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光大國際
Everbright International

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 2018

HIGHLIGHTS

Powering Ahead

- Revenue increased by 29% to HK$11,784,390,000 (2017: HK$9,142,144,000)
- EBITDA increased by 35% to HK$4,414,814,000 (2017: HK$3,260,177,000)
- Profit before tax increased by 33% to HK$3,496,964,000 (2017: HK$2,622,744,000)
- Profit attributable to equity holders of the Company increased by 23% to HK$2,200,900,000 (2017: HK$1,795,568,000)
- Interim dividend of HK12.0 cents per share (2017: HK12.0 cents)

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") 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 2018. The interim financial results are unaudited, but have been reviewed by Ernst & Young ("EY"), 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 2018

		Six months ended 30 June	
		2018	2017
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**11,784,390**	9,142,144
Direct costs and operating expenses		**(7,300,582)**	(5,834,496)
Gross profit		**4,483,808**	3,307,648
Other revenue		**345,379**	246,959
Other income and gains/(losses), net		**(2,884)**	21,315
Administrative expenses		**(756,194)**	(570,430)
PROFIT FROM OPERATING ACTIVITIES		**4,070,109**	3,005,492
Finance costs	*6*	**(618,705)**	(410,543)
Share of profits of joint ventures		**43,889**	28,380
Share of profits and losses of associates		**1,671**	(585)
PROFIT BEFORE TAX	*5*	**3,496,964**	2,622,744
Income tax	*7*	**(856,599)**	(624,014)
PROFIT FOR THE PERIOD		**2,640,365**	1,998,730
ATTRIBUTABLE TO:			
Equity holders of the Company		**2,200,900**	1,795,568
Non-controlling interests		**439,465**	203,162
		2,640,365	1,998,730
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*9*		
– Basic and diluted		**HK49.10 cents**	HK40.06 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**2,640,365**	1,998,730
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**–**	1,464
Exchange differences:		
Exchange differences on translation of foreign operations	**992,556**	757,820
Realisation of exchange reserve upon partial disposal of a joint venture	**–**	2,279
	992,556	760,099
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**992,556**	761,563
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Other financial assets measured at fair value through other comprehensive income:		
Changes in fair value	**1,316**	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**1,316**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**993,872**	761,563
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**3,634,237**	2,760,293
ATTRIBUTABLE TO:		
Equity holders of the Company	**3,044,485**	2,442,728
Non-controlling interests	**589,752**	317,565
	3,634,237	2,760,293

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2018

	Notes	**30 June 2018 (Unaudited)** *HK$'000*	31 December 2017 (Audited) *HK$'000* (Restated)
NON-CURRENT ASSETS			
Investment properties		**168,682**	165,133
Property, plant and equipment		**4,364,475**	4,025,016
Prepaid land lease payments		**196,501**	170,904
		4,729,658	4,361,053
Goodwill		**1,784,610**	1,747,451
Intangible assets		**10,755,557**	8,592,924
Interests in joint ventures		**607,855**	543,638
Interests in associates		**265,308**	248,002
Service concession financial receivables	*10*	**42,038,936**	36,780,980
Finance lease receivables		**17,945**	17,817
Other financial assets		**42,670**	38,567
Other receivables, deposits and prepayments	*11*	**1,290,434**	1,078,062
Deferred tax assets		**109,233**	77,250
Total non-current assets		**61,642,206**	53,485,744
CURRENT ASSETS			
Inventories		**880,230**	509,825
Service concession financial receivables	*10*	**3,886,997**	3,549,354
Finance lease receivables		**608**	550
Debtors, other receivables, deposits and prepayments	*11*	**6,571,047**	4,737,674
Tax recoverable		**2,025**	1,681
Pledged bank deposits and restricted balances in financial institutions		**1,037,269**	1,340,732
Deposits with banks with maturity period over three months		**56,470**	840,439
Cash and cash equivalents	*12*	**7,989,932**	8,657,193
Total current assets		**20,424,578**	19,637,448

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2018

	Notes	30 June 2018 (Unaudited) HK$'000	31 December 2017 (Audited) HK$'000 (Restated)
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	*13*	**9,065,868**	8,505,257
Interest-bearing borrowings			
– Secured		**2,392,681**	1,309,485
– Unsecured		**3,436,814**	4,104,205
		5,829,495	5,413,690
Tax payable		**175,386**	114,273
Total current liabilities		**15,070,749**	14,033,220
NET CURRENT ASSETS		**5,353,829**	5,604,228
TOTAL ASSETS LESS CURRENT LIABILITIES		**66,996,035**	59,089,972
NON-CURRENT LIABILITIES			
Other payables	*13*	**96,641**	94,077
Interest-bearing borrowings			
– Secured		**13,815,317**	13,086,781
– Unsecured		**16,401,923**	12,953,532
		30,217,240	26,040,313
Deferred tax liabilities		**4,985,587**	4,312,044
Total non-current liabilities		**35,299,468**	30,446,434
NET ASSETS		**31,696,567**	28,643,538
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*14*	**7,405,414**	7,405,414
Reserves		**17,642,052**	15,148,865
		25,047,466	22,554,279
Non-controlling interests		**6,649,101**	6,089,259
TOTAL EQUITY		**31,696,567**	28,643,538

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2018 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").

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 2017 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 unaudited 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 contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the year ended 31 December 2017 that is included in this 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 2017 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 new and revised HKFRSs for the first time for the current period's unaudited interim financial information:

Amendments to HKFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as further explained below regarding the impact of HKFRS 9 and HKFRS 15, the adoption of the new and revised HKFRSs has had no material impact on the unaudited interim financial information of the Group. The principal effects for adopting HKFRS 9 and HKFRS 15 are as follows:

(a) HKFRS 9 Financial Instruments

HKFRS 9 brings together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9 for annual periods on or after 1 January 2018. The Group has not restated comparative information for 2017 for financial instruments in the scope of HKFRS 9. Therefore, the comparative information for 2017 is reported under HKAS 39 and is not comparable to the information presented for 2018. Differences arising from the adoption of HKFRS 9 have been recognised directly in retained profits as of 1 January 2018.

Classification and measurement

Except for certain debtors, under HKFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under HKFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

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

(a) HKFRS 9 Financial Instruments *(continued)*

Classification and measurement (continued)

The new classification and measurement of the Group's debt financial assets is, as follows:

– Debt instruments at amortised cost for financial assets that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's service concession financial receivables and financial assets included in debtors, other receivables, deposits and prepayments.

Other financial assets are classified and subsequently measured, as follows:

– Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under HKFRS 9. Under HKAS 39, the Group's unquoted equity instruments were classified as available-for-sale ("AFS") financial assets.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and applied to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains largely the same as it was under HKAS 39. Similar to the requirements of HKAS 39, HKFRS 9 requires contingent consideration liabilities to be treated as financial instruments measured at fair value, with the changes in fair value recognised in profit or loss.

Under HKFRS 9, embedded derivatives are no longer separated from a host financial asset. Instead, financial assets are classified based on their contractual terms and the Group's business model.

The accounting for derivatives embedded in financial liabilities and in non-financial host contracts has not changed from that required by HKAS 39.

Impairment

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

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

(a) HKFRS 9 Financial Instruments *(continued)*

Impairment *(continued)*

HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

The ECL allowance is based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate ("EIR").

