	**61,264**	29,596	3,391	—	—	32,987
	2,610,846	**396,778**	**12,294**	**132,989**	**3,152,907**	1,768,826	165,811	—	112,438	2,047,075
EBITDA	**735,120**	**204,350**	**5,889**	**130,708**	**1,076,067**	512,657	127,082	(28)	106,291	746,002

As supported by the favourable policies of the government, the Group received a total of approximately RMB78,833,000 in government grants and value-added tax refunds of approximately RMB22,530,000 in the first half of 2018.

The Group remains dedicated to enhancing value for its shareholders. To reward shareholders for their support and to take into account the Group's need to achieve long-term sustainable development, the board of directors of the Company (the "Board") has declared an interim dividend of HK6.0 cents per share to the shareholders of the Company (2017: Nil).

Integrated Biomass Utilisation

As one of the leading providers of integrated biomass treatment services in China, the Group utilises biomass raw materials to generate both electricity and heat. Biomass raw materials are categorised into yellow culms and grey culms. Yellow culms consist of agricultural residues, such as wheat straw, rice straw, corn straw and husks; while grey culms consist of forestry residues, such as barks, tree trimmings, debris from construction and demolition and other manufacturing wood wastes. In addition, the Group has developed a unique business model combining integrated biomass utilisation projects and waste incineration projects to provide one-stop services for integrated treatment of agricultural and forestry residues and household wastes in urban and rural areas.

As at 30 June 2018, the Group had a total of 49 integrated biomass utilisation projects spreading over 12 provinces and municipalities in China, mainly in provinces including Anhui, Jiangsu, Shandong, Hubei and Henan. The projects involved a total investment of approximately RMB14.498 billion with an aggregate power generation designed capacity of 1,078MW, aggregate biomass processing designed capacity of 9,029,800 tonnes per annum, and aggregate household waste processing designed capacity of 7,550 tonnes per day. During the period under review, the Group had 19 integrated biomass utilisation projects in operation, generating approximately 1,085,128,000kWh of on-grid electricity, an increase of 78% over the same period last year. Approximately 1,310,000 tonnes of biomass raw materials and 344,000 tonnes of household wastes were processed, representing increases of 74% and 310%, respectively, over the same period last year. The Group supplied approximately 139,000 tonnes of steam during the period under review, an increase of 104% over the same period last year. The Group had 13 integrated biomass utilisation projects under construction with an aggregate power generation designed capacity of 327MW, annual biomass processing designed capacity of approximately 2,550,000 tonnes and daily household waste processing designed capacity of approximately 2,200 tonnes.

For the period under review, EBITDA of the Group's integrated biomass utilisation projects was approximately HK$735,120,000, an increase of 43% over the same period last year. Net profit contributions from the integrated biomass utilisation projects amounted to approximately HK$466,059,000, an increase of 36% over the same period last year.

The increase in profit reflected mainly the increase in revenue generated from construction services in tandem with the steady progress of several projects under construction during the period under review, as well as the substantial increase in revenue generated from project operation services in line with ongoing growth in the aggregate volume of on-grid electricity supplied by the projects.

Major operating and financial data of the integrated biomass utilisation segment for the first half of 2018 are summarised as follows:

	2018	2017
Integrated biomass utilisation projects		
On-grid electricity *(MWh)*	**1,085,128**	611,076
Biomass raw materials processing volume *(tonne)*	**1,310,000**	753,000
Household waste processing volume *(tonne)*	**344,000**	84,000
Steam generating volume *(tonne)*	**139,000**	68,000
EBITDA *(HK$'000)*	**735,120**	512,657
Segment net profit *(HK$'000)*	**466,059**	342,338

Hazardous Waste Treatment

The Group is a leading industry player in the hazardous waste treatment business, with capabilities for safe disposal of 43 out of 46 categories of hazardous wastes listed in the "National Catalog of Hazardous Wastes". The Group processes hazardous wastes by way of incineration, landfill, physio-chemical processing and integration utilisation.

