CHINA EVERBRIGHT INTERNATIONAL LIMITED
中國光大國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 257)

ANNOUNCEMENT
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

HIGHLIGHTS

A Steady Advance to Reach New Heights

- Revenue increased by 69% to HK$9,142,144,000 (2016: HK$5,420,698,000)
- EBITDA increased by 48% to HK$3,260,177,000 (2016: HK$2,198,118,000)
- Profit before tax increased by 48% to HK$2,622,744,000 (2016: HK$1,768,500,000)
- Profit attributable to equity holders of the Company increased by 49% to HK$1,795,568,000 (2016: HK$1,208,912,000)
- Interim dividend increased by 60% to HK12.0 cents per share (2016: HK7.5 cents)

INTERIM RESULTS

The board of directors (the "Board") of China Everbright International Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017. The interim financial results are unaudited, but have been reviewed by Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants ("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 "Shareholders"). The interim financial results have also been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**9,142,144**	5,420,698
Direct costs and operating expenses		**(5,834,496)**	(3,167,603)
Gross profit		**3,307,648**	2,253,095
Other revenue		**246,959**	205,312
Other income and gains/(losses), net		**21,315**	(493)
Administrative expenses		**(570,430)**	(412,881)
PROFIT FROM OPERATING ACTIVITIES		**3,005,492**	2,045,033
Finance costs	*6*	**(410,543)**	(300,291)
Share of profits of joint ventures		**28,380**	23,687
Share of profits and losses of associates		**(585)**	71
PROFIT BEFORE TAX	*5*	**2,622,744**	1,768,500
Income tax	*7*	**(624,014)**	(470,582)
PROFIT FOR THE PERIOD		**1,998,730**	1,297,918
ATTRIBUTABLE TO:			
Equity holders of the Company		**1,795,568**	1,208,912
Non-controlling interests		**203,162**	89,006
		1,988,730	1,297,918
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*9*		
– Basic and diluted		**HK40.06 cents**	HK26.96 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**1,998,730**	1,297,918
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**1,464**	(776)
Exchange differences:		
Exchange differences on translation of foreign operations	**757,820**	(343,453)
Realisation of exchange reserve upon partial disposal of a joint venture	**2,279**	–
	760,099	(343,453)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**761,563**	(344,229)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,760,293**	953,689
ATTRIBUTABLE TO:		
Equity holders of the Company	**2,442,728**	903,438
Non-controlling interests	**317,565**	50,251
	2,760,293	953,689

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2017

	Notes	**30 June 2017 (Unaudited) *HK$'000***	31 December 2016 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**159,876**	157,140
Property, plant and equipment		**3,247,971**	3,029,417
Prepaid land lease payments		**153,416**	152,091
		3,561,263	3,338,648
Goodwill		**1,654,818**	1,563,390
Intangible assets		**7,043,006**	5,686,374
Interests in joint ventures		**492,217**	345,353
Interests in associates		**230,264**	228,047
Gross amounts due from customers for contract work	*10*	**23,579,724**	19,464,201
Finance lease receivables		**17,370**	17,273
Other financial assets		**37,899**	33,332
Other receivables, deposits and prepayments	*11*	**7,683,868**	6,494,188
Deferred tax assets		**58,507**	53,732
Total non-current assets		**44,358,936**	37,224,538
CURRENT ASSETS			
Inventories		**490,522**	361,540
Gross amounts due from customers for contract work	*10*	**2,006,681**	1,569,027
Finance lease receivables		**550**	526
Debtors, other receivables, deposits and prepayments	*11*	**4,319,728**	3,337,241
Tax recoverable		**17**	1,259
Pledged bank deposits		**747,687**	653,054
Deposits with banks		**1,133,907**	43,964
Cash and cash equivalents	*12*	**8,906,462**	6,340,579
Total current assets		**17,605,554**	12,307,190

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2017

	Notes	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	*13*	**6,246,346**	4,804,142
Interest-bearing borrowings			
– Secured		**1,269,095**	1,175,213
– Unsecured		**3,970,633**	3,236,961
		5,239,728	4,412,174
Tax payable		**117,767**	97,474
Total current liabilities		**11,603,841**	9,313,790
NET CURRENT ASSETS		**6,001,713**	2,993,400
TOTAL ASSETS LESS CURRENT LIABILITIES		**50,360,649**	40,217,938
NON-CURRENT LIABILITIES			
Other payables	*13*	**101,750**	93,610
Interest-bearing borrowings			
– Secured		**9,958,629**	9,311,894
– Unsecured		**11,164,526**	7,891,581
		21,123,155	17,203,475
Deferred tax liabilities		**3,588,359**	3,075,645
Total non-current liabilities		**24,813,264**	20,372,730
NET ASSETS		**25,547,385**	19,845,208
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*14*	**7,405,414**	7,405,414
Reserves		**12,769,723**	9,983,888
		20,175,137	17,389,302
Non-controlling interests		**5,372,248**	2,455,906
TOTAL EQUITY		**25,547,385**	19,845,208

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2017 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange" or "HKEx").

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim financial information are consistent with those adopted in the annual financial statements for the year ended 31 December 2016 except for the changes in accounting policies made thereafter in adopting the revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which became effective for the first time for the current period's financial information, as further detailed in note 2 below. The interim financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the year ended 31 December 2016 that is included in the unaudited interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current period's unaudited interim financial information:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements 2014-2016 Cycle*	*Disclosure of Interests in Other Entities*

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The nature and the effect of these changes are disclosed below. Although these amendments are adopted for the first time in 2017, they do not have a material impact on the unaudited interim financial information of the Group. The nature and the impact of each amendment are described below:

(a) Amendments to HKAS 7 *Statement of Cash Flows: Disclosure Initiative*

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendment, entities are not required to provide comparative information for preceding periods. The Group is not required to provide additional disclosures in its unaudited interim financial information, but will disclose additional information in its annual consolidated financial statements for the year ending 31 December 2017.

(b) Amendments to HKAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrecognised Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

(c) Amendments to HKFRS 12 included in *Annual Improvements 2014-2016 Cycle-Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in HKFRS 12*

The amendments clarify that the disclosure requirements in HKFRS 12, other than those in paragraphs B10 to B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

The Group has adopted the amendments retrospectively. However, their application has no effect on the Group's unaudited interim financial information as the Group has no investments that are in the scope of the amendments.

3. OPERATING SEGMENT INFORMATION

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.

– Environmental energy project construction and operation: this segment engages in the construction and operation of waste-to-energy plants, methane-to-energy plants, sludge treatment and disposal project and food waste treatment projects, to generate revenue from construction services, revenue from operation services as well as finance income.

– Environmental water project construction and operation: this segment engages in the construction, upgrade and operation of waste-water treatment plants, reusable water treatment plants, surface water treatment plants and waste-water source heat pump projects, to generate revenue from construction services, revenue from operation services as well as finance income.

– Greentech project construction and operation: this segment engages in the construction and operation of biomass projects, hazardous waste treatment projects, solar energy projects and wind power projects, to generate revenue from construction services, revenue from operation services as well as finance income.

– Others: this segment engages in the conduct of environmental protection technology research and development, the provision of environmental-related technological services, design of environmental protection projects, the manufacturing and sales of environmental protection project equipment, waste treatment and operation of landfill, from which it generates revenue.

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

3. **OPERATING SEGMENT INFORMATION** *(continued)*

Segment assets include all tangible assets, intangible assets, goodwill, interests in associates and joint ventures, deferred tax assets and current assets with the exception of investments in other financial assets, 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 segment and borrowings managed directly by the segments, with the exception of intercompany payables.

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. However, other than reporting inter-segment sales of equipment and provision of technological services, assistance provided by one segment to another, including technical know-how, is not measured.

The measure used for reporting segment profit is "earnings before interest, taxes, depreciation and amortisation" ("EBITDA"). To arrive at EBITDA, the Group's earnings are further adjusted for items not specifically attributed to the individual segment, such as directors' and auditor's 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 (including inter-segment sales and revenue from technological services), depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

During the six months ended 30 June 2017, the Group redefined its business divisions to align with its organisational structure for the purpose of managing its strategic direction. Accordingly, the segment information of certain subsidiaries previously included in the "Environmental energy project construction and operation" segment and the segment information of subsidiaries previously included in "Envirotech" segment have been reclassified to the "Others" segment. Accordingly, the comparative segment information has been reclassified to conform to the current period's presentation.

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Information about profit or loss, assets and liabilities

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.

For the six months ended 30 June

	Environmental energy project construction and operation		**Environmental water project construction and operation**		**Greentech project construction and operation**		**Others**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue from external customers	**5,183,758**	2,816,838	**1,642,770**	1,325,737	**2,047,075**	1,234,657	**268,541**	43,466	**9,142,144**	5,420,698
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**607,423**	165,784	**607,423**	165,784
Reportable segment revenue	**5,183,758**	2,816,838	**1,642,770**	1,325,737	**2,047,075**	1,234,657	**875,964**	209,250	**9,749,567**	5,586,482
Reconciliation:										
Elimination of inter-segment revenue									**(607.423)**	(165,784)
Reportable segment revenue derived from the Group's external customers									**9,142,144**	5,420,698

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Information about profit or loss, assets and liabilities *(continued)*

For the six months ended 30 June

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
Segment results:										
Reportable segment profit (EBITDA)	**1,988,353**	1,345,807	**551,467**	432,339	**729,037**	474,993	**295,911**	35,599	**3,564,768**	2,288,738
Elimination of inter-segment profits									**(262,803)**	(53,928)
Reportable segment profit derived from the Group's external customers									**3,301,965**	2,234,810
Finance costs									**(410,543)**	(300,291)
Depreciation and amortisation, including unallocated portion									**(226,890)**	(129,327)
Unallocated head office and corporate income									**12,375**	5,532
Unallocated head office and corporate expenses									**(54,163)**	(42,224)
Consolidated profit before tax									**2,622,744**	1,768,500
Other segment information:										
Depreciation and amortisation	**25,381**	6,724	**47,677**	46,646	**95,298**	61,723	**47,784**	4,394	**216,140**	119,487
Additions to property, plant and equipment during the period	**26,313**	11,679	**4,528**	6,535	**170,499**	148,257	**55,330**	27,624	**256,670**	194,095
Additions to intangible assets and non-current portion of prepayments during the period	**434,397**	111,416	**2,725**	–	**1,008,362**	686,477	**2,734**	20,587	**1,448,218**	818,480
Additions to non-current portion of other receivables and deposits and gross amounts due from customers for contract work during the period	**4,012,677**	2,259,392	**1,201,307**	1,172,253	**445,509**	155,391	**-**	–	**5,659,493**	3,587,036