For service concession financial receivables and debtors, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Other receivables are assessed for impairment based on 12-month expected credit losses: 12-month ECLs are the portion of lifetime ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the asset is less than 12 months). However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The adoption of the ECL requirements of HKFRS 9 resulted in increases in impairment allowances of the Group's debt financial assets. The increase in allowance resulted in an adjustment to the Group's retained profits as at 1 January 2018.

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

(a) HKFRS 9 Financial Instruments *(continued)*

Impairment (continued)

The following summaries the changes for the Group's financial assets and financial liabilities on 1 January 2018, the Group's date of initial application of HKFRS 9:

		Originally stated			HKFRS 9	
	Notes	Loans and receivables *HK$'000*	Available-for-sale financial assets *HK$'000*	Remeasurement upon application of HKFRS 9 *HK$'000*	Amortised cost *HK$'000*	Equity instruments at FVOCI *HK$'000*
Financial assets						
Gross amounts due from customers for contract work		31,690,529	–	–	31,690,529	–
Finance lease receivables		18,367	–	–	18,367	–
Other financial assets	*(ii)*	–	38,567	–	–	38,567
Financial assets included in debtors, other receivables, deposits and prepayments	*(i)*	11,795,098	–	(35,669)	11,759,429	–
Pledged bank deposits and restricted balances in financial institutions		1,340,732	–	–	1,340,732	–
Deposits with banks with maturity period over three months		840,439	–	–	840,439	–
Cash and cash equivalents		8,657,193	–	–	8,657,193	–
		54,342,358	38,567	(35,669)	54,306,689	38,567

	Originally stated		HKFRS 9
	Amortised cost *HK$'000*	Remeasurement upon application of HKFRS 9 *HK$'000*	Amortised cost *HK$'000*
Financial liabilities			
Financial liabilities included in creditors, other payables and accrued expenses	8,033,396	–	8,033,396
Interest-bearing borrowings	31,454,003	–	31,454,003
	39,487,399	–	39,487,399

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

(a) HKFRS 9 Financial Instruments *(continued)*

<u>*Impairment*</u> *(continued)*

The impact of the Group's reserves and non-controlling interests due to the reclassification and remeasurement of financial instruments as at 1 January 2018, the Group's date of initial application of HKFRS 9, is as follows:

	Notes	Available-for-sale investment revaluation reserve *HK$'000*	Other financial assets measured at fair value through other comprehensive income reserve *HK$'000*	Retained profits *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
At 1 January 2018 (originally stated)		(1,922)	–	11,101,362	6,089,259	28,643,538
Remeasurement upon initial application of HKFRS 9	*(i)*	–	–	(26,698)	(8,971)	(35,669)
Reclassification upon initial application of HKFRS 9	*(ii)*	1,922	(1,922)	–	–	–
At 1 January 2018 (restated)		–	(1,922)	11,074,664	6,080,288	28,607,869

Notes:

(i) As at 1 January 2018, the Group has recorded ECLs allowance under HKFRS 9 of HK$35,669,000.

(ii) The Group elected to present in other comprehensive income the subsequent changes in fair value of all its equity securities previously classified as available-for-sale investments because these investments are not held-for-trading. As a result, the financial assets were reclassified from available-for-sale financial assets to equity instruments at FVOCI. Cumulative fair value loss of approximately HK$1,922,000 as at 1 January 2018 was reclassified from "Available-for-sale investment revaluation reserve" to "Other financial assets measured at fair value through other comprehensive income reserve".

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

(b) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15, issued in July 2014, established a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard has superseded all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard.

The Group has adopted HKFRS 15 using the full retrospective method of adoption. The Group has elected to apply the practical expedient for completed contracts and has not restated amounts for the contracts completed before 1 January 2018.

The adoption from 1 January 2018 resulted in changes in accounting policies for revenue recognition as detailed below.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognised revenue when it transfers control over a product or service to a customer.

The Group satisfied a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

(b) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

(c) The Group's performance does not create an asset with an alternate use to the Group and the Group has an enforceable right to payment for performance completed to date.

If none of the above conditions are met, the Group recognises revenue at the point in time at which the performance obligation is satisfied.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

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

(b) HKFRS 15 Revenue from Contracts with Customers *(continued)*

Revenue from contracts with customers (continued)

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the surveyors' assessment of work performed and the costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

When the Group provides more than one service in a service concession arrangement, the transaction price will be allocated to each performance obligation by reference to their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

Construction service revenue

The Group's performance in respect of construction services creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the surveyors' assessment of work performed and the costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

Revenue from the construction services under a service concession agreement is estimated on a cost-plus basis with reference to a prevailing market rate of gross margin at the date of the agreement applicable to similar construction services rendered.

Operation revenue

The Group recognised revenue from environmental energy project, environmental water project and greentech project operation services, conduct of environmental protection technological research and development services, provision of environmental-related technological services, design of environmental protection projects services, waste treatment service and operation of landfill, when the related services are rendered.

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

(b) HKFRS 15 Revenue from Contracts with Customers *(continued)*

Sales of equipment

Revenue are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance obligation is satisfied in the conditions as described in "Revenue from contracts with customers".

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation in respect of sales of equipment is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

For sales contract for which the control of the equipment is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed equipment and the Group has present right to payment and the collection of the consideration is probable.

Finance and interest income

Finance and interest income is recognised on an accrual basis using the EIR method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as an amount due from contract customers (contract assets) if the measure of the remaining rights exceeds the measure of the remaining performance obligation. Conversely, the contract is a liability and recognised as an amount due to contract customers (contract liabilities) if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

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

(b) HKFRS 15 Revenue from Contracts with Customers *(continued)*

Contract assets and contract liabilities (continued)

Upon the adoption of HKFRS 15, the Group's "Service concession financial receivables", representing contract assets under HKFRS 15 and included in "Gross amounts due from customers for contract work" and certain other receivables related to service concession arrangements included in "Debtors, other receivables, deposits and prepayments" in previously issued financial statements of the Group for the year ended 31 December 2017, have been separately disclosed in the consolidated statement of financial position as at 1 January 2018. More extensive disclosures on the Group's revenue transactions have been made in the unaudited interim financial information of the Group upon the adoption of HKFRS 15.

All customer contracts in force commencing from 1 January 2018 have been reviewed and assessed and it was determined that the application of HKFRS 15 had no significant impact on the recognition and measurement of revenue.

Apart from the above, the adoption of HKFRS 15 has had no significant impact on the financial position and/or financial performance of the Group.

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 projects 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, waste-water source heat pump projects and water environment management 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 integrated biomass utilisation projects, hazardous waste treatment projects, solar energy projects and wind power projects, and operation of environmental remediation 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 technological 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.

3. OPERATING SEGMENT INFORMATION *(continued)*

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:

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.