As at 30 June 2018, the Group had a total of 33 hazardous waste treatment projects spreading over 6 provinces in China, mainly in provinces including Jiangsu and Shandong. The projects involved a total investment of approximately RMB7.148 billion (including Anqing Solid Waste Integrated Treatment Project, in which 49% interests held by the Group, with an investment amount of approximately RMB576 million) with an aggregate annual processing designed capacity of 890,980 tonnes. During the period under review, the Group had 10 hazardous waste treatment projects in operation processing safe disposal of approximately 69,000 tonnes of hazardous wastes, an increase of 25% over the same period last year. There were 4 hazardous waste treatment projects under construction with an aggregate annual processing designed capacity of 100,000 tonnes.

During the period under review, the Group's hazardous waste treatment projects contributed an EBITDA of approximately HK$204,350,000, an increase of 61% over the same period last year. Hazardous waste treatment projects contributed net profit of approximately HK$142,295,000, an increase of 57% over the same period last year. The increase in profit was mainly attributable to stable business development and the increase in aggregate processing capacity of our operating projects.

Major operating and financial data of the hazardous waste treatment segment for the first half of 2018 are summarised as follows:

	2018	2017
Hazardous waste treatment projects		
Hazardous waste processing volume *(tonne)*	**69,000**	55,000
EBITDA *(HK$'000)*	**204,350**	127,082
Segment net profit *(HK$'000)*	**142,295**	90,732

Environmental Remediation

Environmental remediation represents a new business segment of the Group covering restoration of industrial contaminated sites, restoration of contaminated farmland, restoration of mines and landfills, treatment of industrial gas emission, integrated treatment of oil sludge, treatment of river/lake sediments and industrial sludge, construction and operation of wetland parks, environmental housekeeping services and anti-seepage at landfill sites. The service process flow of this business segment is typically as follows: determination of the extent and scope of pollution through on-site inspection, quantitative assessment of site pollution risks using multi-tiered risk evaluation techniques, design of restoration schemes tailored to characteristics of different victims of pollution, and commencement of restoration work based on specialised tests and designs.

Talents form the cornerstone of corporate development. Since its establishment in August 2017, the Environmental Remediation Management Centre has been making vigorous efforts to develop and enhance its workforce based on a "People-oriented" principle. Currently, the environmental remediation segment is supported by 45 employees, including 3 holders of qualifications as doctoral candidates or above (2 of which holding post-doctoral qualifications), 28 holders of post-graduate qualifications, 2 senior engineers and 10 holders of certificates in registered professions. The high-calibre staff team has provided a strong assurance for the ongoing development of our environmental remediation business.

Moreover, the Group continued to enhance the credit rating of Everbright Environmental Remediation (Jiangsu) Company Limited (光大環境修復(江蘇)有限公司) ("Environmental Remediation Co.") during the period under review. As at 30 June 2018, Environmental Remediation Co. was qualified as a Class III contractor for specialised environmental engineering and Class C operator of environmental pollution treatment work in Jiangsu Province. It had also obtained a safe production permit, an "AAA" corporate credit rating and an "AA" credit rating given by a credit rating agency and China Construction Bank, respectively, as well as ISO9001, OHSAS18001 and ISO14001 management system accreditations.

During the period under review, the Group was making strong efforts to win new projects as a key task for the year. As at 30 June 2018, the Group had secured 2 environmental remediation projects (both of which are located in Jiangsu Province) with a total contract amount of approximately RMB48.18 million, including 1 project under construction with a contract amount of approximately RMB25.99 million for the restoration of polluted sites with a total area of approximately 74,000 square metres.

Major financial data of the environmental remediation segment for the first half of 2018 are summarised as follows:

	2018	2017
Environmental remediation projects		
EBITDA *(HK$'000)*	**5,889**	(28)
Segment net profit/(loss) *(HK$'000)*	**5,589**	(28)

Solar Energy and Wind Power

The Group has 7 solar energy projects and 2 wind power projects in operation in Jiangsu, Anhui, Shanxi and Germany respectively, involving a total investment of approximately RMB1.395 billion, with an aggregate power generation designed capacity of 125.9MW. The Group is responsible for building, managing and operating these projects and selling electricity generated by such projects to local power grid companies.

For the period under review, the Group's solar energy and wind power projects sold approximately 172,272,000kWh electricity, generating EBITDA of approximately HK$130,708,000, an increase of 23% over the same period last year. Solar energy and wind power projects contributed net profit of approximately HK$68,478,000, an increase of 17% over the same period last year. The increase in profit was attributable to the increase in on-grid electricity of wind power projects.