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Information about profit or loss, assets and liabilities *(continued)*

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	At 30 June 2017	At 31 December 2016	**At 30 June 2017**	At 31 December 2016	**At 30 June 2017**	At 31 December 2016	**At 30 June 2017**	At 31 December 2016	**At 30 June 2017**	At 31 December 2016
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
Reportable segment assets	**28,870,977**	23,156,173	**15,136,349**	13,851,356	**12,238,710**	7,414,046	**2,709,533**	2,596,712	**58,955,569**	47,018,287
Non-current other financial assets									**37,899**	33,332
Unallocated head office and corporate assets									**2,971,022**	2,480,109
Consolidated total assets									**61,964,490**	49,531,728
Reportable segment liabilities	**12,355,724**	9,464,223	**7,389,085**	6,662,303	**4,237,834**	3,266,397	**2,163,096**	2,088,463	**26,145,739**	21,481,386
Unallocated head office and corporate liabilities									**10,271,366**	8,205,134
Consolidated total liabilities									**36,417,105**	29,686,520

(ii) Information about a major customer

For the six months ended 30 June 2017 and 2016, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenues.

4. REVENUE

The principal activities of the Group are construction, environmental energy project operation (waste-to-energy plants, methane-to-energy plants, sludge treatment and disposal project and food waste treatment projects), environmental water project operation (waste-water treatment plants, reusable water treatment plants, surface water treatment plant and waste-water source heat pump projects), greentech project operation (biomass projects, hazardous waste treatment projects, solar energy projects and wind power projects), conduct of environmental protection technology research and development, provision of environmental-related technological service, design of environmental protection projects, manufacturing and sales of environmental protection project equipment, waste treatment and operation of landfill and investment holding.

Revenue represents the revenue from construction services, revenue from environmental energy projects, environmental water projects and greentech projects operation services, finance income and others. The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Revenue from environmental energy project construction services	**3,849,546**	1,808,704
Revenue from environmental water project construction services	**977,230**	699,300
Revenue from greentech project construction services	**1,304,184**	825,858
Revenue from environmental energy project operation services	**736,222**	522,868
Revenue from environmental water project operation services	**388,140**	356,391
Revenue from greentech project operation services	**709,904**	392,735
Finance income	**908,377**	771,376
Others	**268,541**	43,466
	9,142,144	5,420,698

The aggregated revenues from environmental energy project construction and operation services, environmental water project construction and operation services, greentech project construction and operation services and finance income derived from the local government authorities in the PRC amounted to HK$8,601,605,000 (six months ended 30 June 2016: HK$5,213,187,000) for the six months ended 30 June 2017. The revenues are included in "Environmental energy project construction and operation", "Environmental water project construction and operation" and "Greentech project construction and operation" segments as disclosed in note 3.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**102,759**	68,597
Amortisation		
– prepaid land lease payments	**2,271**	3,472
– intangible assets	**121,860**	57,258
Dividend income	**(95)**	–
Interest income	**(33,169)**	(18,798)
Government grants*	**(33,743)**	(8,798)
Value-added tax refund**	**(154,079)**	(148,126)
Changes in fair value of a derivative financial instrument:		
Derivative financial instrument – transaction not qualified as hedge	**(34,306)**	–

* Government grants of HK$33,743,000 (six months ended 30 June 2016: HK$8,798,000) were granted during the six months ended 30 June 2017 mainly to subsidise certain environmental energy, environmental water and greentech projects of the Group in the PRC. There are 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.

** Value-added tax refund of HK$154,079,000 (six months ended 30 June 2016: HK$148,126,000) was received/receivable during the six months ended 30 June 2017 in relation to environmental energy, environmental water and greentech project operations of the Group in the PRC. There are no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

6. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and other loans	**412,490**	300,291
Interest on finance leases	**681**	–
Less: Interest expenses capitalised into construction in progress*	**(2,628)**	–
	410,543	300,291

* The borrowing costs have been capitalised at rates ranging from 4.61% to 4.75% (six months ended 30 June 2016: Nil) per annum during the six months ended 30 June 2017.

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

Tax for the PRC operations is charged at the statutory rate of 25% of the assessable profits under tax rules and regulations in the PRC. During the period, certain PRC subsidiaries are subject to tax at 50% of the standard tax rate or fully exempted from income tax under the relevant tax rules and regulations.

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Elsewhere:		
Charge for the period	**208,202**	189,168
Underprovision/(overprovision) in prior periods	**(8,952)**	4,530
Deferred	**424,764**	276,884
Total tax expense for the period	**624,014**	470,582

8. DIVIDENDS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividend attributable to the period:		
Interim – HK12.0 cents (six months ended 30 June 2016: HK7.5 cents) per ordinary share	**537,925**	336,204
Dividend paid during the period:		
Final in respect of the previous financial year – HK13.0 cents (six months ended 30 June 2016: HK12.0 cents) per ordinary share	**582,752**	538,045

9. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount for the six months ended 30 June 2017 is based on the profit for the period attributable to equity holders of the Company of HK$1,795,568,000 (six months ended 30 June 2016: HK$1,208,912,000) and 4,482,711,700 (six months ended 30 June 2016: the weighted average number of 4,483,541,370) ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2017 and 2016.

10. GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	At 30 June 2017 (Unaudited) ***HK$'000***	At 31 December 2016 (Audited) *HK$'000*
Contract costs incurred plus recognised profits less anticipated losses	**33,057,421**	27,760,449
Less: Progress billings	**(7,471,016)**	(6,727,221)
Net contract work	**25,586,405**	21,033,228
Representing:		
Gross amounts due from customers for contract work		
– Non-current	**23,579,724**	19,464,201
– Current	**2,006,681**	1,569,027
	25,586,405	21,033,228

Included in "Gross amounts due from customers for contract work" are amounts of HK$330,967,000 (31 December 2016: HK$207,589,000) and HK$131,118,000 (31 December 2016: HK$134,484,000) which are due from a non-controlling shareholder of a non-wholly-owned subsidiary and a related company, respectively.

"Gross amounts due from customers for contract work" represent revenue from construction under Build-Operate-Transfer ("BOT"), Build-Transfer ("BT") and certain Build-Operate-Own ("BOO") arrangements or upgrade services under Transfer-Operate-Transfer ("TOT") arrangements and bear interest at rates ranging from 4.90% to 7.83% (31 December 2016: 4.90% to 7.83%) per annum. Among the total of HK$25,586,405,000 (31 December 2016: HK$21,033,228,000), HK$16,714,081,000 (31 December 2016: HK$15,502,312,000) relates to BOT, TOT and BOO arrangements with operation commenced. The amounts for BOT, TOT and BOO arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the service concession arrangements. The amounts for BT arrangements will be settled according to respective repayment schedules as stated in the agreements.

11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2017 (Unaudited) *HK$'000*	At 31 December 2016 (Audited) *HK$'000*
Debtors	**1,960,391**	1,377,070
Other receivables, deposits and prepayments	**10,037,427**	8,454,359
	11,997,818	9,831,429
Derivative financial instrument		
– cross-currency swap	**5,778**	–
	12,003,596	9,831,429
Less: Non-current portion		
– other receivables, deposits and prepayments	**(7,683,868)**	(6,494,188)
Current portion	**4,319,728**	3,337,241

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

	At 30 June 2017 (Unaudited) *HK$'000*	At 31 December 2016 (Audited) *HK$'000*
Current	**1,036,205**	817,304
Within 1 month past due	**75,717**	82,730
More than 1 month but within 3 months past due	**92,475**	38,343
More than 3 months but within 6 months past due	**72,479**	51,488
More than 6 months but within 12 months past due	**51,204**	84,226
More than 12 months past due	**61,230**	57,353
Amounts past due	**353,105**	314,140
Unbilled receivables*	**571,081**	245,626
	1,960,391	1,377,070

11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

The ageing analysis of debtors based on the date of invoice (or date of revenue recognition, if earlier) as at the end of the reporting period is as follows:

	At 30 June 2017 (Unaudited) *HK$'000*	At 31 December 2016 (Audited) *HK$'000*
Within 1 month	**613,063**	661,422
More than 1 month but within 2 months	**143,037**	138,052
More than 2 months but within 4 months	**129,802**	86,841
More than 4 months but within 7 months	**317,824**	56,328
More than 7 months but within 13 months	**80,187**	70,600
More than 13 months	**105,397**	118,201
	1,389,310	1,131,444
Unbilled receivables*	**571,081**	245,626
	1,960,391	1,377,070

* 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 due within 30 to 90 days from the date of billing.

Included in "Debtors, other receivables, deposits and prepayments" of the Group are debtors of HK$1,960,391,000 (31 December 2016: HK$1,377,070,000), of which HK$21,257,000 (31 December 2016: HK$19,600,000) and HK$12,054,000 (31 December 2016: HK$10,546,000) are due from a non-controlling shareholder of a non-wholly-owned subsidiary and a related company, respectively. Debtors mainly represent revenue from the provision of operation services for environmental energy projects, environmental water projects, greentech projects and manufacturing and sales of environmental protection project equipment. 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 2017 (31 December 2016: Nil).

"Debtors, other receivables, deposits and prepayments" include balances totalling HK$7,559,680,000 (31 December 2016: HK$6,568,288,000) which bear interest at rates ranging from 4.90% to 7.83% (31 December 2016: 4.90% to 7.83%) per annum and relate to the Group's service concession arrangements, of which HK$207,640,000 (31 December 2016: HK$195,407,000) and HK$468,612,000 (31 December 2016: HK$458,525,000) are due from a non-controlling shareholder of a non-wholly-owned subsidiary and a related company, respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the service concession arrangements. No impairment loss was recognised by the Group at 30 June 2017 (31 December 2016: Nil).