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	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	(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*	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue from external customers	**5,912,652**	5,183,758	**2,309,551**	1,642,770	**3,150,890**	2,047,075	**411,297**	268,541	**11,784,390**	9,142,144
Inter-segment revenue	**-**	–	**50,924**	–	**2,017**	–	**757,197**	607,423	**810,138**	607,423
Reportable segment revenue	**5,912,652**	5,183,758	**2,360,475**	1,642,770	**3,152,907**	2,047,075	**1,168,494**	875,964	**12,594,528**	9,749,567
Reconciliation:										
Elimination of inter-segment revenue									**(810,138)**	(607,423)
Reportable segment revenue derived from the Group's external customers									**11,784,390**	9,142,144
Segment results:										
Reportable segment profit (EBITDA)	**2,644,042**	1,988,353	**782,598**	551,467	**1,030,591**	729,037	**383,312**	295,911	**4,840,543**	3,564,768
Elimination of inter-segment profits									**(365,285)**	(262,803)
Reportable segment profit derived from the Group's external customers									**4,475,258**	3,301,965
Finance costs									**(618,705)**	(410,543)
Depreciation and amortisation, including unallocated portion									**(299,145)**	(226,890)
Unallocated head office and corporate income									**8,667**	12,375
Unallocated head office and corporate expenses									**(69,111)**	(54,163)
Consolidated profit before tax									**3,496,964**	2,622,744
Other segment information:										
Depreciation and amortisation	**46,331**	25,381	**44,655**	47,677	**136,128**	95,298	**62,544**	47,784	**289,658**	216,140
Impairment of debtors	**-**	–	**2,865**	–	**-**	–	**-**	–	**2,865**	-
Additions to property, plant and equipment during the period	**191,776**	26,313	**5,092**	4,528	**216,370**	170,499	**68,849**	55,330	**482,087**	256,670
Additions to intangible assets and non-current portion of prepayments during the period	**731,864**	434,397	**126,507**	2,725	**1,272,273**	1,008,362	**2,067**	2,734	**2,132,711**	1,448,218
Additions to non-current portion of service concession financial receivables	**3,972,941**	4,012,677	**1,484,438**	1,201,307	**687,934**	445,509	**-**	–	**6,145,313**	5,659,493

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 2018 (Unaudited)	At 31 December 2017 (Audited)	**At 30 June 2018 (Unaudited)**	At 31 December 2017 (Audited)	**At 30 June 2018 (Unaudited)**	At 31 December 2017 (Audited)	**At 30 June 2018 (Unaudited)**	At 31 December 2017 (Audited)	**At 30 June 2018 (Unaudited)**	At 31 December 2017 (Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**39,827,263**	35,080,691	**19,041,097**	17,803,411	**16,546,987**	14,391,500	**3,940,596**	3,296,266	**79,355,943**	70,571,868
Non-current other financial assets									**42,670**	38,567
Unallocated head office and corporate assets									**2,668,171**	2,512,757
Consolidated total assets									**82,066,784**	73,123,192
Reportable segment liabilities	**17,053,558**	15,499,633	**10,210,394**	9,507,685	**7,192,583**	5,658,705	**2,238,394**	2,064,657	**36,694,929**	32,730,680
Unallocated head office and corporate liabilities									**13,675,288**	11,748,974
Consolidated total liabilities									**50,370,217**	44,479,654

(ii) Information about a major customer

For the six months ended 30 June 2018 and 2017, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenues.

4. REVENUE

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	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Type of goods or service		
Revenue from environmental energy project construction services	**3,768,077**	3,849,546
Revenue from environmental water project construction services	**1,241,194**	977,230
Revenue from greentech project construction services	**1,871,126**	1,304,184
Revenue from environmental energy project operation services	**1,296,155**	736,222
Revenue from environmental water project operation services	**685,635**	388,140
Revenue from greentech project operation services	**1,218,500**	709,904
Finance income	**1,292,406**	908,377
Others	**411,297**	268,541
Total revenue from contracts with customers	**11,784,390**	9,142,144
Geographical location of customers *		
Mainland China	**11,547,526**	8,948,229
Germany	**3,021**	2,330
Poland	**233,843**	191,585
Total revenue from contracts with customers	**11,784,390**	9,142,144

* The geographical location of customers is based on the location of which the services were provided.

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$10,763,177,000 (six months ended 30 June 2017: HK$8,601,605,000) for the six months ended 30 June 2018. 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 to this unaudited interim financial information.

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**135,692**	102,759
Amortisation		
– prepaid land lease payments	**2,635**	2,271
– intangible assets	**160,818**	121,860
Dividend income	**(122)**	(95)
Interest income	**(51,834)**	(33,169)
Government grants*	**(34,230)**	(33,743)
Value-added tax refund**	**(191,578)**	(154,079)
Impairment of debtors	**2,865**	–
Changes in fair value of derivative financial instrument:		
Derivative financial instrument – transaction not qualified as hedge	**–**	(34,306)
Employee benefit expense:		
Wages, salaries, allowances and benefits in kind	**630,342**	430,312
Retirement scheme contributions	**137,408**	91,813
	767,750	522,125

* Government grants of HK$34,230,000 (six months ended 30 June 2017: HK$33,743,000) were granted during the six months ended 30 June 2018 mainly to subsidise certain environmental energy, environmental water and greentech projects of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future.

** Value-added tax refund of HK$191,578,000 (six months ended 30 June 2017: HK$154,079,000) was received/receivable during the six months ended 30 June 2018 in relation to certain environmental energy, environmental water and greentech project operations of the Group in the PRC. There were 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	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and other loans	**594,441**	412,490
Interest on corporate bonds	**27,665**	–
Interest on finance leases	**1,166**	681
Less: Interest expenses capitalised into construction in progress*	**(4,567)**	(2,628)
	618,705	410,543

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

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 2018 (six months ended 30 June 2017: 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	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Elsewhere:		
Charge for the period	**267,733**	208,202
Underprovision/(overprovision) in prior periods	**17,488**	(8,952)
Deferred	**571,378**	424,764
Total tax expense for the period	**856,599**	624,014

8. DIVIDENDS

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividend attributable to the period:		
Interim – HK12.0 cents (six months ended 30 June 2017: HK12.0 cents) per ordinary share	**537,925**	537,925
Dividend paid during the period:		
Final in respect of the previous financial year - HK12.0 cents (six months ended 30 June 2017: HK13.0 cents) per ordinary share	**537,925**	582,752

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 2018 is based on the profit for the period attributable to equity holders of the Company of HK$2,200,900,000 (six months ended 30 June 2017: HK$1,795,568,000) and 4,482,711,700 (six months ended 30 June 2017: 4,482,711,700) ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2018 and 2017.

10. SERVICE CONCESSION FINANCIAL RECEIVABLES

	At 30 June 2018	At 31 December 2017
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
		(Restated)
Non-current	**42,038,936**	36,780,980
Current	**3,886,997**	3,549,354
	45,925,933	40,330,334

10. SERVICE CONCESSION FINANCIAL RECEIVABLES *(continued)*

Included in "Service concession financial receivables" are amounts of HK$630,062,000 (31 December 2017: HK$589,970,000) and HK$641,015,000 (31 December 2017: HK$617,792,000) which are due from a non-controlling shareholder and a related company, respectively.

"Service concession financial receivables" 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 2017: 4.90% to 7.83%) per annum. Among the total of HK$45,925,933,000 (31 December 2017: HK$40,330,334,000), HK$29,834,784,000 (31 December 2017: HK$22,641,899,000) 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. Amounts billed will be transferred to debtors (note 11).