Major operating and financial data of the solar energy and wind power segment for the first half of 2018 are summarised as follows:

	2018	2017
Solar energy and wind power projects		
On-grid electricity *(MWh)*	**172,272**	151,263
EBITDA *(HK$'000)*	**130,708**	106,291
Segment net profit *(HK$'000)*	**68,478**	58,521

The Group strives to realise sustainable development for the corporation and the community by making vigorous efforts to drive energy conservation and discharge reduction, in persistent fulfilment of the mission and undertaking to "Devoted to Ecology and Environment for a Beautiful China." During the period under review, the Group supplied approximately 1,257,400,000kWh of green energy sufficient for one year's consumption by 1,047,833 households, representing saving of 502,960 tonnes of standard coal, reduction of 1,162,917 tonnes of carbon dioxide (CO_2) emission and preservation of 163,462,000 trees. Also, 61,792 cubic metres of leachate generated by waste-to-energy power plants and hazardous waste landfills were processed.

BUSINESS PROSPECTS

The year of 2018 will be an extraordinary year in the building of ecological civilisation in China. Contents relating to "ecological civilisation" have been incorporated into the Constitution; National Conference on Ecological and Environmental Protection with the highest order ever seen has been held to further emphasise the importance of the building of ecological civilisation as a "fundamental blueprint" for the lasting development of the Chinese race; the "Opinions on Strengthening the Protection of the Ecological Environment in all aspects and firmly winning the battle of the Preventing and Controlling Environmental Pollution" has called for determination to win the battle for protecting the blue sky, fight the battle for protecting clean waters and advance the battle for protecting clean land. Each of these favourable major initiatives has been sending powerful and inspiring messages, and new opportunities for companies in the environmental business are looming as we anticipate the government to further increase its effort in advancing environmental protection in 2018.

Specifically, regarding hazardous waste treatment, the "Waste Clearance Campaign 2018" and the "Second National Census of Pollution Sources" will form a core driver of potential demand for hazardous waste treatment services. In particular, stronger and more frequent supervision carried out by instated environmental inspectors has further highlighted development opportunities for the hazardous waste treatment business; regarding air pollution treatment, the move of all levels of local governments to address air pollution, especially in relation to smog treatment, as a top priority following the call for the battle to protect the blue sky by the report of the 19th National Congress of the Communist Party will drive further development of the market for integrated biomass utilisation, while the clean heat supply strategy featuring the use of "biomass in place of coal" will also be further implemented; regarding soil remediation, the drafting and announcement of the "The Soil Pollution Prevention and Control Law" is expected to provide a substantial driving force for the soil remediation industry.

In the second half of 2018, as supported by the favourable policies of the government, the Group will persist in a business development approach heralded by technological and business innovation to enhance project quality and broaden the scope for development, while also increasing the efficiency of operations through management innovation. We will continue to expand our service offerings in regions where our existing projects are located, in a move that will strengthen our ability to provide integrated services. We will also advance project implementation in new regions to expand the geographic coverage of our environmental business as well as extend our industry chain to identify new growth niches while solidifying our existing businesses.

We will fly high with the prowess to innovate; we can go far if we deliver quality. Looking ahead, the Group will continue to enhance its project quality and brand awareness. All projects will be built as premium environment-friendly developments in accordance with the principle of "Produce Quality Projects and Build a Quality Brand" as an exemplary model for the industry. In the meantime, the Group will continue to promote the innovative business model of urban-rural integration in further districts and regions, so that the idea of green development can be introduced to more counties and cities, as the Group develops this model into a hallmark of its premium brand to increase its influence in the industry.

Looking to the future, with the solid backing of China Everbright Group and strong support of China Everbright International Limited ("CEIL"), its controlling shareholder, and on the back of its extensive experience in the development and operation of diversified project portfolios and strong ability in market development, the Group will continue to follow the instruction to be "Prudent, Proactive and Practical", bearing in mind its initial commitment and mission as it strives incessantly to become a leader in China's environmental business sector.