11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

Included in "Other receivables, deposits and prepayments" at 30 June 2017 are advances made to local government authorities in relation to service concession arrangements amounting to HK$138,515,000 (31 December 2016: HK$103,458,000), of which (i) HK$56,517,000 (31 December 2016: HK$54,518,000) is unsecured, interest-bearing at rates announced by the People's Bank of China and will be settled by instalments until 2017; (ii) HK$34,230,000 (31 December 2016: Nil) is unsecured, interest bearing at rates announced by the People's Bank of China and will be settled by instalments until 2022; and (iii) HK$47,768,000 (31 December 2016: HK$48,940,000) is unsecured, interest-bearing at 10% over rates announced by the People's Bank of China and will be settled by instalments until 2026.

Included in "Debtors, other receivables, deposits and prepayments" at 30 June 2017 are debtors of HK$230,752,000 (31 December 2016: HK$153,574,000) due from the Group's joint venture, which are repayable on credit terms similar to those offered to the customers of the Group, other receivable of HK$8,108,000 (31 December 2016: Nil) due from the Group's joint venture, which is unsecured, interest free and has no fixed terms of repayment, and advance of HK$55,913,000 (31 December 2016: HK$53,785,000) to the Group's joint ventures for daily operation, which is unsecured, interest-bearing at rates announced by the People's Bank of China and repayable within one year.

Included in "Other receivables, deposits and prepayments" at 31 December 2016 were prepayments of HK$33,504,000 to a non-controlling shareholder of a non-wholly-owned subsidiary for construction related works.

The cross-currency swap was settled in August 2017, when the Group paid HK$646,365,000 and received an agreed amount of Euro75,000,000.

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

12. CASH AND CASH EQUIVALENTS

	At 30 June 2017 (Unaudited)	At 31 December 2016 (Audited)
	HK$'000	*HK$'000*
Deposits with banks	**2,668,476**	878,704
Cash at banks and in hand	**6,237,986**	5,461,875
	8,906,462	6,340,579

Included in "Cash and cash equivalents" of the Group at 30 June 2017 are deposits of HK$782,133,000 (31 December 2016: HK$586,725,000) placed with a related party bank.

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2017 (Unaudited) *HK$'000*	At 31 December 2016 (Audited) *HK$'000*
Creditors	**5,013,660**	3,419,072
Other payables, accrued expenses and deferred income – government grants	**1,334,436**	1,450,152
	6,348,096	4,869,224
Derivative financial instrument – cross-currency swap	**–**	28,528
	6,348,096	4,897,752
Less: Non-current portion – other payables, accrued expenses and deferred income – government grants	**(101,750)**	(93,610)
Current portion	**6,246,346**	4,804,142

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

	At 30 June 2017 (Unaudited) *HK$'000*	At 31 December 2016 (Audited) *HK$'000*
Within 6 months	**4,528,029**	3,047,205
Over 6 months	**485,631**	371,867
	5,013,660	3,419,072

Creditors totalling HK$4,659,231,000 (31 December 2016: HK$3,082,689,000) represent construction payables for the Group's BT, BOT and certain BOO arrangements, of which HK$570,000 (31 December 2016: HK$1,117,000) is due to a non-controlling shareholder of a non-wholly-owned subsidiary. The construction payables are not yet due for payment.

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES *(continued)*

Included in "Other payables, accrued expenses and deferred income – government grants" at 31 December 2016 was other payable of HK$1,555,000 due to the Group's associate, which was unsecured, interest-free and repayable on demand.

14. SHARE CAPITAL

	At 30 June 2017 (Unaudited) ***HK$'000***	At 31 December 2016 (Audited) *HK$'000*
Issued and fully paid:		
4,482,711,700 ordinary shares	**7,405,414**	7,405,414

During the period ended 30 June 2016, the Company purchased 1,000,000 of its shares on the Stock Exchange for a total consideration of HK$7,950,000 which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. The purchased shares were cancelled during the period ended 30 June 2016 and the total amount paid for the purchase of the shares of HK$7,950,000 has been charged to retained profits of the Company during that period.

15. COMPARATIVE AMOUNTS

As set out in note 3, certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures.

16. EVENT AFTER THE REPORTING PERIOD

On 21 July 2017, China Everbright Water Limited ("CEWL" or "Everbright Water"), a 74.85% owned subsidiary of the Company, entered into an underwriting agreement with the relevant financial institution in relation to the proposed issue of RMB-denominated corporate bonds with an aggregate principal amount of not exceeding RMB2.5 billion (the "Corporate Bonds") to the qualified investors in the PRC, the proceeds of which will be used partly for repayment of the existing indebtedness and replenishment of the general working capital of its green projects. On 24 July 2017 (the "Issue Date"), CEWL issued the first tranche of the Corporate Bonds with principal amount of RMB1 billion, with a maturity period of five years from the Issue Date. The proceeds from the issue of the first tranche of the Corporate Bonds are used for repayment of the existing indebtedness of CEWL and its subsidiaries and replenishment of the general working capital of CEWL and its subsidiaries.

BUSINESS REVIEW AND PROSPECTS

OPERATING RESULTS

After ending 2016 on a positive note, China's environmental protection industry has continued to enjoy robust growth and abundant opportunities in 2017. China is placing ever greater emphasis on the building of an ecological civilization, with the unprecedented support of the central government and local governments and increasing demand for the environmental restoration. Apart from rolling out a raft of policies specific to key areas, including environmental restoration, as well as air, water and soil remediation, the implementation of China's "One Belt One Road" initiative, as well as the establishment of the Silk Road Fund and organizations such as the Asian Infrastructure Investment Bank, have presented unprecedented opportunities for environmental protection companies to expand overseas and establish a larger market presence.

As a leading company in China's environmental protection industry, the Group firmly believes that "An enterprise is not only the Creator of Wealth but also the Safeguard of Environmental and Social Responsibility". It closely aligned itself with national strategic initiatives and leveraged its talent, science and technology to simultaneously drive the development of its 6 major business sectors, namely envirotech, environmental energy, environmental water, greentech, equipment manufacturing and international business. All business sectors have embarked on a dynamic development path towards a greater degree of specialization, where each possesses its own unique characteristics and clear-cut operating position. At the same time, it tapped into new markets to explore new business opportunities through various methods, channels and models, which included new project constructions, entrusted operations, joint ventures and the provision of technology services.

After posting core business revenue in excess of RMB10 billion in 2016, which made the Group being the first solid waste processing company in China's environmental protection industry to deliver this level of annual revenue, the Group continued to strive for excellence, and saw continuous progress during the first half of this year, not only in terms of market expansion, project construction, operation management, and technology research and development ("R&D"), but also in its corporate branding and quality, environmental responsibility, sustainable development and market influence.

The Group also reached a new milestone in 2017. On 8 May, the Company successfully listed its greentech business on the Main Board of the HKEx. This marked another breakthrough for the Company following the spin-off listing of its environmental water business on the Singapore Exchange Securities Trading Limited ("SGX") in 2014. China Everbright Greentech Limited ("Everbright Greentech"), as a separate listed company, made a fresh start in the capital market, and with the support of a standalone financing platform, it will continue to build on its own unique strengths and potential to usher in a new round of development. In addition, the listing of Everbright Greentech has also unlocked the asset value of the Group's greentech business.

In terms of market expansion, during the period under review, the Group secured a total of 21 new projects and signed 2 supplemental agreements, with a total investment amounted to approximately RMB8.987 billion. The new projects included 5 environmental energy projects, 6 environmental water projects and 10 greentech projects. The 2 supplemental agreements included one for Shandong Heze Waste-to-energy Project regarding an increase in the project's daily waste processing capacity by 400 tonnes, and the other one for Jiangsu Huaiyin Integrated Biomass and Waste-to-energy Project (Waste-to-energy) regarding an increase in the project's daily waste processing capacity by 500 tonnes. While consolidating its presence in markets where it already has existing projects and business fields that it already operates in, the Group continued to explore opportunities within new regions, fields and models for all of its business sectors, and successfully achieved breakthroughs in these areas. In overseas markets, the Group continued to take part in China's "One Belt One Road" initiative by playing an active role in sharing and promoting China's advanced environmental protection technologies across Asia Pacific and within countries along the "One Belt One Road" route. Leveraging on this regional platform, and by seeking cooperation and establishing win-win relationships, the Group gradually promoted and enhanced the technology of solid waste to energy in the region.

In terms of project construction, during the first half of 2017, the Group continued to live up to its philosophy of "Producing Quality Projects and Building a Quality Brand". The number of project construction sites amounted to as many as 53. Of which, 13 projects completed construction and commenced operation, while 13 projects started construction during the period under review. The completion and operation of a large number of high quality and benchmark projects offer a new source of growth for the Group's development.

In terms of management, the development of an enterprise is closely tied to talent. During the period under review, the Group continued to optimize talent development, nurturing outstanding talent from an excellent pool, which has further enriched its management-level talent pool. The comprehensive remuneration and benefit system has helped to ensure the stability of its teams and to attract talented individuals. In addition, the Group continued to explore opportunities to develop potential and shore up its operating efficiency. It also controlled operating costs and made smooth progress on price adjustments. At the same time, it deepened the implementation of the environmental, safety, health and social responsibility ("ESHS") management system and risk management system across the Group, successfully applying the standardized and detailed management in overall project construction and operation management.

Regarding technological innovation, and following the completion of its envirotech complex "Everbright Technology Hub" in Nanjing, the Group established two institutes, three research facilities and one center. The two institutes comprise a technology institute and a design institute, while its three research facilities include the Environmental Energy Research Institute, the Environmental Water Research Institute and the Greentech Research Institute. Together with an Analysis and Testing Center, these have formed a new platform that focuses on technological breakthroughs, R&D, as well as solving technological issues in different sectors.