11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2018 (Unaudited) *HK$'000*	At 31 December 2017 (Audited) *HK$'000* (Restated)
Debtors	**4,015,446**	2,342,587
Less: Impairment	**(40,186)**	–
	3,975,260	2,342,587
Other receivables, deposits and prepayments	**3,886,221**	3,473,149
	7,861,481	5,815,736
Less: Non-current portion		
– other receivables, deposits and prepayments	**(1,290,434)**	(1,078,062)
Current portion	**6,571,047**	4,737,674

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

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 2018 (Unaudited) *HK$'000*	At 31 December 2017 (Audited) *HK$'000*
Current	**1,578,299**	1,042,466
Within 1 month past due	**263,866**	81,669
More than 1 month but within 3 months past due	**173,245**	50,996
More than 3 months but within 6 months past due	**120,245**	51,375
More than 6 months but within 12 months past due	**83,000**	41,884
More than 12 months past due	**74,741**	87,347
Amounts past due	**715,097**	313,271
Unbilled receivables*	**1,681,864**	986,850
	3,975,260	2,342,587

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

	At 30 June 2018 (Unaudited) *HK$'000*	At 31 December 2017 (Audited) *HK$'000*
Within 1 month	**1,113,274**	804,294
More than 1 month but within 2 months	**261,533**	130,252
More than 2 months but within 4 months	**342,604**	162,453
More than 4 months but within 7 months	**192,030**	54,742
More than 7 months but within 13 months	**245,186**	97,503
More than 13 months	**138,769**	106,493
	2,293,396	1,355,737
Unbilled receivables*	**1,681,864**	986,850
	3,975,260	2,342,587

* 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.

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

Included in "Debtors, other receivables, deposits and prepayments" of the Group are debtors of HK$3,975,260,000 (31 December 2017: HK$2,342,587,000), of which HK$105,748,000 (31 December 2017: HK$20,456,000) and HK$13,836,000 (31 December 2017: HK$10,937,000) 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, manufacturing and sales of environmental protection project equipment and the billed amounts of the service concession financial receivables. 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, based on HKAS 39's incurred loss approach, believed that no impairment allowance was necessary as at 31 December 2017 in respect of the past due balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable. The Group does not hold any collateral over these balances.

Included in "Debtors, other receivables, deposits and prepayments" at 30 June 2018 are advances made to local government authorities in relation to service concession arrangements amounting to HK$134,261,000 (31 December 2017: HK$142,236,000) which are unsecured, interest-bearing at rates ranging from rates announced by the People's Bank of China to 110% of rates announced by the People's Bank of China, and will be settled by instalments from 2018 to 2026.

Included in "Debtors, other receivables, deposits and prepayments" at 30 June 2018 is an advance of HK$23,417,000 (31 December 2017: HK$65,417,000) to the Group's joint venture for daily operation, which is unsecured, interest-free and repayable on demand. Included in "Debtors, other receivables, deposits and prepayments" at 31 December 2017 was an advance of HK$163,878,000 to the Group's joint venture for daily operation, which was unsecured, interest bearing at 106% of rates announced by the People's Bank of China and repayable within one year.

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

12. CASH AND CASH EQUIVALENTS

	At 30 June 2018 (Unaudited) *HK$'000*	At 31 December 2017 (Audited) *HK$'000*
Time deposits with banks with original maturity of less than three months	**796,420**	1,392,426
Cash at banks and in hand	**7,193,512**	7,264,767
	7,989,932	8,657,193

Included in "Cash and cash equivalents" of the Group at 30 June 2018 are deposits of HK$907,209,000 (31 December 2017: HK$946,848,000) placed with a related party bank.

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2018 (Unaudited) *HK$'000*	At 31 December 2017 (Audited) *HK$'000*
Creditors	**6,741,901**	6,375,531
Other payables, accrued expenses and deferred income – government grants	**2,420,608**	2,223,803
	9,162,509	8,599,334
Less: Non-current portion – other payables, accrued expenses and deferred income – government grants	**(96,641)**	(94,077)
Current portion	**9,065,868**	8,505,257

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

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 2018 (Unaudited) ***HK$'000***	At 31 December 2017 (Audited) *HK$'000*
Within 6 months	**5,860,297**	5,656,914
Over 6 months	**881,604**	718,617
	6,741,901	6,375,531

Creditors totalling HK$6,217,160,000 (31 December 2017: HK$6,004,018,000) represent construction payables for the Group's BT, BOT and certain BOO arrangements, of which HK$609,000 (31 December 2017: HK$1,188,000) is due to a non-controlling shareholder of a non-wholly-owned subsidiary. The construction payables are not yet due for payment.

Included in "Other payables, accrued expenses and deferred income – government grants" at 30 June 2018 was other payables of HK$6,002,000 (31 December 2017: HK$7,116,000) due to the Group's associate and HK$23,036,000 (31 December 2017: HK$22,444,000) due to a non-controlling shareholder of a non-wholly-owned subsidiary, respectively, which are unsecured, interest-free and repayable on demand.

14. SHARE CAPITAL

	At 30 June 2018 (Unaudited) ***HK$'000***	At 31 December 2017 (Audited) *HK$'000*
Issued and fully paid:		
4,482,711,700 (31 December 2017: 4,482,711,700) ordinary shares	**7,405,414**	7,405,414

15. EVENT AFTER THE REPORTING PERIOD

On 3 August 2018, a subsidiary, China Everbright Water Limited, proposed to seek a dual primary listing of its ordinary shares on the Main Board of the Stock Exchange (the "Proposed Dual Primary Listing"). Further details of the Proposed Dual Primary Listing are disclosed in the Company's announcement dated 3 August 2018.

16. COMPARATIVE AMOUNTS

As further explained in note 2 to the unaudited interim financial information, due to the adoption of the revised HKFRSs during the current period, the presentation of certain items and balances in the unaudited interim financial information have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current period's presentation.

BUSINESS REVIEW AND PROSPECTS

OPERATING RESULTS

Since the 18th National Congress of the Communist Party of China ("CPC"), the Chinese government has launched a series of fundamental and groundbreaking long-term initiatives to accelerate the progress of ecological conservation, driving historical, drastic and sweeping changes in the field of ecological environment protection. The 19th National Congress of the CPC further reinforced the efforts dedicated to advancing the ecological conservation.

In the first half of this year, the government rolled out a number of policies with profound impact on the environmental protection industry, which fueled the booming growth of the sector. From a national perspective, the incorporation of "ecological conservation" into the CPC Constitution underscores the importance of ecological conservation in China's overall development planning. The move communicates that achieving this goal has become a national desire, and that the pursuit of "Building a Beautiful China" has formed part of China's goal towards modernisation. The creation of the new Ministry of Ecology and Environment ("MEE") of the People's Republic of China ("PRC") to replace the former Ministry of Environmental Protection ("MEP") of the PRC has consolidated all responsibilities related to ecological environment protection that were previously assigned to various government departments, which facilitated the implementation of major policies relating to ecological environment protection.

On the other hand, with the growth of China's environmental protection industry as well as the optimisation of the industry structure, environmental protection enterprises are facing more stringent requirements. This has helped to nurture an industry trend in which strong players are driving out the weak in China. Only those companies with a leading edge in investment, construction, operation, management, technology, process and technique, and financing will be able to leverage their strengths to capture growth opportunities and lead the industry's robust and orderly development.