SUBSEQUENT EVENTS

The Group secured 2 new projects in succession subsequent to the date of the results, comprising Zhangjiagang Solid Waste Integrated Treatment Project, which involves a total investment of approximately RMB466 million, with a hazardous waste treatment designed capacity of 40,000 tonnes by way of landfill per annum; and the second phase of Jiangsu Environmental Remediation Project with a contract amount of RMB44.89 million, the main cooperation field of which is carrying out treatment and remediation services for contaminated sites.

FINANCIAL POSITION

As at 30 June 2018, the Group's total assets amounted to approximately HK$16,586,594,000 (31 December 2017: HK$14,431,617,000) with net assets amounting to approximately HK$9,403,888,000 (31 December 2017: HK$8,766,046,000). Net asset value per share attributable to equity shareholders of the Company was HK$4.54 per share, an increase of 7% as compared to net asset value per share of HK$4.23 as at the end of 2017. As at 30 June 2018, gearing ratio (total liabilities over total assets) of the Group was 43%, an increase of 4 percentage points as compared to that of 39% as at the end of 2017. Current ratio of the Group was 173%, a decrease of 43 percentage points as compared to that of 216% as at the end of 2017.

FINANCIAL RESOURCES

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and lower the costs of funds. It finances its operations primarily with the net proceeds from the global offering, internally generated cash flow and bank loans. As at 30 June 2018, the Group had cash and bank balances of approximately HK$2,391,214,000, a decrease of HK$952,197,000 as compared to HK$3,343,411,000 at the end of 2017. Most of the Group's cash and bank balances were denominated in Hong Kong dollars and Renminbi.

INDEBTEDNESS

The Group is dedicated to enhancing the ways of financing and improving banking facilities to reserve funding to support the development of the environmental protection business. As at 30 June 2018, the Group had outstanding borrowings of approximately HK$4,444,659,000, an increase of approximately HK$949,956,000 as compared to HK$3,494,703,000 at the end of 2017. The borrowings included secured interest-bearing borrowings of approximately HK$3,636,191,000 and unsecured interest-bearing borrowings of approximately HK$808,468,000. All borrowings of the Group are denominated in Renminbi. All borrowings are at floating rates. As at 30 June 2018, the Group had banking facilities of approximately HK$8,944,833,000 of which approximately HK$4,500,174,000 have not been utilised. The tenor of banking facilities are ranged from 1 year to 15 years.

The Company has signed a Strategic Cooperation Agreement with Bank of China, Shenzhen Branch ("Bank of China") in June 2018 to explore the strategic cooperation between the two parties in the energy conservation and environmental protection fields. According to this agreement, Bank of China will provide financial support of RMB4 billion for the coming three years to the Group which will provide strong financial support for our development. The provision of the RMB4 billion financial support is subject to the entry into definitive agreements between the Group and Bank of China.

FOREIGN EXCHANGE RISKS

The Company's financial statements are presented in Hong Kong dollars, which is the functional currency of the Company. The Group's investments made outside Hong Kong (including mainland China) may incur foreign exchange risks. The Group's operations are predominantly based in mainland China, which represents over 95% of its total investments and revenue. The Group's assets, borrowings and major transactions are mainly denominated in Renminbi, and it basically forms a natural hedging effect. The Group also pursues an optimal allocation of borrowings in different currencies while setting appropriate levels of borrowing in non-base currencies, and adoption of proper financial instruments to closely manage foreign exchange risks.

PLEDGE OF ASSETS

Certain banking facilities of the Group are secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plant and equipment and interests in leasehold land held for own use under operating leases. As at 30 June 2018, the aggregate net book value of assets pledged amounted to approximately HK$6,700,089,000.

COMMITMENTS

As at 30 June 2018, the Group had purchase commitments of HK$1,800,990,000 outstanding in connection with the construction contracts.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any contingent liabilities.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to shareholders by reason of their holding of the Company's shares.

USE OF PROCEEDS

The net proceeds from the global offering on 8 May 2017 after deducting share issuance expenses and listing expenses ("Net Proceeds") was approximately HK$3,234,510,000. As at 30 June 2018, the Company had used approximately HK$1,871,193,000 of Net Proceeds for the purposes as set out in the prospectus of the Company dated 21 April 2017, representing 57.9% of Net Proceeds.