Having always considered shouldering environmental protection responsibility as part of its own, the Group has built a series of international-standard benchmark demonstration projects, which won the high recognition from society and the market. During the period under review, the Group has taken on the responsibility of promoting the environmental protection education of each of its environmental protection project, and has received nearly 60,000 domestic and foreign visitors in total from all walks of life. These visits have enhanced the general public's understanding of environmental protection.

With China promoting waste-to-energy as an important way to treat household waste, in line with rapid development of the industry, it is necessary to improve the public's understanding and promote environmental protection education. Open and transparent environmental information disclosure is a foundation from which the government, the enterprises and the public can build mutual trust. The Group has been courageous in disclosing relevant information in order to carry out its environmental and social responsibilities. Since 1 January 2017, it has fulfilled its pledge to implement its "Four Steps" environmental information disclosure plan by taking the lead in disclosing all of its operating waste-to-energy projects' average gas emission levels on an hourly basis. This remarkable development was achieved as a result of the Group's continuous efforts, and the Group sets an example with respect to information disclosure and helps to promote it within the industry. Having opened itself up to public monitoring, the Group has given itself greater motivation to continue making improvements to its operations and management, which allowed it to push forward with the healthy and orderly development of the waste-to-energy industry.

Meanwhile, the Group was committed to "stepping out" to enhance its exchange and cooperation activities with foreign peers, with the aim of facilitating the internationalization of Chinese waste-to-energy technology while developing itself into a "flag-bearer for China" in the global environmental energy sector. During the period under review, the United Nations' public-private-partnership (PPP) standards on global waste-to-energy projects, which led by the Group, has finished the first draft of over 10 case studies. The Group also took part in the development of the World Bank's guidelines for waste-to-energy projects with Columbia University, and drew upon its extensive experience to formulate domestic standards for various industries, including drafts for Evaluation Specifications of Waste-to-energy Plant Operation, Technical Specifications for Slag Treatment of Municipal Solid Waste Power Plants, and Leachate Treatment Project Technical Specification of Waste Incineration Power Plant, which were formulated in cooperation with the Ministry of Housing and Urban-Rural Development of the People's Republic of China and other organizations. As such, by drawing upon its extensive experience, the Group has made further contributions towards the healthy and booming development of the waste-to-energy industry. Meanwhile, the Waste-to-Energy Research and Technology Council-Asia (WTERT-Asia) was founded in Nanjing in April this year. As one of the founding members, the Group was elected the first Chair of WTERT-Asia. The Group will ride on this opportunity to proactively foster the international commercial and technology communications, in order to explore its international perspectives and nurture international talents.

Around 14 years of exploration has paid off as the Group is now not only a leading player in the international waste-to-energy industry in terms of business size, but is also internationally recognized for its corporate governance structures and sustainable development. During the period under review, the Group again received several awards at the 7th Asian Excellence Recognition Awards 2017 by Corporate Governance Asia. In addition, in terms of sustainability recognition, the Group has been selected as a constituent stock of the Hang Seng Corporate Sustainability Index for the third year running. It was also added into Dow Jones Sustainability World Index and Emerging Markets Index in 2016. During the period under review, the Group was included in RobecoSAM's 2017 Sustainability Yearbook for the first time and was awarded Silver Class, becoming the first company from mainland China and Hong Kong in recent years to have received the RobecoSAM Distinction. At the same time, the Group actively participated in and provided support for environmental protection charitable campaigns globally. During the period under review, it sponsored the World Wild Fund for Nature — Hong Kong's countdown to Earth Hour for the fourth consecutive year. On the top of that, Heifer International Hong Kong branch's "Read to feed" fundraising program (2016-2017) also progressed with support from the Group. At the project company level, employees took part in philanthropy activities through donations, visits and public service advertising campaigns, etc to support the project in surrounding communities. As a result of its ongoing philanthropy and social activities, the Group was awarded Best Corporate Social Responsibility Company 2017 during the period under review, a strong endorsement of the Group as a responsible corporate citizen.

In terms of operating results, the Group fully facilitated the development of its 6 major business sectors during the period under review with remarkable results. The Group's revenue, profit before tax and profit attributable to equity holders of the Company all recorded robust growth. During the period under review, the construction projects continued to progress rapidly with the number of projects under construction at record highs, resulting in substantial growth in construction service revenue. It also saw continuous growth in revenue from operation services as it continued to reduce costs, expand its income streams and enhance efficiency. During the period under review, the Group's consolidated revenue amounted to HK$9,142,144,000, an increase of 69% over HK$5,420,698,000 in the first half of 2016. The EBITDA amounted to HK$3,260,177,000, an increase of 48% over HK$2,198,118,000 in the first half of 2016. Profit attributable to equity holders of the Company for the period under review was HK$1,795,568,000, 49% more than HK$1,208,912,000 recorded in the same period of last year. Basic earnings per share for the first half of 2017 were HK40.06 cents, HK13.1 cents more than HK26.96 cents in the first half of 2016. The Group has ready access to financing channels, with an abundance of cash on hand which continues to rise, and it performed well in all financial indicators.

During the period under review, the Group continued to expand its financing channels to boost its capital strength and provide diverse, long-term and stable financial support for it to progress to its next stage of development. During the first half of 2017, the Group raised fund of HK$3.381 billion through the spin-off and separate listing of its greentech business, obtained various kinds of financial subsidies from the central government in China totaling RMB287 million, actively collected accounts receivables and negotiated with banks to obtain new loan facilities. As at 30 June 2017, the Group had cash on hand of HK$10,788,056,000, helping it to maintain a reasonable gearing ratio and a healthy financial position.

The Group remains dedicated to enhancing value for the Shareholders. To reward them for their support and to take into account the Group's need to achieve long-term sustainable development, the Board declared an interim dividend of HK12.0 cents per share to Shareholders (2016: HK7.5 cents per share).

ENVIRONMENTAL PROTECTION BUSINESS

Riding on the robust growth momentum of the environmental protection industry, the Group continued to expand all of its environmental protection businesses at a steady pace. As at 30 June 2017, the Group secured 236 environmental protection projects with a total investment of approximately RMB62.143 billion, while projects that completed construction commanded a total investment of approximately RMB28.858 billion. Projects under construction commanded investment of approximately RMB14.001 billion and projects in the preparatory stage commanded investment of approximately RMB19.284 billion.

During the period under review, the environmental energy, environmental water and greentech projects generated total revenue of HK$8,873,603,000, of which construction service revenue increased by 84% to HK$6,130,960,000 and operation service revenue increased by 44% to HK$1,834,266,000, as compared with the corresponding period in 2016. The proportion of revenue were as follows: construction service revenue 69%, operation service revenue 21% and finance income 10%.

Major financial data relating to the 3 major environmental protection business sectors during the first half of 2017 are summarized in the table below:

	For the six months ended 30 June 2017				For the six months ended 30 June 2016			
	Environmental Energy Projects	**Environmental Water Projects**	**Greentech Projects**	**Total**	Environmental Energy Projects	Environmental Water Projects	Greentech Projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
– Construction services	**3,849,546**	**977,230**	**1,304,184**	**6,130,960**	1,808,704	699,300	825,858	3,333,862
– Operation services	**736,222**	**388,140**	**709,904**	**1,834,266**	522,868	356,391	392,735	1,271,994
– Finance income	**597,990**	**277,400**	**32,987**	**908,377**	485,266	270,046	16,064	771,376
	5,183,758	**1,642,770**	**2,047,075**	**8,873,603**	2,816,838	1,325,737	1,234,657	5,377,232
EBITDA	**1,988,353**	**551,467**	**729,037**	**3,268,857**	1,345,807	432,339	474,993	2,253,139

The Group equally focuses on generating both social and economic benefits, which involves committing itself to the task of environmental protection and fulfilling its social responsibilities. Its efforts and achievements in energy conservation and emission reduction were evident. During the period under review, the Group processed 5,863,000 tonnes of household waste and 55,000 tonnes of hazardous waste, 753,000 tonnes of agricultural waste and generated 2,585,124,000 kWh of green electricity. This output supported the annual electricity consumption needs of 2,154,000 households, and was equivalent to saving 1,034,000 tonnes of standard coal while reducing carbon dioxide (CO_2) emissions by 2,614,000 tonnes. Meanwhile, the Group treated 567,513,000 m^3 of waste water, 1,013,000 m^3 of leachate produced from waste-to-energy plants and reduced COD emissions by 265,000 tonnes. Since the Group's first environmental protection project commenced operation in 2005, it has processed an accumulated 43,030,000 tonnes of household waste and 506,000 tonnes of hazardous waste, 3,203,000 tonnes of agricultural waste and generated 16,138,466,000 kWh of green electricity, which fulfilled the annual electricity consumption needs for 13,448,000 households, and was equivalent to saving 6,455,000 tonnes of standard coal while reducing CO_2 emissions by 18,073,000 tonnes and preventing 2,098,000,000 trees from being cut down. The Group has treated an accumulated 6,379,341,000 m^3 of waste water and 7,903,000 m^3 of leachate produced from waste-to-energy plants, and reduced COD emissions by 2,293,000 tonnes.

I. ENVIROTECH

The development of modern enterprises is driven by technological innovation. As such, those who master high-end and core technology within an industry chain will be well-positioned for growth. The Group, which has leveraged innovation and reform to fuel its current phase of development, seeks to transform into a modern enterprise by enhancing its core technological competencies.

The year 2017 has witnessed the transformation and development of the Group's envirotech business sector. During the period under review, the environmental science and technology building in Nanjing was fully put to use and was successfully developed into a R&D platform for the Group. Serving as a center for R&D, design, technological management, international communications, and as a display of technological achievements, the building comprehensively integrated resources and established a new management system, which helped to clear the way for the Group's technology-driven development.

During the period under review, the envirotech business sector launched various R&D projects, explored new project management models and made progress in certain researches. Specifically, the first standard prototype unit of the Group's self-developed 850 tonnes/day grate furnace was manufactured for trial; substantial progress was achieved in the development of reciprocating water-cooled biomass grate furnace, plasma melting system for hazardous ash treatment and PNCR technology; and the fourth generation of leachate treatment technology was also under development.