As a leading enterprise in China's environmental protection industry, China Everbright International Limited (the "Company" or "Everbright International", together with its subsidiaries, collectively the "Group") has continued to enhance its professionalism, marketisation and internationalisation, while committed to improving its business penetration, expanding its business chain, and enriching its scope of business. Guided by its corporate mission of being "Devoted to Ecology and Environment for a Beautiful China", as well as the development philosophy of "Pursuing Excellence and Close to Zero Discharge", the Group has grown into the largest waste-to-energy investor and operator in Asia, and is ranked among the top players in the global environmental protection industry.

In the first half of 2018, Everbright International lived up to its philosophy of "Taking Quality as the Top Mission and Keeping Efficiency as the Priority with Support by Scale", and undertook a number of important initiatives that aim to boost scale and efficiency, strengthen quality of services and brand, as well as drive growth through innovation and talent management. These initiatives fueled the Group's rapid growth, allowing it to deliver stellar results across the board – from market expansion, project construction, operation management, technological research and development ("R&D") to corporate branding, environmental responsibility, sustainable development and industry influence.

In terms of market expansion, during the period under review, the Group secured a total of 30 new projects, which command a total investment of RMB9.539 billion. These included 14 environmental energy projects, 4 environmental water projects, and 12 greentech projects. Both the amount of projects and investment amount reached historical high. The new projects contributed to an increase of household waste processing capacity by 11,650 tonnes/day, water treatment capacity by 30,000 m^3/day, biomass treatment capacity by 580,000 tonnes/year, and hazardous waste treatment capacity by 217,000 tonnes/year. During the period under review, the Group achieved breakthroughs in new business areas by securing environmental remediation projects. Meanwhile, the Group forayed into 3 new provinces, namely Hebei, Gansu and Fujian provinces. As a result of these efforts, the Group has been able to further expand its presence to 21 provinces and municipalities, covering over 140 locations in China, as well as overseas markets including Germany, Poland and Vietnam.

In terms of project construction, the Group continued to uphold its construction philosophy of "Producing Quality Projects and Building a Quality Brand". During the period under review, the number of construction sites had since reached 58, in which 24 projects commenced operation while 21 projects commenced construction.

In terms of management, the Group continued to develop its potential and shore up its operating efficiency. It also controlled operating costs and made smooth progress on price adjustments for its projects. At the same time, it enhanced implementation of the environmental, safety, health and social responsibility ("ESHS") management system ("ESHS Management System") and risk management system across the Group, successfully applying standardised management in overall project investment, construction and operation management, which improves overall operational efficiency and effectiveness.

As for technological innovation, the Group has continued to leverage its Envirotech sector to focus on overcoming environmental technological hurdles and embrace global frontier environmental technologies. Meanwhile, the Group has also been committed to establishing a professional and comprehensive multi-level R&D team that covers various sectors, with a view to improving the core competitiveness of its technology by continuously promoting independent R&D in areas such as smart combustion control, gas recycling technology, hazardous waste landfill leachate treatment technology, integrated incineration of food waste and household waste, smart river management and the reuse of industrial waste salt.

As an environmental protection enterprise, the Group consistently upholds its core value of creating wealth while safeguarding social responsibility, and follows the Sustainable Development Goals set by the United Nations, in an effort to align its growth targets with the interest of the shareholders of the Company (the "Shareholders"), other stakeholders, society and the environment in general. By constantly improving its technology, operation and management, the Group ensured its projects are able to deliver superior performance in four aspects, namely "factory appearance, odour management, noise control and emissions indicators", while continuously alleviating the impact of its business development and operation on the environment.

The Group also actively participated in various charitable campaigns in environmental protection education, energy conservation, emission reduction, ecological conservation, and community care, among others. During the period under review, it remained as the lead sponsor of the World Wild Fund for Nature — Hong Kong's Earth Hour for the fifth consecutive year. On the top of that, the Group sponsored Heifer International Hong Kong branch's "Read to feed" fundraising program for the second consecutive academic year. Meanwhile, the Group trained and arranged its employees to deliver environmental education workshop at secondary and primary schools, and bring primary student groups to visit its Boluo Waste-to-energy Project in Guangdong Province, with an aim of helping them learn about household waste treatment process. In addition, the Group continued to open its projects to the public, with a view to promoting technologies and science knowledge pertaining to environmental protection. During the period under review, the Group's environmental protection projects received 65,000 domestic and foreign visitors from all walks of life.

As a result of the staff's concerted efforts and diligence, the Group won recognition from domestic and foreign markets once again in areas of business expansion, corporate governance, social responsibility and sustainable development, etc. During the period under review, the Group became a strategic partner of the Belt and Road International Alliance for Green Development and the Ecological Protection and Green Development of the Yangtze River Economic Belt. In addition, the Group was named the "Most Honored Company" in the 2018 All-Asia (ex-Japan) Executive Team Rankings. It was also granted the Outstanding ESG Award 2018 and several awards grated by Corporate Governance Asia's Asian Excellence Award, among others. Additionally, the Group was awarded the 2014-2017 "Belt and Road" Top Ten Buyers Golden Whistle Award at the 5th Global Investment and M&A Summit for its acquisition of Poland's solid waste treatment company NOVAGO Sp. z o.o ("NOVAGO"). With respect to sustainable development, the Group was included once again in RobecoSAM's 2018 Sustainability Yearbook and awarded the RobecoSAM Bronze Class Distinction.

In terms of operating results, the Group continued to fully facilitate the concurrent development of its six major business sectors during the period under review. Its revenue, profits before tax and profit attributable to equity holders of the Company all recorded robust growth. Meanwhile, the Group's project construction continued to progress rapidly with the number of projects under construction reaching record high, resulting in continued growth in construction service revenue. The Group also saw significant growth in revenue from operation services, as it continued to reduce costs, expand its income streams and enhance efficiency, in addition to the continued growth in the number of operating projects. During the period under review, the Group's consolidated revenue amounted to HK$11,784,390,000, an increase of 29% over HK$9,142,144,000 in the first half of 2017. The EBITDA amounted to HK$4,414,814,000, an increase of 35% over HK$3,260,177,000 in the first half of 2017. Profit attributable to equity holders of the Company for the period under review was HK$2,200,900,000, 23% more than HK$1,795,568,000 recorded in the same period of last year. Basic earnings per share for the first half of 2018 were HK49.10 cents, HK9.04 cents more than HK40.06 cents in the first half of 2017. The Group has ready access to financing channels – with abundant capital, a reasonable gearing ratio and a healthy financial position – and it performed well in all financial indicators.

During the period under review, the Group proactively expanded its financing channels to boost capital strength and provided diverse, long-term and stable financial support for it to progress to the next stage of development, while actively responding and adjusting itself to Renminbi exchange rate volatility, with a view to propping up its sustainable development and meeting capital demands for development in the mid- and long-term.

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 the Shareholders (2017: HK12.0 cents per share).

ENVIRONMENTAL PROTECTION BUSINESS

The Group has been closely following key policies launched by the government concerning ecological environment protection, seizing opportunities and acting on its strength to steadily expand its environmental protection business. As at 30 June 2018, the Group had secured 299 environmental protection projects with a total investment of approximately RMB82.649 billion. Among them, 184 projects had completed construction, commanding a total investment of approximately RMB41.259 billion; 43 projects were under construction, commanding investment of approximately RMB18.625 billion; and 72 projects were in the preparatory stage, commanding a total investment of approximately RMB22.765 billion.