Items	**Movements** *HK$'000*
Net Proceeds	3,234,510
Less: Proceeds used	
Among which:	
Investments in integrated biomass utilisation projects	(1,339,706)
Investments in hazardous waste treatment projects	(215,047)
Working capital and other general corporate purposes	(310,000)
Research and development	(6,440)
Proceeds unused as at 30 June 2018	1,363,317

The remaining unused proceeds have been intended to be used for the purposes as set out in the prospectus.

INTERNAL MANAGEMENT

The Group believes that an organic and sustainable development is based on solid corporate management and risk control. The Group has been upholding its management philosophy of "People-oriented, Pragmatism, Creativity and Systematic Management" so as to enhance and maintain a sound management system, to create a corporate management culture that allows all of employees' engagement, better strengthen the management awareness and promote the management standard in an effective manner. During the period under review, the Group enhanced the risks management system and implemented a comprehensive risk inspection with collective engagement across different departments. With the aid of the internal audit department, it incorporated the process of "risk management-oriented auditing" into our audit, auditing the state of operation with the risk management system in place and ensuring the improvement and strict implementation of various internal management systems. The Group controls corporate operation risks throughout its comprehensive business workflows, and further refines the execution and efficiency of each process through the risk management system.

During the period under review, the Company held the management committee meeting on a monthly basis, to conduct review on project investments, projects in the preparatory stage, under construction and in operation. It served the roles of Investment Project Risk Review Committee and Engineering Technology Committee, and deliberated the investment and construction of projects with stringent standards. In addition, the Company has always proceeded with the compliance with laws and regulations for the projects as well as confirmed the progress of construction. The Company enhanced the management of projects in the preparatory stage in respect of safe production and appropriate emission, ensuring the development and operation of projects is with full legal and rules compliance.

The Group has always abided by its operation principle of "Maintaining Safe and Stable Operations in compliance with Discharge Standards" and kicked off a campaign that promoting the awareness of energy conservation and emission reduction on the premise of ensuring no significant safety and significant environmental pollution accidents, i.e. "Competitions in Expenditure Reduction, Efficiency Enhancement, Energy Conservation and Cost Control".

HUMAN RESOURCES

The Group has highly valued the human resources management. The Group maps out the structure of the needs for human resources in accordance with the trends of the Company's business development, providing continuous motivation for the Company's rapid development. During the period under review, the Group continues to attract talents through internal training initiatives as well as via local and on-campus recruitment drives. It adopts different ways to constantly enhance the employee's qualification, including offsite training, internal associations, technical exchange sessions and personal development plans. Different kinds of trainings have been provided by the Group to explore the potentials of the employees, with a view to achieve co-development and sharing of fruitful results between employees and the Company.

During the period under review, in order to facilitate technical exchange and fully utilise our technical resources, the Group is actively building up a team of internal lecturers through selection examination, training and education, as to keep improving the teaching skills of internal lecturers, convey professional knowledge and upgrade employees' skills. To facilitate the newly recruited staff's integration, in addition to provision of induction trainings, the Group participated in the 22nd to 23rd execution training sessions held by CEIL, with more than 160 participants attended. Also, a total of 16 senior staff at the management level were sent to take part in the 7th session of CEO Course organised by Tsinghua University for management and organisation efficiency enhancement.

In order to maintain a talent pool, in addition to recruitment through campus, the Group has organised internal recruiting and selection competition to strengthen the selection and training of reserve talents and encourage those with high caliber and ambition to undertake more appropriate posts to fully capitalise on their talents and enhance efficiency.

As at 30 June 2018, the Group had approximately 2,000 employees in total in Hong Kong and Mainland China. The total staff cost incurred was approximately HK$177,176,000 during the six months ended 30 June 2018 (for the six months ended 30 June 2017: HK$111,180,000). Employees are remunerated according to their qualifications, experiences, job nature, performance and with reference to market conditions. Apart from the discretionary performance bonus, the Group also provides other benefits such as medical insurance and a provident fund scheme to employees in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

During the period under review, the Group focused on the effectiveness of its risk management and control on the basis of its refined internal control and risk management systems. By improving its internal environment, enhancing the method of information communication and conducting investigation on special items, the Group was able to implement measures against the critical risks identified, analyzed and faced by the Group, mitigating its risks in a practical and effective way. Key risks arising from the Group's environmental protection business development involving changes in policies and industry conditions, compliance to laws and regulations, environmental and social responsibilities, peers competition, internal control, technology and innovation, etc.