During the period under review, the Group was committed to strengthening its technology management team and recruiting talent with expertise in technology from home and abroad in order to support the establishment of its technological R&D platform, which will spur the growth of other business sectors. During the period under review, the Group organized the WTERT-Asia Inaugural Meeting and became a founding member of WTERT-Asia. Through the professional communications platforms provided by the meeting and WTERT-Asia, the Group shared the virtues of its advanced technology and successful experience in relation to waste-to-energy with global peers, which allowed it to work with experts and elites in the waste-to-energy sector across the world to make improvements in waste-to-energy technology and management in Asia Pacific.

During the period under review, envirotech's Jiangsu Design and Research Institute of Energy Conservation Engineering completed the feasibility reports and construction drawing designs for its internal projects, and secured several external project designs and engineering consultancy contracts. In terms of R&D and collaboration with higher education institutions and research institutes, the Group continued to adopt its technological R&D strategy of "Stepping Out and Bringing In" to facilitate exchange and cooperation with entities worldwide, which will provide the Group with a global perspective and improve its technology. During the period under review, the Group was granted 2 software copyright licenses and 36 patents, of which 4 were invention patents and 32 were utility invention patents. The Group will continue to step up efforts to advance its R&D capabilities to achieve business growth, support its expansion and develop sustainably.

II. ENVIRONMENTAL ENERGY

A. Environmental Energy

As at 30 June 2017, the Group had 65 waste-to-energy projects, 2 methane-to-energy projects, 1 sludge treatment project and 3 food waste treatment projects, which commanded a total investment of approximately RMB28.833 billion. These facilities are designed with an annual household waste processing capacity of approximately 20,276,000 tonnes, which can generate annual on-grid electricity of approximately 6,364,550,000 kWh. The annual sludge treatment capacity is approximately 18,250 tonnes, while the annual food waste treatment capacity is approximately 109,500 tonnes.

During the period under review, the Group tapped into a fiercely competitive market with a strong sense of social responsibility. The Group secured 4 waste-to-energy projects, acquired 1 food waste treatment project and signed a waste-to-energy project supplemental agreement, which commanded a total investment over RMB1.900 billion. Its designed daily household waste processing capacity increased by 3,100 tonnes and its total daily waste processing capacity grew to 55,550 tonnes, which ensured the Group stayed ahead within the industry.

The benefits of market expansion have been underpinned by stable operations and compliance with discharge standards among the Group's operating projects. The Group recognizes the importance of increasing the level of transparency in relation to its project operations, showing that it respects the public's right to know about such matters, while also welcoming public supervision to increase the general public's understanding of the waste-to-energy industry. Since the Group published its "Four Steps" disclosure plan for environmental management information and launched "Open Days", we have achieved new breakthroughs that have improved information transparency and disclosure standards, with many of our waste-to-energy projects having been selected as hubs for environmental protection education, as well as being places that support the increasing interest in environmental science, act as demonstration sites for the circular economy and offer themselves as industrial tourism attractions.

Regarding operation management, during the period under review, all of the Group's waste-to-energy projects' gas emissions fully complied with the Euro 2010 Standard, while leachate after treatment was in line with the national grade one emission standard. In order to improve the efficiency of operation management, all project companies continued to conduct intercompany competitions and environment monitoring training, in order to find talents and increase productivity. As a result, the electricity generation per tonne of waste and the comprehensive auxiliary power consumption rate met their target goals.

Regarding project construction, during the period under review, the Group's 6 waste-to-energy projects and 1 food waste treatment project completed construction and commenced operation. The Group also acquired Sanya Food Waste Treatment Project and commenced to provide operation management service to Dongguan Machong Waste-to-energy Project, the Group's entrusted operation project, during the period under review. Among those projects, the operational commencement of Nanjing Waste-to-energy Project Phase II made Nanjing Waste-to-energy Project to be the Group's largest waste-to-energy project in terms of processing capacity. It is also an important livelihood initiative in Jiangsu Province and Nanjing. Laiwu

Waste-to-energy Project was the first benchmark food waste and household waste integrated treatment project in China, which has created a comprehensive solution for solid urban waste problems. Dongguan Machong Waste-to-energy Project represented a new start for the Group as it follows an entrusted construction and entrusted operation model. During the period under review, the Group had 8 waste-to-energy projects under construction, including its first overseas waste-to-energy project, Can Tho Waste-to-energy Project in Vietnam, which commenced construction at the end of June, and is expected to complete construction and commence operation in 2018.

As at 30 June 2017, the Group had 32 waste-to-energy projects that commenced operations with a designed daily household waste processing capacity of 28,300 tonnes, and had 20 waste-to-energy projects under construction, representing a designed daily household waste processing capacity of 14,750 tonnes. In addition, the Group had 13 waste-to-energy projects in the preparatory stage with a designed daily household waste processing capacity of 12,500 tonnes. In total, the Group had 65 waste-to-energy projects with a designed daily household waste processing capacity of 55,550 tonnes (including 2 entrusted operation projects with a designed daily household waste processing capacity of 3,500 tonnes).

During the period under review, the Group's environmental energy projects processed a total of 5,218,000 tonnes of household waste, an increase of 24% as compared with the first half of 2016. All projects generated a total 1,521,241,000 kWh of on-grid electricity, an increase of 29% when compared with the first half of 2016. Environmental energy projects contributed an EBITDA of HK$1,988,353,000, an increase of 48% as compared with the first half of 2016. Environmental energy projects contributed the net profit attributable to the Group of HK$1,315,244,000, an increase of 52% as compared with the corresponding period last year. The increase in profit was mainly attributable to the significant increase in construction service revenue during the period, as well as the increase in operation service revenue, which was boosted by continuing increases in the total processing volume of operating projects.

Major operating and financial data relating to the environmental energy projects during the first half of 2017 are summarized in the table below:

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
Environmental energy projects		
Waste processing volume *(tonnes)*	**5,218,000**	4,196,000
On-grid electricity *(MWh)*	**1,521,241**	1,175,098
EBITDA *(HK$'000)*	**1,988,353**	1,345,807

B. Environmental Protection Industrial Parks

The Group was the first organization to create and develop an environmental protection industrial park model, and has subsequently built 11 environmental protection industrial parks with Chinese characteristics as at 30 June 2017. In line with its philosophy of "Integrated Planning, Logical Arrangements, Better Land Utilization and Centralized Handling", and following its principle of "Implementing Projects with One Success Followed by Another", the Group has made full use of local resources within the parks, shared infrastructure and optimized available land resources. The goal of this exercise was to efficiently recycle solid waste, increase the levels of energy conservation and effectively reduce emissions, making it easier for governments and enterprises to implement centralized management systems and ultimately achieve nil discharge. It will also help to establish the parks as modern environmental protection industrial parks, as well as turn them into bases for promoting industrial tourism and environmental protection education.

As at 30 June 2017, the Group built environmental protection industrial parks in Suzhou, Changzhou, Suqian, Zhenjiang New District, Yixing, Lianyungang Xuwei New District, Nanjiang and Xinyi of Jiangsu Province, Weifang of Shangdong Province, Ganzhou of Jiangxi Province, and Lankao County of Henan Province.

III. ENVIRONMENTAL WATER

As at 30 June 2017, Everbright Water, in which the Group has a 74.85% stake and is listed on the Main Board of the SGX. It has 87 water environment management projects, including 74 waste water treatment projects, 1 sponge city construction project, 1 river-basin ecological restoration project, 1 integrated water environment restoration PPP project, 1 urban-rural integration water supply project, 5 reusable water projects, 2 sludge treatment and disposal projects and 2 waste water source heat pump projects, commanding a total investment of approximately RMB14.869 billion. The projects are designed to have an annual waste water treatment capacity of approximately 1,531,175,000 m^3, a total annual reusable water volume of 29,784,000 m^3, and are built to offer heating and cooling services to an area of 312,000 m^2 via waste water source heat pump projects.

During the period under review, Everbright Water deepened its market development model, optimized its management practices and adopted a two-pronged approach, securing 6 new projects with an investment of approximately RMB4.264 billion. Aside from its strong development in the waste water treatment field, Everbright Water also ventured into new realms and achieved new technological breakthroughs by making progress in water environment management, water resources integrated utilization, urban-rural water supply and green water services.

As for R&D, Everbright Water built up its core technical team, boosted its technology and equipment talent pool and conducted studies and research into topics including biological deodorization and sludge drying in line with its business development. As for collaboration with institutions and research institutes, Everbright Water formed partnerships with research institutes and companies at home and aboard to push its research forward, learn about advanced technology and improve its core technological competency.

During the period under review, Everbright Water had 11 new projects under construction, of which 4 newly commenced construction and 3 were completed construction. During the period under review, a number of Everbright Water's projects confirmed tariff hikes within the range of 19% to 86%.

As at 30 June 2017, 76 Everbright Water projects commenced operations, including 1 newly completed construction, of which 67 were waste water treatment projects with a designed daily waste water treatment capacity of 3,815,000 m^3, 5 were reusable water projects with a designed daily water supply of 82,000 m^3 and 2 were waste water source heat pump projects providing services to an area of 312,000 m^2 and 2 sludge treatment and disposal projects. In addition, there were 8 projects under construction, including 6 waste water treatment projects, 1 river-basin ecological restoration project and 1 sponge city construction project.

During the period under review, the Group's environmental water projects treated 567,513,000 m^3 of waste water, an increase of 5% when compared with the same period in 2016. Environmental water projects had an EBITDA of HK$551,467,000, an increase of 28% when compared with the same period in 2016. The environmental water projects' net profit attributable to the Group was HK$195,687,000, an increase of 40% when compared with the first half of 2016. The increase was partly due to the continuous growth of construction revenue recognized and the profit in the last corresponding period included the recognition of the exchange loss arising from borrowings pegged to USD drawn for acquisition of Dalian Dongda Water Co. Ltd. and additional tax expenses as a result of changes in tax calculation of a project pursuant to the requirements of local tax bureau.