During the period under review, the environmental energy, environmental water and greentech projects generated total revenue of HK$11,373,093,000, of which construction service revenue increased by 12% to HK$6,880,397,000 and operation service revenue increased by 74% to HK$3,200,290,000, as compared with the corresponding period in 2017. The proportion of revenue were as follows: construction service revenue 61%, operation service revenue 28% and finance income 11%.

Major financial data relating to the three major environmental protection business sectors during the first half of 2018 are summarised in the table below:

	For the six months ended 30 June 2018				For the six months ended 30 June 2017			
	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	**3,768,077**	**1,241,194**	**1,871,126**	**6,880,397**	3,849,546	977,230	1,304,184	6,130,960
– Operation services	**1,296,155**	**685,635**	**1,218,500**	**3,200,290**	736,222	388,140	709,904	1,834,266
– Finance income	**848,420**	**382,722**	**61,264**	**1,292,406**	597,990	277,400	32,987	908,377
	5,912,652	**2,309,551**	**3,150,890**	**11,373,093**	5,183,758	1,642,770	2,047,075	8,873,603
EBITDA	**2,644,042**	**782,598**	**1,030,591**	**4,457,231**	1,988,353	551,467	729,037	3,268,857

The Group has always been committed to generating both social and economic benefits, and has achieved remarkable results by adhering to its business philosophy in environmental protection and social responsibility and actively practicing on energy conservation and emission reduction measures. During the period under review, the Group processed 9,095,000 tonnes of household waste and 69,000 tonnes of hazardous waste, 1,310,000 tonnes of agricultural waste and generated 4,304,375,000 kWh of green electricity. This output supported the annual electricity consumption needs of 3,587,000 households, and was equivalent to saving 1,722,000 tonnes of standard coal while reducing carbon dioxide (CO_2) emissions by 5,646,000 tonnes. Meanwhile, the Group treated 612,498,000 m³ of waste water, 1,957,000 m³ of leachate produced from waste-to-energy plants and reduced COD emissions by 436,000 tonnes. Since the Group's first environmental protection project commenced operation in 2005, it has processed an accumulated 58,254,000 tonnes of household waste and 633,000 tonnes of hazardous waste, 5,444,000 tonnes of agricultural waste and generated 23,834,550,000 kWh of green electricity, which fulfilled the annual electricity consumption needs of 19,862,000 households, and was equivalent to saving 9,534,000 tonnes of standard coal while reducing CO_2 emissions by 27,013,000 tonnes and preventing 3,098,491,000 trees from being cut down. The Group has treated an accumulated 7,611,941,000 m³ of waste water and 11,540,000 m³ of leachate produced from waste-to-energy plants, and reduced COD emissions by 2,864,000 tonnes.

I. Environmental Energy

A. Environmental Energy

Environmental energy is a core business sector of Everbright International that has the largest business scale and makes up the highest portion of the Group's overall business. The sector covers waste-to-energy, food waste treatment, as well as the investment and construction of environmental protection industrial parks, etc. Gas emissions of all the Group's waste-to-energy projects fully comply with relevant national standards, with the daily average level of gas emissions of the projects monitored online fully outperforming the Euro 2010 Standard. With years of in-house R&D and practices, Everbright International has delivered a series of leachate treatment technologies that fulfils relevant leachate reuse and emission standards. In addition, Everbright International's household waste-to-energy projects meet relevant national standards and the Euro 2010 Standard in terms of the loss on ignition of bottom ash, allowing for the integrated utilisation of bottom ash. Moreover, the fly ash produced from household waste treatment is separately disposed of at household waste landfills after being stabilised to comply with the requirements of relevant national standards; or it will be treated in accordance with relevant hazardous waste standards.

As at 30 June 2018, the Group had 85 waste-to-energy projects, 2 landfill leachate treatment projects, 2 methane-to-energy projects, 3 sludge treatment and disposal projects and 8 food waste treatment projects, which commanded a total investment of approximately RMB41.020 billion. These projects are designed with an annual household waste processing capacity of approximately 27,137,750 tonnes, which can generate annual on-grid electricity of approximately 8,725,120,200 kWh. The annual designed sludge treatment capacity is approximately 73,000 tonnes, while the annual designed food waste treatment capacity is approximately 337,625 tonnes.

During the period under review, the Group secured 10 waste-to-energy projects, 2 landfill leachate treatment projects and 2 food waste treatment projects. The number of new projects secured is double that of the same period last year, commanding a total investment over RMB6.078 billion. As a result, the Group's designed daily household waste processing capacity was increased by 10,350 tonnes, resulting in a total daily waste processing capacity of 74,350 tonnes. Among these projects, some are located in new provincial markets, including Shaanxi and Jiangxi, while some are located in new areas in existing provincial markets or phase II or expansion projects of the Group's existing projects. The diversification of the new projects not only reflect the sustained and rapid growth of the waste-to-energy market, but also demonstrate the Group's strength in project construction and operation are well recognised by the local governments.

Leveraging its experience in and technologies related to leachate treatment, the Group successfully expanded 2 landfill leachate treatment projects this year, which helped to extend its business chain. In addition to bidding for new projects, the Group also invested in and constructed waste-to-energy projects through acquisition, providing a thrust for its new round of rapid development.

Regarding project construction, during the period under review, the Group had 11 waste-to-energy projects completed construction and commenced operation, and 6 waste-to-energy projects commenced construction, representing a total designed daily household waste processing capacity of 6,700 tonnes and 6,000 tonnes, respectively. As at 30 June 2018, the Group has 54 operating waste-to-energy projects with a designed daily household waste processing capacity of 45,800 tonnes; and 14 waste-to-energy projects under construction, representing a designed daily household waste processing capacity of 13,700 tonnes. In addition, the Group had 17 waste-to-energy projects in the preparatory stage, with a designed daily household waste processing capacity of 14,850 tonnes.

As at 30 June 2018, the Group had 10 waste-to-energy projects that had received the recognition of "The National AAA-rated Waste-to-energy Project", namely: Suzhou Waste-to-energy Project ("Suzhou Project"), Nanjing Waste-to-energy Project ("Nanjing Project"), Wujiang Waste-to-energy Project, Sanya Waste-to-energy Project, Changzhou Waste-to-energy Project, Changzhou Xinbei Waste-to-energy Project, Ningbo Waste-to-energy Project, Weifang Waste-to-energy Project, Rizhao Waste-to-energy Project and Boluo Waste-to-energy Project. In addition, Suzhou Project and Nanjing Project have also been named the "National Hub for Environmental Science Education" by MEP (now MEE) and the Ministry of Science and Technology of the PRC. During the period under review, Environmental energy sector was granted a total of RMB79,340,000 subsidies by the government.

During the period under review, the Group's environmental energy projects processed a total of 8,620,000 tonnes of household waste, an increase of 65% when compared with the first half of 2017. All projects generated a total 2,519,605,000 kWh of on-grid electricity, an increase of 66% when compared with the first half of 2017. Environmental energy projects contributed an EBITDA of HK$2,644,042,000, an increase of 33% when compared with the first half of 2017. Environmental energy projects contributed a net profit attributable to the Group of HK$1,738,502,000, an increase of 32% when compared with the first half of 2017. The increase in profit was mainly attributable to the significant increase in operation service revenue, which was boosted by continuing increases in the total processing volume of operating projects during the period under review.