Risks arising from changing policies and the industry environment refer to the failure to respond to the changes in government policies and business models in a timely and effective manner, which may bring adverse impacts to the business of the Group. The Group has always stayed alert on the changes in China's environmental protection policies, and has adjusted its development path accordingly in response to such changes in a timely manner. Meanwhile, it also remains committed to offering suggestions from a practical standpoint to the authorities in charge of developing relevant policies, with the help of professionals from various industry associations and expert teams, to facilitate the promulgation of environmental policies that are also beneficial to the growth of its business. By analyzing the national industry development strategies based on the details of important conferences on environmental protection recently held by the nation, the Group has devised project development strategies in advance with reference to the Chinese government's macroeconomic measure and specific policies on environmental protection industry, developed new business areas and innovated its business model in a bid to seize development opportunities and achieve sustainable growth.

Risks arising from compliance to laws and regulations refer to the failure to strictly comply with the laws, the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and industry specifications, which may bring adverse impacts to the Group. The Group has always put an emphasis on our day-to-day compliance with laws and regulations. We safeguard our compliance to laws through engaging our internal legal staff and external legal counsels. The articles of association and policies of the Group are established in strict accordance to laws and legitimacy review is conducted through our reasonably set up procedures. The Group constantly conducts legal training to enhance staff's knowledge in legal aspects. The Group conducts scheduled or non-scheduled specific investigation against key items so as to stringently control the risks arising from compliance to laws and regulations in ordinary course of business and priority operational arrangements.

Environmental and social responsibility risks mainly stem from the potential breach of environmental emission limits, safety incidents and adverse external conditions which could negatively impact the project construction and operation. The Group has always adhered to maintain high quality construction design, perform stringent controls over the projects construction quality and upgrade equipment efficiency. The Group stressed on technological advancement, standardised the operation and management processes for the enhancement of project operation and management standards. It has also strictly monitored the emission indicators to ensure the compliance with discharge standards. During the period under review, the Group continued to optimise its ESHS Management System and put in place the standard operating procedures ("SOP"). It formulated a contingency plan for emergencies and conducted a comprehensive review on the execution plan to rectify any identified issues. The Group has also engaged an external professional body to provide trainings on safety management with an aim to improve safety management. Furthermore, the Group continued to disclose the environmental emission data of all waste-to-energy projects for the general public's scrutiny, demonstrating its determination of fully undertaking its environmental and social responsibilities.

Peers competition risks refer to the risks affecting the Group's business development capabilities and the returns of its projects investment as a result of keen competition among the competitors across the industry. The Group's major business segments include the integrated biomass utilisation, hazardous waste treatment, environmental remediation and solar energy and wind power, which are all under intense competition in the market. The Group constantly leverage its own strengths to optimise and promote its innovative "urban-rural integration" model, which has not only satisfied the needs of governments at different tiers in environmental protection, but also allowed the Group to achieve its business development. Meanwhile, the Group is actively expanding into new business areas and promoting business innovation. During the period under review, the Group achieved breakthroughs in the business sector of environmental remediation, suck breakthroughs in new business sectors provided strong support for us to remain competitive. For our existing projects, the Group safeguarded the safety, regulations compliance, stability and effectiveness of the projects through technological innovation, optimisation of operation and management as well as strict risk control. The Group strived to be the pioneer in the industry based on the construction of quality projects and our outstanding operational management, with the aim of maintaining and enhancing our competitive strengths. Additionally, the Group has maintained good relationships with governments. Through its proactive participation in public-private partnership projects launched by different tiers of governments, it has established win-win relationships with them.