Major operating and financial data relating to the Group's environmental water projects during the first half of 2017 are summarized in the table below:

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
Environmental water projects		
Waste water treatment volume *(m^3)*	**567,513,000**	538,112,000
EBITDA *(HK$'000)*	**551,467**	432,339

IV. GREENTECH

As at 30 June 2017, Everbright Greentech, in which the Group has a 69.7% stake and is listed on the Main Board of the HKEx, has 73 greentech projects, including 38 biomass projects, 26 hazardous waste treatment projects, 7 solar energy projects and 2 wind power projects, commanding a total investment of approximately RMB17.11 billion. The aggregate annual designed processing volume of biomass raw materials was 7,550,000 tonnes, the annual household waste treatment volume was 1,843,000 tonnes, the annual hazardous waste processing volume was approximately 594,000 tonnes, the annual on-grid electricity generation was approximately 5,654,508,000 kWh, and the annual heat supply was approximately 1,752,000 tonnes.

During the period under review, the successful listing of Everbright Greentech on the Main Board of the HKEx made it the Group's second business sector to tap into the international capital market through a separate listing, opening up a new phase of development for Everbright Greentech at the same time.

In terms of market development, Everbright Greentech broke a record by securing 10 new projects and signed a supplemental agreement, and continued to strengthen its market leading position in locations where it has existing projects, including Jiangsu, Anhui, Henan and Hubei etc., commissioning a total investment of approximately RMB2.823 billion. In terms of project construction, Everbright Greentech successfully maintained its momentum in 2016 and pushed forward the construction of its projects in a stable manner. During the period under review, the number of construction projects amounted to 15, of which 3 projects have been completed construction and commenced operation. Among these, Lingbi Urban-rural Integration Project was the first project in China to have both of its biomass treatment and waste-to-energy facilities constructed together simultaneously, and also to have both of its facilities put into operation at the same time. The project fulfilled all the required standards when it was constructed and put into operation after a construction period of 15 months. Through the sharing of resources, including the main plant, power grid system, water supply and drainage system, cooling system, central control system and management team, the Project increased the amount of environmental service output, its overall investment returns and its competitiveness.

As at 30 June 2017, Everbright Greentech completed the construction of and put into operation 27 projects, including 10 biomass projects with a designed annual on-grid electricity generation of 1,362,000,000 kWh, an aggregate annual designed processing capacity of biomass raw materials of approximately 2,200,000 tonnes, an annual designed household waste treatment capacity of approximately 292,000 tonnes, 8 hazardous waste treatment projects with an annual processing capacity of approximately 131,000 tonnes, 7 solar energy projects and 2 wind power projects with a total designed annual on-grid electricity generation of 264,036,000 kWh. Everbright Greentech is currently constructing 12 projects, including 10 biomass projects with a designed annual on-grid electricity generation of 1,554,000,000 kWh, an aggregate annual designed processing capacity of biomass raw materials of approximately 2,070,000 tonnes, an annual household waste treatment capacity of approximately 475,000 tonnes, and 2 hazardous waste treatment projects with an annual processing capacity of approximately 40,000 tonnes. It also had 34 projects in preparatory stage, including 18 biomass projects with a designed annual on-grid electricity generation of 2,474,472,000 kWh, an aggregated annual designed processing capacity of biomass raw materials of approximately 3,280,000 tonnes, an annual household waste treatment capacity of 1,077,000 tonnes, and 16 hazardous waste treatment projects with an annual processing capacity of approximately 423,000 tonnes.

During the period under review, the Group's greentech projects provided a total of 762,339,000 kWh of on-grid electricity, an increase of 103% as compared with the same period last year. Greentech projects contributed an EBITDA of HK$729,037,000, a 53% increase over the same period last year, and its net profit attributable to the Group was HK$430,799,000, a 37% increase over the same period last year. The increase in profit was mainly due to the significant increase in both the construction service revenue and the operation service revenue as compared with the same period last year.

Major operating and financial data relating to the greentech projects during the first half of 2017 are summarized in the table below:

	For the six months ended 30 June 2017	For the six months ended 30 June 2016
Greentech Projects		
Household waste processing volume *(tonnes)*	**84,000**	25,000
Biomass raw materials processing volume *(tonnes)*	**753,000**	247,000
Hazardous waste processing volume *(tonnes)*	**55,000**	39,000
On-grid electricity *(MWh)*	**762,339**	376,117
EBITDA *(HK$'000)*	**729,037**	474,993

V. EQUIPMENT MANUFACTURING

After years of experimenting, the Group has established a roadmap for technological development that focuses on in-house research and development, combines the processes of importing and assimilating new technology, and establishes partnerships with local and overseas renowned academic institutions and scientific research institutes. This roadmap has enabled the Group to develop world class waste-to-energy technologies. The Group possesses a set of core technologies with independent intellectual property rights, including grate furnaces, gas purification systems, leachate treatment systems and automatic control systems. The Group has also formed a comprehensive industry value chain that includes the self-development of core equipment. With its technology and equipment complementing each other, the Group has strengthened its influence and leadership in the industry both at home and abroad.

As the Group restructured its businesses, equipment manufacturing emerged as one of the 6 core business sectors. Thanks to the integration and optimization of the Group's internal resources, and through development driven by technological innovation and the steady growth of other business sectors, equipment manufacturing has undergone a period of rapid growth. During the period under review, equipment manufacturing focused on the R&D of equipment and continued to explore and improve its technology to enhance effectiveness and control costs. The Group also cooperated with external parties to enhance its own knowledge of equipment manufacturing and to identify areas that do not work in order to develop highly effective and targeted products which can cater to different needs in overseas and local markets.

During the period under review, the Group completed the production and commissioning of 23 sets of grate furnaces, 14 sets of flue gas purification systems and 9 sets of leachate treatment systems to cope with the construction pace of projects under construction. In addition, the Group continued to actively explore the external sales market and sold 7 entire sets of equipment in the first half year of 2017 with a total sales contract value of approximately RMB194.6 million. The opportunities presented by China's "One Belt One Road" initiative and favorable policies for high-end equipment manufacturing have successfully supported the Group's move into the first-tier of the environmental protection equipment manufacturing industry with its self-developed core equipment, helping the Group to raise the profile and reputation of the "Made by Everbright International" brand.

VI. INTERNATIONAL BUSINESS

During the period under review, the Group established international business as an independent business sector, an important milestone for its "from Domestic to Overseas Markets" development strategy.

In the spirit of the Chinese government's "One Belt One Road" initiative, the Group established an overseas investment platform and adopted a much more open attitude towards seeking cooperation across a wider-range of areas. In order to achieve win-win results overseas, the Group will take full advantage of partnerships and its network. Under the guidance of national development strategy, during the period under review, the Group carried out a number of fruitful activities in countries that fall within the scope of the "One Belt One Road" initiative, such as those in Southeast Asia, South Asia, Central and Eastern European as well as the Middle East. This helped the Group accumulate overseas market development experience.

During the second half of 2016, the Group completed the acquisition of Novago sp. z o.o. ("Novago"), a leading solid waste treatment company in Poland and the Group's first overseas acquisition project. During the period under review, Novago's revenue was HK$191,585,000 and had an EBITDA of HK$70,541,000. The Group will leverage its influence in Poland to put its advanced technology and experience into use in the environmental protection, renewable energy and equipment manufacturing fields across Central and Eastern European.

The Group's first overseas waste-to-energy project, Can Tho Waste-to-energy Project in Vietnam, has fulfilled all its legal procedures and has officially commenced construction during the period under review. Supported by various government departments, partners and local residents in Can Tho, Everbright International has been highly professional in the way it has pushed forward preparations for the project by strictly follows Vietnamese laws and regulations, and completed all the preliminary work within merely half a year. The Project is expected to complete construction and commence operation in 2018, making it the first high standard household waste-to-energy project in Vietnam.

The Group leveraged its advantages in investment, operation, management, technology and equipment, and deepened its understanding of environmental protection requirements and goals as well as the local investment environment and growth potential of different countries. In doing so, the Group will be able to capitalize on opportunities to develop its overseas business and achieve quality development on a larger scale in a wider regional and international environmental protection market. Meanwhile, it will empower the Group to introduce its self-developed equipment, technology and operating management experience abroad.

BUSINESS PROSPECTS

From a global perspective, the environmental protection industry is going through a challenging and crucial time, but is also welcoming a period of significant development opportunities. In China, the Report on the Work of the Government 2017 clearly stated that the Chinese government will take steps to strengthen ecological environmental protection during the year, and will expedite work to improve the environment. The report also mentioned that the government must adopt well-designed policies to tackle both symptoms and root causes, which in turn will strengthen the energy conservation and environmental protection industries to ensure improvements in both the environment and economic growth. By accumulating the ecological resources, the country will be able to protect the sustainable development of its environmental protection industry. With the government charting the general course, the Group is confident that the environmental protection industry will continuously enjoy wider room for development.

As a leading enterprise in China's environmental protection industry, the Group is diligent in carrying out its work, according to the country's integrated development strategy, to facilitate the concurrent growth of its 6 major business sectors. The Group will also utilize its integrated capabilities to enhance operation management and risk controls in order to construct quality projects with high standards. The Group will be ambitious in its endeavor to undertake responsibility as an environmental protector, and will fulfill its promise to take actions on issues pertaining to environmental governance.

In the second half of 2017, the Group will continue to uphold its "Technology Leads Development" ethos as its main development theme, strongly promoting the development of core technology through various means, including self-development, technological imports, and collaborations with research institutes and higher education institutions. This will continuously power the development of every business sectors, with Envirotech making the most of its technology R&D base to reinforce the Group's technological strengths and promote new forms of innovation and exploration. Meanwhile, besides reinforcing each sector's domestic businesses, under the "One Belt One Road" initiative, the Group has focused on the regions under the initiative to conduct its business and explore new projects, and utilized its advantages in technology, equipment, construction and operational management to export its solutions to overseas markets.

Environmental protection has implications for the times that we currently live through and will benefit future generations that follow. Looking ahead, the Group will continuously help to create better living conditions, and will work diligently to convert waste into energy, a professional environmental protection sector. The Group's management firmly believes that after over a decade's hard work and experience, and with the support of the country's policies and the ability to leverage the strong capabilities of our parent company, China Everbright Group Ltd., the Group will continue to firmly keep to its direction and sail forward to its new glorious future.