Major operating and financial data of the environmental energy projects in the first half of 2018 are summarised in the table below:

	For the 6 months ended 30 June 2018	For the 6 months ended 30 June 2017
Waste-to-energy projects		
Waste processing volume *(tonnes)*	**8,620,000**	5,218,000
On-grid electricity *(MWh)*	**2,519,605**	1,521,241
EBITDA *(HK$'000)*	**2,644,042**	1,988,353

B. Environmental Protection Industrial Parks

During the period under review, the Group continued to uphold the philosophy of "Integrated Planning, Logical Arrangements, Efficient Land Utilisation and Centralised Handling" to steadily carry out the planning and construction of environmental protection industrial parks. It also strived to build the parks into advanced environmental protection industrial parks, as well as transformed them into bases for promoting industrial tourism and environmental education.

As at 30 June 2018, the Group had 12 environmental protection industrial parks featured with the Chinese characteristics. These industrial parks are located in Suzhou, Changzhou, Suqian, Zhenjiang New District, Yixing, Lianyungang Xuwei New District, Nanjing and Xinyi of Jiangsu Province, Weifang of Shandong Province, Ganzhou of Jiangxi Province, as well as Lankao County and Ruzhou City of Henan Province. In the future, the Group will adhere to its core corporate value and construction principle of "Producing Quality Projects and Building a Quality Brand", and further advance the design, operation and management of its environmental protection industrial parks.

II. Environmental Water

As at 30 June 2018, the Group had a 75.03% stake in China Everbright Water Limited ("Everbright Water"), which is listed on the Mainboard of Singapore Exchange Securities Trading Limited. Everbright Water had 80 municipal waste water treatment projects, 5 industrial waste water treatment projects, 6 water environment management projects, 3 urban-rural integration water supply projects, 4 reusable water projects and 2 waste water source heat pump projects, commanding a total investment of approximately RMB17.048 billion. The projects are designed to have an annual waste water treatment capacity of approximately 1,684,475,000 m^3, and provide an annual reusable water volume of 29,784,000 m^3. The waste water source heat pump projects are built to offer heating and cooling services to an area 295,000 m^2. The water supply project has a designed daily water supply capacity of 370,000 m^3.

During the period under review, Everbright Water has secured 4 waste water treatment projects, commanding a total investment of approximately RMB299 million. Additionally, during the period under review, Everbright Water further implemented multiple sub-projects under Zhangqiu Urban-Rural Integration Water Supply Project ("Zhangqiu Water Supply Project"), including Zhangqiu Baiyun Water Plant Water Supply Project and Zhangqiu Chengdong Industrial Water Supply Project, with a total investment of approximately RMB1.13 billion.

During the period under review, Everbright Water made steady progress in project construction, with 5 waste water treatment projects and the Yellow River Water Transfer and Water Resource Replenishment Project under Zhangqiu Water Supply Project commenced construction, and made smooth progress in the construction works of the water environment management projects.

In the first half of 2018, Everbright Water made substantial progress in terms of enhancing its core technology industrial chain. By incorporating a joint-venture with a German environmental protection company, Everbright Water has primed itself to create overseas business channels and promote its core technologies globally. Everbright Water also established Hebei Xiong'an Huashen Water Engineering Technology Limited with its partner to focus on the R&D of wading and hydraulic engineering technology, equipment, new materials, among others. Finally, through its acquisition of Xuzhou Municipal Design Institute Co., Ltd. in Jiangsu Province, Everbright Water is set to enhance its capabilities and experience in the field of municipal engineering design, improve its capabilities in project design, and enhance its overall project construction and operation efficiencies.

Everbright Water continuously ameliorated its operations management, which have received recognitions from governments at all levels. During the period under review, Everbright Water received a total of RMB16,351,000 subsidies granted by the government. Xinyi Economic Development Zone Waste Water Treatment Project was shortlisted by MEE of the PRC as one of the 2017 case studies on third-party treatment for industrial park environmental pollution. During the same period, 8 waste water treatment projects obtained regulatory approval to effect tariff hikes within the range of 1% to 165%.

As at 30 June 2018, Everbright Water had 71 municipal waste water projects in operation and 5 industrial waste water treatment projects in operation, all of which have a total designed daily waste water treatment capacity of 3,835,000 m³. In addition, Everbright Water had 10 projects under construction, including 5 waste water treatment projects, 4 water environment management projects, and 1 water supply project.

During the period under review, the environmental water projects treated 612,498,000 m³ of waste water, an increase of 8% when compared with the first half of 2017. Environmental water projects contributed an EBITDA of HK$782,598,000, an increase of 42% when compared with the first half of 2017. The environmental water projects' net profit attributable to the Group was HK$278,840,000, an increase of 42% when compared with the first half of 2017. The increase of the segment net profit was mainly due to the continuous growth in construction service revenue and improvement of operation performance during the period.

Major operating and financial data of the environmental water projects in the first half of 2018 are summarised in the table below:

	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Environmental water projects		
Waste water treatment volume *(m^3)*	**612,498,000**	567,513,000
EBITDA *(HK$'000)*	**782,598**	551,467

III. Greentech

As at 30 June 2018, the Group had a 69.7% stake in China Everbright Greentech Limited ("Everbright Greentech"). Everbright Greentech, listed on the Main Board of the Stock Exchange, has 93 projects, including 49 integrated biomass utilisation projects, 33 hazardous waste treatment projects, 2 environmental remediation projects, 7 solar energy projects and 2 wind power projects, commanding a total investment of approximately RMB23.089 billion. The aggregate annual designed processing capacity of biomass raw materials was 9,029,800 tonnes; the annual household waste processing capacity was approximately 2,743,000 tonnes; the annual hazardous waste processing capacity stood at approximately 891,000 tonnes; the annual on-grid electricity generation was approximately 7,096,993,000 kWh; and the annual heat supply was approximately 2,278,000 tonnes.

During the period under review, Everbright Greentech achieved breakthroughs by tapping into new environmental protection markets including Gansu, Hebei, Liaoning and Fujian provinces. Its businesses also expanded to the environmental remediation segment. The Group secured 12 new projects, including 5 integrated biomass utilisation projects, 5 hazardous waste treatment projects and 2 environmental remediation projects, commanding a total investment of approximately RMB3.162 billion.

Everbright Greentech has achieved steady progress in project construction, with 7 projects completing construction and commencing operation; and 10 projects having started construction during the period under review.

Moreover, Everbright Greentech projects were granted a total of RMB78,833,000 subsidies by the government.

As at 30 June 2018, Everbright Greentech completed the construction of and put into operation 38 projects, including 19 integrated biomass utilisation projects with a designed annual on-grid electricity generation of approximately 2,584,381,000 kWh, an aggregate annual designed processing capacity of biomass raw materials of approximately 3,670,000 tonnes, and an annual designed household waste processing capacity of approximately 876,000 tonnes; 10 hazardous waste treatment projects with an annual processing capacity of 173,980 tonnes; and 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 had 18 projects under construction, including 13 integrated biomass utilisation projects with a designed annual on-grid electricity generation of approximately 1,992,312,000 kWh, an aggregate annual designed processing capacity of biomass raw materials of approximately 2,550,000 tonnes, and an annual household waste processing capacity of approximately 803,000 tonnes; 4 hazardous waste treatment projects, with an annual processing capacity of 100,000 tonnes and 1 environmental remediation project. It also had 37 projects in preparatory stage, including 17 integrated biomass utilisation projects with a designed annual on-grid electricity generation of approximately 2,256,263,000 kWh, an aggregated annual designed biomass raw materials processing capacity of approximately 2,810,000 tonnes, and an annual household waste processing capacity of approximately 1,064,000 tonnes; and 19 hazardous waste treatment projects, with an annual designed processing capacity of 617,000 tonnes and 1 environmental remediation project.