Internal control risks mainly refer to the risks arising from the uncertainties of effectiveness and achievement of the objective of the internal control system, or ineffectiveness of the internal control due to a defective internal control system or improper internal control measures. Internal control risks have always been a major concern of the Group. The Group has set up an effective and proper organisational structure and defined the duties and responsibilities of departments at all levels. The Group has also established specific committees such as Investment Project Risk Review Committee and Engineering Technology Committee, so as to enhance professional review and effective implementation of key issues. By setting up "three-tier risk control mechanism" with departments of respective functions from the project companies; the head office and Risk Management Department; and Internal Audit Department, the Group is able to manage risks in an effective manner. Internal Audit Department conducts internal audits regularly and put forward remedial measures in a timely manner once signs of inadequate internal controls are identified, ensuring the constant improvement of the Group's internal controls. The combination of Management Committee, Risk Management Department and Internal Audit Department achieved effective management of internal control risks.

Technology and innovation risks mainly refer to the risks arising from the failure to satisfy business development needs driving by effective research and development and the introduction of new technologies, which in turn affect the Group's profitability. In face of the increasingly stringent requirements on environmental protection imposed by Chinese government and based on the actual situations of the Company, during the period under review, the Group increased its investment in technological innovation and established a research institute for the improvement of existing technology and the introduction of foreign advanced technological achievements to China. The Group set foot at solving its actual technical difficulties and keep improving the technology in the construction and operation of projects. During the period under review, the results of technology research and development are beginning to bear fruit, providing strong support for the Company in its key businesses, including integrated biomass utilisation, urban-rural integration, hazardous waste treatment and environmental remediation. The Group will continue to invest in technology research and development and innovation by attracting the talented professional technology experts, conducting independent research and development in technology and promoting the application of technological achievements, so as to drive the growth of the Company through technology.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group has completed the establishment of its ESHS Management System, in a bid to achieve a systematic and standardised management over its aspects such as environment, safety, occupational health and social responsibility and maximise its control on relevant risks and minimise defects in management system. The ESHS Management System of the Group focuses on the critical risk control issues that may rise during the periods of project operation and construction, in which it has ESHS management organisation structure in place, with standardised management system complemented, such as regulations, standard, SOP and checklists, etc., as well as mechanisms of inspection, supervision, assessment and reporting in place. Up till now, the Group has completed the best model SOP for the high-risk issues of overall businesses (waste-to-energy, biomass power generation/heat supply/electricity and heat cogeneration, hazardous waste landfill and incineration, solar energy and wind power) and for the medium risk issues of major businesses (waste-to-energy, biomass power generation/heat supply/electricity and heat cogeneration, hazardous waste landfill and incineration, etc) and executed under the jurisdiction of the relevant project. ESHS inspections have been conducted on a quarterly basis. In the first half of 2018, the Group has further refined the ESHS appraisal rules such that appraisal and evaluation are carried out during ESHS inspections. In the course of inspection, the Group focused on the standard qualifications and allocation of duties among ESHS management staff. Online monitoring data of exhaust smoke from biomass power generation/heat supply/electricity and heat cogeneration, hazardous waste landfill and incineration projects is recorded in an internal online monitoring platform. The Group formulated monitoring indicators and frequency for third-party environmental inspection in accordance to the most rigorous standards required under environmental assessment and international standards. The Group believe that the ESHS Management System may enhance the Group's performances in environmental compliance, work safety, employee benefits and community development.

The operating and environmental service performance of the Group's projects strictly adheres to relevant standards and requirements of their respective environmental impact assessment reports. The Group also takes the expectations of the neighboring communities into its consideration. Key regulations and standards that are applicable to the Group's business include the "Environmental Protection Law of the People's Republic of China", "Production Safety Law of the People's Republic of China", "Labor Law of the People's Republic of China", the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485-2014), Directive 2010/75/EU and its relevant Annexes/Amendments (for waste-to-energy projects of urban-rural integration projects), the Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) (for biomass power generation projects), the Standard for Pollution Control on the Security Landfill Site for Hazardous Waste (GB18598-2001) and the Pollution Control Standard for Hazardous Wastes Incineration (GB18484-2001), among others.

No breach of these regulations and relevant environmental protection standards resulting in a significant loss for or an adverse impact to the Group was recorded in the first half of 2018.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group believes that maintaining sound and high standards of corporate governance is not only crucial to the protection of the shareholders' interests, but will also enhance the Company in terms of corporate value, accountability and transparency. The Group seeks to strengthen internal control, risk prevention and management through the implementation of relevant rules and regulations.