POST-RESULTS EVENT

The Group secured 3 waste-to-energy projects during the post-results period, including Quzhou Waste-to-energy Project in Zhejiang Province, Qihe Waste-to-energy Project in Shandong Province and Shenyang Daxing Waste-to-energy Project in Liaoning Province, which added 5,000 tonnes to the aggregated daily household waste treatment designed capacity and commands a total investment of RMB2.684 billion. Shenyang Daxing Waste-to-energy Project is the Group's first waste-to energy project in northeastern China.

Everbright Water, a non-wholly-owned subsidiary of the Group, won the bid for Ji'nan Huashan Waste Water Treatment Project and secured Jiangsu Jiangyin Chengxi Waste Water Treatment Project Phase III, adding a total daily waste water treatment capacity of 60,000 m^3 with an investment of approximately RMB281 million. Ji'nan Huashan Waste Water Treatment Project is also the first underground waste water treatment project of Everbright Water.

On 21 July 2017, Everbright Water entered into an underwriting agreement with the relevant financial institution in relation to the proposed issue of RMB-denominated corporate bonds with an aggregate principal amount of not exceeding RMB2.5 billion to the qualified investors in the PRC, the proceeds of which will be used partly for repayment of the existing indebtedness and replenishment of its general working capital, and partly for construction of its green projects and repayment of project borrowings of its green projects. On 24 July 2017, Everbright Water issued the first tranche of the Corporate Bonds with principal amount of RMB1 billion, with a maturity period of 5 years from the Issue Date. The proceeds from the issue of the first tranche of the Corporate Bonds are used for repayment of the existing indebtedness and replenishment of its general working capital.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

As at 30 June 2017, the Group's total assets approximately amounted to HK$61,964,490,000 with net assets amounting to HK$25,547,385,000. Net asset value per share attributable to equity holders of the Company was HK$4.501 per share, representing an increase of 16% as compared to HK$3.879 per share as at the end of 2016. As at 30 June 2017, gearing ratio (total liabilities over total assets) of the Group was 59%, a decrease of 1 percentage point as compared with that of 60% as at the end of 2016.

FINANCIAL RESOURCES

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and low cost of funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 30 June 2017, the Group had cash and bank balances of HK$10,788,056,000, representing an increase of HK$3,750,459,000 as compared to HK$7,037,597,000 at the end of 2016. Most of the Group's cash and bank balance, representing approximately 92%, was denominated in Hong Kong dollars and Renminbi.

BORROWINGS

The Group is dedicated to improving banking facilities to reserve funding to support the development of the environmental protection business. As at 30 June 2017, the Group had outstanding borrowings of HK$26,362,883,000, representing an increase of HK$4,747,234,000 as compared to HK$21,615,649,000 at the end of 2016. The borrowings included secured interest-bearing borrowings of HK$11,227,724,000 and unsecured interest-bearing borrowings of HK$15,135,159,000. The borrowings are mainly denominated in Renminbi, representing approximately 48% of the total, and the remainder is denominated in Hong Kong dollars, US dollars, Euros and Polish zloty. Most of the borrowings are at floating rates. As at 30 June 2017, the Group had banking facilities of HK$39,719,700,000, of which HK$13,400,962,000 have not been utilized. The banking facilities are of 1 to 21 years terms.

FOREIGN EXCHANGE RISKS

The Company's financial statements are denominated 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 makes up over 90% of its total investments and revenue. The Group's assets, borrowings and major transactions are mainly denominated in Renminbi, and as such, it forms a natural hedging effect. With this in mind, 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 risk.

PLEDGE OF ASSETS

Certain banking facilities of the Group were secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plants and equipment, and prepaid land lease payments and the equity interests of certain subsidiaries of the Company. As at 30 June 2017, the aggregate net book value of assets and equity interests in subsidiaries pledged amounted to approximately HK$24,434,987,000.

COMMITMENTS

As at 30 June 2017, the Group had purchase commitments of HK$4,053,384,000 outstanding in connection with the construction contracts.

CONTINGENT LIABILITIES

As at 30 June 2017, the Company issued financial guarantees to 6 subsidiaries. The Board does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 30 June 2017 for the provision of the guarantees was HK$2,228,694,000.

INTERNAL MANAGEMENT

The Group adheres to its management principle of "People-oriented, Pragmatism, Creativity and Systematic Management" and is committed to building a comprehensive risk management culture. The Group develops the risk management model of "Integration of Policy, Procedure and System with Risk-oriented" to strengthen management and control risk more comprehensively. During the period under review, the Group issued various management rules including Risk Management Policy, Risk Management Practice Handbook, Risk Management Practice Guidance for the year of 2017. Meanwhile, the Group has arranged the inspection of risk management key tasks and activated the evaluation of internal control. All these aim at strengthening the overall risk management and increase the risk management capability. With the combined efforts of the Risk Management Advisory Committee for investment projects, the Engineering and Technology Management Committee, the Budget Approval Management Committee, the Tender Management Committee and ESHS Management Committee, the Group has formulated strict regulations on investment in, and the construction and operation of, environmental protection projects to enhance the overall risk management.

During the period under review, the Group held management committee meetings on a monthly basis to review the investment proposals of newly developed projects in the PRC and overseas as well as all projects under construction and operation. In addition, the Company's Internal Audit Department conducted internal audits and ensured the strict enforcement of various management systems to enhance internal management standards. Since the beginning of this year, the Group has been continuing to focus on carrying out projects which are currently under construction or at the preparatory stage, and went through formalities to ensure that all projects meet their legal obligations during construction and operation.

During the period under review, the Group has organized various safety evaluations and a series of activities during the safety production month to ensure all the projects under construction and in operation have complied with the safety related policies. With a commitment to maintaining safe and stable operations in compliance with discharge standards, and with the goal of ensuring no major safety and environmental accidents, the Group encouraged the project companies to compete with each other on conserving, enhancing efficiency, saving energy and controlling costs. Meanwhile, the Group has organized the competition activities between different regional districts as well. The comprehensive auxiliary power consumption rates of waste-to-energy projects, biomass projects and solar energy projects, as well as the unit operating cost of waste water treatment projects, continued to decline, contributing to an improvement in project efficiency.

HUMAN RESOURCES

Human Resources are the key strategy of corporate development which requiring appropriate personnel to execute this core strategy. The Group highly values its human resources and puts great emphasis on staff training. It believes that realizing the full potential of its employees is crucial to its long-term growth. The Group continued to improve its human resources through internal training as well as local, overseas, and on-campus recruitment. During the period under review, to cope with its development, the Group continued to enhance the ESHS management system, risk management system by organizing training on Risk Management Tool Usage, Performance Appraisal System, Corporate Large Database Usage and there are over 300 finance staff to attend the annual finance training. All these have been enhanced the overall quality of our staff. To facilitate the integration of newly recruited staff, the Group held the 18th and 19th execution trainings for more than 600 participants. A total of 43 managers and senior technical staff will complete the Tsinghua University CEO Course (the 6th session) in August. To ensure that employees' development meets the objectives of the Group's sustainable development, the Group continued to enrich its management level talent pool across its 6 core business sectors. There are over 400 management who will be the main and new power to support the future development of the Group. Through competition and selection processes, new project leaders and department heads were selected, staff members were highly motivated, and the sessions allowed those who have passion and vision to grow and unleash their potential in the right job positions.

As at 30 June 2017, the Group had approximately 7,000 employees. Employees within the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from a 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

With the full implementation of its risk management system, the Group thoroughly reviewed and assessed the management of key risks and risk trends during 2016. The key risks faced by the Group in 2016, including talent management, environmental and social responsibilities, peer competition, new business investment and development risks, technology and innovation, and changes in environmental protection policies and business models, were kept under control and managed effectively, and the severity and impact of these risks have been receding.

Talent management risk mainly refers to the risk of failing to recruit, retain and develop sufficient talent for the purpose of continuously developing the business because of the Group's rapid business development and a huge demand for talent, while at the same time facing severe competition over environmental protection specialists within the industry. During the period under review, the Group continued to review its remuneration system so as to ensure that staff remuneration can align reasonably with market standards and maintain its competitiveness. The management structure and staff composition of the Group was continuously enhanced and the talent pool of senior management was strengthened. Systematic staff training was further enhanced to increase the overall effectiveness of training.

Environmental and social responsibility risk mainly refers to the risk of negative impacts to the construction and operation of projects as a result of exceeding environmental emission limits, safety incidents and materially false or misleading articles from media. It also refers to the impact on the Group's operations due to extreme natural disasters caused by climate change. The Group continued to formally disclose the environmental emission data of all waste-to-energy projects during the period under review and to place itself under the general public's supervision. Through the organization of on-site project visits and various environmental protection promotion activities, and with the increase in the public's understanding of the technical operation of the projects, the Group was able to answer the general public's queries and promote its enthusiasm for the execution of environmental and social responsibility. In response to the impact brought about by climate change, the Group developed detailed contingency plans based on the operational characteristics of each project, and carried out disaster prevention and rescue emergency drills on a regular basis to deal with the effects of extreme weather hazards.

Competition risk refers to the risk of the Group's business development capabilities and the returns from investment projects being affected as a result of severe competition from competitors throughout the industry. The Group, through continuous enhancements to its construction design, strengthened its core technological capabilities, upgraded its equipment efficiency, enhanced project management standards, improved the overall quality of projects, and reduced construction and operation costs. Maintaining good cooperations with governments helped us to obtain projects with better terms and conditions, and thus increased profitability. The Group also participated in the formulation of waste-to-energy industry standards to raise entry standards into the industry and build a constructive competitive environment.

New business investment and development risk mainly refers to the risk of failing to develop new business types and locations, which affects the Group's profitability. Technology and innovation risk mainly refers to the risk of failing to satisfy business development needs through research and development and the introduction of new technology, which affects the Group's profitability. During the period under review, the Group continued to strengthen its International Business Department and put more resources into developing overseas projects that chime with the national "One Belt One Road" initiative. The Group's specialized group for international investment projects analyzed the relevant investment risks, developed risk mitigation measures and conducted follow ups. The research and development plan was implemented as planned during the period under review, which mainly covered the Group's major project development areas, including biomass, the urban-rural integration model, hazardous waste treatment and water restoration.