The Board has adopted the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules as the code for corporate governance practices of the Company. The Company has been in full compliance with the code provisions of the CG Code from 1 January 2018 to 30 June 2018.

The Board holds meetings on a regular basis. The Board has currently established three Board Committees, namely Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

In addition, the Company has a Management Committee in place to take in charge of the daily operations, formulating and implementing annual work plans and medium-term development plans for the Group. The Management Committee is the decision-making body for day-to-day business activities and makes collective decisions on major matters relating to the Group's daily business operations, management and personnel matters, etc. Moreover, an Internal Audit Department and a Risk Management Department have also been set up to perform internal audits and risk control functions respectively to bolster the Group's governance standards.

Audit and Risk Management Committee

The Audit and Risk Management Committee currently comprises 3 independent non-executive directors, namely Mr. Chow Siu Lui (chairman), Mr. Philip Tsao and Prof. Yan Houmin. The committee is primarily responsible for, among others, providing an independent review of the effectiveness of financial reporting process, risk management and internal control systems of the Company, overseeing the audit process, reviewing the completeness, accuracy, clarity and fairness of the Company's financial statements, considering the scope, approach and nature of both internal and external audits and reviewing and monitoring connected transactions, etc. The terms of reference of the Audit and Risk Management Committee have been published on the respective websites of the Stock Exchange and the Company.

The Audit and Risk Management Committee reviewed with the management and the auditors of the Company, including but not limited to the accounting principles and practices adopted by the Group, significant audit matters such as significant accounting estimates and judgmental areas, and discussed the Group's risk management and internal control and financial reporting matters, including review of the audited annual financial results for the year ended 31 December 2017 and reports issued by Internal Audit Department and Risk Management Department of the Company.

Nomination Committee

The Nomination Committee currently comprises Mr. Wang Tianyi (chairman), the Chairman of the Board and 3 independent non-executive directors, Mr. Chow Siu Lui, Mr. Philip Tsao and Prof. Yan Houmin. Its primary responsibilities include, among others, reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; considering the need for identifying suitable persons to become directors and made recommendations to the Board on the selection of individuals nominated for directorships. The terms of reference of the Nomination Committee have been published on the respective websites of the Stock Exchange and the Company.

Remuneration Committee

The Remuneration Committee currently comprises Mr. Philip Tsao (chairman), an independent non-executive director, Mr. Qian Xiaodong, the Chief Executive Officer, and 2 other independent non-executive directors, namely Mr. Chow Siu Lui and Prof. Yan Houmin. The duties of the Remuneration Committee, including but not limited to the determination of remuneration packages for the individual executive directors and senior management based on their duties, setting out in the terms of reference of the Remuneration Committee, which have been published on the respective websites of the Stock Exchange and the Company.

During the period from 1 January 2018 to 30 June 2018, the members of Remuneration Committee reviewed the remuneration packages of executive directors, non-executive directors and senior management.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the directors. Having made specific enquiries with all directors of the Company, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the period under review.

INTERIM DIVIDEND

To share the fruit of success with shareholders of the Company, the Board has declared an interim dividend of HK6.0 cents (2017: Nil) per share for the six months ended 30 June 2018 to shareholders whose names appear on the register of members of the Company on Monday, 17 September 2018. The interim dividend payout ratio is 19.2% (2017: Nil) for the six months ended 30 June 2018. The interim dividend will be paid on Friday, 5 October 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 13 September 2018 to Monday, 17 September 2018 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers and the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Wednesday, 12 September 2018.

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

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

By Order of the Board
China Everbright Greentech Limited
Qian Xiaodong
Chief Executive Officer

Hong Kong, 6 August 2018

As at the date of this announcement, the directors of the Company are:

Mr. WANG Tianyi** *(Chairman)*
Mr. QIAN Xiaodong* *(Chief Executive Officer)*
Mr. YANG Zhiqiang* *(Vice President)*
Mr. WANG Yungang* *(Vice President)*
Ms. GUO Ying**
Mr. TANG Xianqing**
Mr. CHOW Siu Lui***
Mr. Philip TSAO***
Prof. YAN Houmin***

* *Executive Director*
** *Non-Executive Director*
*** *Independent Non-Executive Director*