Changes in environmental protection policy and business model risks refers to the risks of failing to respond to these changes in a timely and effective manner in a way that can have a negative impact on the Group's business. The Group has, at times, been concerned about external changes in environmental protection policies and business models, and the effect they can have on the Group's business development. In response, it has organized regular reports and discussions for employees, formulated appropriate measures, improved internal controls and arranged training sessions to ensure effective responses to the aforesaid changes, and the mitigation of risk.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group pays particular attention to the impact of its operations on both the environment and society. It established an environmental and social management system following the Asian Development Bank's Safeguard Policy Statement and other internationally recognized practices, which defines concrete procedures to ensure the environmental and social impact of the Group's operating activities are within the statutory limits. With the aim of aligning system requirements and operational practices, as well as improving the whole environmental and social management process, the Group implemented its ESHS management system. In 2017, the Group continued to optimize the system, enhanced its implementation through its subsidiaries, and organized special activities, including competitions on ESHS knowledge and plant managers' forums, in order to enhance environmental and social impact management.

The operating and environmental performance of the Group's projects strictly adheres to the standards and requirements of their respective environmental impact assessment reports. The Group also takes into consideration the expectations of neighboring communities. The key regulations and standards which are highly relevant to the Group's business include the Environmental Protection Law of the PRC, Production Safety Law of the PRC, Labor Law of the PRC, the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485-2014) and Directive 2010/75/EU and its relevant Annexes/Amendments (for environmental energy projects), the Emission Standard for Air Pollutants of Thermal Power Plants (GB13223-2011) (for biomass power generation projects under greentech sector), and the Discharge Standard for Pollutants of Municipal Wastewater Treatment Plants (GB18918-2002) (for environmental water projects). No breach of these regulations and environmental protection standards nor any significant loss or impact to the Group as a result were recorded in the first half of 2017.

To promote the development of a sound ecological environment and in the interests of green and low carbon development, the Group took the lead to launch "three firsts" within the waste-to-energy industry: it was the first to adopt the Euro 2010 standard to develop waste-to-energy projects; the first to connect with local environmental protection departments to communicate real-time emission data; and the first to disclose all its emission standards and environmental management information. From 1 January 2017, the Group started to disclose the average hourly gas emission levels of all of its operating waste-to-energy projects; and took the initiative to accept public supervision, marking the completion of the Group's "Four Steps" environmental information disclosure plan. This important initiative has set an example for the industry in terms of information disclosure.

CORPORATE GOVERNANCE

The Group strives to maintain a high standard of corporate governance as it believes good corporate governance practices are increasingly important for maintaining and promoting the confidence of the Shareholders. They are crucial for the development of the Group's business and protection of the Shareholders' interests. The Group upholds the management principle of "People-oriented, Pragmatism, Creativity and Systematic Management", and through a set of rules and regulations, has continuously strengthened internal control and risk management. Furthermore, by full and timely public disclosure of information, the Group has maintained transparency and accountability which also enhanced its corporate values. During the period under review, the Board meets regularly and has 6 Board committees, namely Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee, Disclosure Committee and Management Committee. For project risk management, the Group has set up a Risk Management Advisory Committee to monitor and assess risks regularly, boost related management standards and evaluate investment projects. Regarding project technological risk management, the Group has in place an Engineering and Technology Management Committee which is responsible for assessing the technologies used in different investment projects. For project financial control, the Group insists on stringent budget management, and has set up a Budget Approval Management Committee that focuses on monitoring budgets of project construction. In addition, the Group has also set up an Internal Audit Department to perform internal audits to bolster the Group's management standards.

The Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the HKEx (the "Listing Rules") has been duly adopted by the Board as the code on corporate governance practices of the Company.

The Company has complied with the CG Code for the six months ended 30 June 2017, except that a non-executive director of the Company was not appointed for a specific term. This constitutes a deviation from the code provision A.4.1 of the CG Code which requires that all the non-executive directors should be appointed for a specific term. The Board believes that the current arrangement will enable the Company to have a greater flexibility to organize the composition of the Board to serve the needs of the Group. Pursuant to the Company's articles of association, subject to the manner of retirement by rotation of directors of the Company (the "Directors") as from time to time prescribed under the Listing Rules and notwithstanding any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of 3, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement at least once every 3 years.

Audit Committee

The Audit Committee, currently comprising all 3 independent non-executive Directors, namely Mr. Mar Selwyn (Chairman), Mr. Fan Yan Hok, Philip and Mr. Zhai Haitao, is primarily responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing the risk management and internal control systems and financial reporting matters of the Group, etc. The terms of reference of the Audit Committee are disclosed on the website of the Company.

The Audit Committee reviewed with the management and the Company's auditors, 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 systems and financial reporting matters, including review of the unaudited interim results for the six months ended 30 June 2017 and reports from Internal Audit Department and Risk Management Department of the Company.

Risk Management Committee

The Risk Management Committee currently comprises Mr. Fan Yan Hok, Philip (Chairman), an independent non-executive Director, Mr. Mar Selwyn, an independent non-executive Director, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer, Mr. Cai Shuguang, an executive Director and Ms. Xu Nailing, the Deputy Chief Financial Officer of the Company. Its main duties are to provide oversight of the Company's risk management programs, and to review the effectiveness of the management's processes for identifying, assessing, mitigating and monitoring enterprise-wide risks. The terms of reference of the Risk Management Committee have been established in writing.

In the first half of 2017, the Group carried out risk assessment and analysis to identify the changes in the annual risk and initiated the internal control assessment to ensure the effectiveness of the internal control management. The Risk Management Committee had reviewed the implementation of the Group's risk management system, the progress of risk control and management for the first half of 2017 as well as the work plan of the risk management for the second half of 2017 to assess the risk of the Group in the year.

Nomination Committee

The Nomination Committee currently comprises Mr. Cai Yunge (Chairman), the Chairman of the Board, Mr. Chen Xiaoping, the Chief Executive Officer, and all 3 independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn and Mr. Zhai Haitao. Its primary responsibilities include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, reviewing and reporting the Board diversity to the Board, assessing the independence of the independent non-executive Directors, making recommendations to the Board on appointment of Directors and assessing the qualifications and competencies of the candidates, so as to ensure that all nominations are fair and transparent. The terms of reference of the Nomination Committee are disclosed on the website of the Company.

During the period under review, the Nomination Committee reviewed the resignation of Mr. Li Kwok Sing, Aubrey, the former independent non-executive Director of the Company as well as the change in composition of the Board committees.

Remuneration Committee

The Remuneration Committee currently comprises Mr. Zhai Haitao (Chairman), an independent non-executive Director, Mr. Cai Yunge, the Chairman of the Board, and 2 other independent non-executive Directors, namely Mr. Fan Yan Hok, Philip and Mr. Mar Selwyn. The terms of reference of the Remuneration Committee, which are disclosed on the website of the Company, set out the duties of the Remuneration Committee, including determining, with delegated responsibilities, the remuneration packages of the individual executive Directors and senior management.

During the period under review, the Remuneration Committee members reviewed the 2017 bonus proposal and 2016 bonus payment for the executive Directors and the senior management of the Company.

Disclosure Committee

The Disclosure Committee currently comprises Mr. Chen Xiaoping (Chairman), the Chief Executive Officer, Mr. Wang Tianyi, the General Manager, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer and the Company Secretary. The Board has delegated the day-to-day execution of its continuous disclosure obligations to the Disclosure Committee to ensure the compliance of the Company with its disclosure obligations. The terms of reference of the Disclosure Committee have been established in writing.

In July 2017, the Disclosure Committee held a meeting to discuss and make recommendation to the Board for publication of a positive profit alert announcement of the Company in respect of the financial performance of the Group for the six months ended 30 June 2017.

Management Committee

The Management Committee comprises Mr. Chen Xiaoping (Chairman), the Chief Executive Officer, Mr. Wang Tianyi, the General Manager, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer, Mr. Cai Shuguang, an executive Director as well as Mr. Hu Yanguo, Mr. An Xuesong and Mr. Qian Xiaodong who are chief executive officers of environmental energy, environmental water and greentech sectors respectively. The Management Committee is responsible for the management of daily business operations, formulating and implementing annual work tasks and medium-term development plans for the Group, etc. 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. The terms of reference of the Management Committee have been established in writing.

During the period under review, the Management Committee held regular meetings. The Management Committee reviewed and discussed, including but not limited to, the Group's investment proposals on new projects, changes in senior management personnel, performance appraisals, and status of financial budget execution and the major works done and progress of each business sectors, as well as yearly R&D topics, etc.

On 15 August 2017, the Board resolved to cancel the Management Committee and its work and duties are immediately performed by the Chief Executive Officer and the newly established Management Decision Committee chaired by him.

Model Code for Securities Transactions by Directors

The Group 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 own code of conduct for securities transactions by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months ended 30 June 2017.

Interim Dividend

The Board declared payment of an interim dividend of HK12.0 cents per share (2016: HK7.5 cents per share) to the Shareholders whose names appear on the register of members of the Company on Thursday, 14 September 2017. The interim dividend cheques will be dispatched to the Shareholders on or about Friday, 6 October 2017.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 12 September 2017 to Thursday, 14 September 2017, both days inclusive, on which no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 11 September 2017.

Purchase, Sale or Redemption of the Company's Listed Securities

During the period under review, 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 International Limited
Chen Xiaoping
Chief Executive Officer

Hong Kong, 15 August 2017

As at the date of this announcement, the Board comprises: (i) five executive directors, namely Mr. Cai Yunge (Chairman), Mr. Chen Xiaoping (Chief Executive Officer), Mr. Wang Tianyi, Mr. Wong Kam Chung, Raymond and Mr. Cai Shuguang; (ii) a non-executive director, namely Mr. Tang Shuangning; and (iii) three independent non-executive directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn and Mr. Zhai Haitao.