During the period under review, the Group's greentech projects provided a total of approximately 1,257,400,000 kWh of on-grid electricity, an increase of 65% as compared with the same period last year. Greentech projects contributed an EBITDA of HK$1,030,591,000, a 41% increase over the same period last year; its net profit attributable to the Group was HK$450,885,000, a 5% increase over the same period last year. The increase in profit was mainly due to the significant increase in both construction and operation service revenues as compared with the same period last year.

Major operating and financial data of the greentech projects in the first half of 2018 are summarised in the table below:

	For the six months ended 30 June 2018	For the six months ended 30 June 2017
Greentech Projects		
Waste processing volume *(tonnes)*	**344,000**	84,000
Biomass raw materials processing volume *(tonnes)*	**1,310,000**	753,000
Hazardous waste processing volume *(tonnes)*	**69,000**	55,000
On-grid electricity *(MWh)*	**1,257,400**	762,339
EBITDA *(HK$'000)*	**1,030,591**	729,037

IV. Envirotech

In this ever-changing age of technological innovation, it is necessary for enterprises to seek development that is driven by technological innovation. With access to the high-end of the value chain and core technologies, an enterprise is able to have a vantage point for development. By adhering to its principle of driving development with technology and innovation, the Group's envirotech business sector is fully committed to enhancing its core technological competencies as it entered a new phase of development, seeking to transform the Group from a traditional company into an advanced high-tech enterprise.

In the first half of 2018, the Group's Jiangsu Jiangyin Waste-to-energy Project Phase III completed construction and commenced operation. This project is China's first to have adopted the medium temperature with intermediate pressure, reaction reheat turbine with a header system that coordinates two-furnaces and one-turbine. The successful application of this technology on the project will effectively improve the efficiency of the project's power generation.

During the period under review, the envirotech sector's design institute rolled out 9 design projects, of which 6 were internal projects and 3 were external projects. The Group also developed a standardised design capability for the main plants of its large-scale waste-to-energy projects, such as Shaanxi Xi'an Lantian Waste-to-energy Project and Jiangsu Yixing Waste-to-energy Project Phase II. This self-developed technological edge for large waste-to-energy projects helps to solve the problem concerning increasing demand for space as the sizes of equipment and pipelines are growing. It also helps to optimise design, improve efficiency, and reduce cost.

Additionally, the Group received approval to establish a substation under a national post-doctoral research center, which coincided with its greater efforts to cultivate technology talents.

During the period under review, the Group was granted a total of 76 patents and software copyright licenses, of which 4 were invention patents, 65 were utility invention patents and 7 were software copyright licenses.

V. Equipment Manufacturing

Benefitting from the continued and strengthened implementation of the country's strategy on ecological conservation, the environmental protection equipment manufacturing industry continues to thrive. As a result, in the first half of 2018, the Group's equipment manufacturing sector demonstrated a strong momentum by delivering outstanding results in terms of production and sales.

In the first half of 2018, the equipment manufacturing business sector built its competitive edge in the environmental protection equipment market through various initiatives. These initiatives included: enhancing the professional team, actively bringing in new technologies and processes, strengthening market expansion efforts, promoting the standardisation of project services and enhancing supply chain management.

In terms of market development, in the first half of this year, the Group sold 35 sets of core system equipment, including 19 sets of self-developed grate furnaces, 9 sets of gas purification systems, and 7 sets of leachate treatment systems. The sales volume of entire sets of systems has significantly increased when compared with the first half of 2017. The 750 tonnes/day grate furnace successfully entered the Indian market, while the external sales of leachate treatment systems hit a record high. In the first half of this year, the Group secured total contract sales of approximately RMB588.2 million, an increase of 202% as compared with the first half of 2017.

In terms of project servicing, in the first half of this year the equipment manufacturing sector provided 74 service assignments, consisting of 3 EPC projects and 71 equipment projects, spanning across 17 provinces in China, as well as Vietnam and Ethiopia. In addition, the sector supplied 9 sets of grate furnaces, 9 sets of gas purification systems, and 6 sets of leachate treatment systems, fulfilling the requirements for project construction in a timely fashion.

In terms of new technology and new product development, in the first half of the year, the equipment manufacturing sector's self-enhanced SNCR (selective non-catalytic reduction) spraying gun and its auxiliary systems were put into trial run at Ningbo Waste-to-energy Project. The new type of 750 tonnes/day high-efficiency atomising disk, which was used in Hangzhou Waste-to-energy Project, achieved satisfactory performance and results. The self-developed high-end membrane system and sludge drying system have entered into a crucial stage during the design process. The homemade large-scale 850 tonnes/day grate furnace has officially been put into mass production, which will soon complete the overall assembly and trial run. The self-designed and self-developed new generation sludge dehydration system, which can be controlled remotely, has already been available to the market.

The opportunities presented by China's "Belt and Road" strategy and favorable policies relating to high-end equipment manufacturing have provided support for the Group's core and self-developed equipment to enter the first-tier of the environmental protection equipment industry, facilitating the Group to raise the profile and reputation of the "Intelligent Manufacturing by Everbright International" brand.

VI. International Business

During the period under review, the Group continued to closely follow the Chinese government's "Belt and Road" initiative. Accordingly, it fully leveraged its strengths in investment, operation, management, technology and equipment, etc. to exchange and cooperate with its global peers with an open, cooperative and win-win attitude, in an effort to increase the proportion of its overseas business in its overall business.

As of 30 June 2018, the Group had 3 overseas environmental protection projects, which are located in Germany, Poland and Vietnam respectively. During the period under review, the Group's German Ground Solar Energy Project operated smoothly, providing long-term and stable support for the local electricity supply. As the Group's first overseas acquisition project, NOVAGO contributed revenues of HK$233,843,000 and an EBITDA of HK$64,305,000 during the period under review.

In addition, the construction of the Group's first overseas waste-to-energy project, Can Tho Waste-to-energy Project in Vietnam, progressed smoothly during the period under review. The project is expected to complete construction and commence operation within the year. After commencing operation, the project will become Vietnam's first advanced household waste-to-energy project. The Group is committed to developing the project into a local and even regional benchmark project, whereby it is able to further tap into the Southeast Asian market. Meanwhile, the Group was granted again a loan of USD100 million from Asian Development Bank ("ADB") following the signing of a loan agreement in February this year. Pursuant to the agreement, both parties will work together to develop waste-to-energy projects in various cities in Vietnam, in order to promote the harmless treatment, reduction and reuse of local urban household waste in the country.

BUSINESS PROSPECTS

As China's ecological and environmental protection industry enters a new stage of development, the country is expected to draw up more strategic plans for further development on a national level. In light of the progress on the implementation of ecological environmental protection, the environmental protection market will accelerate its pace of expansion. The tailwind of a series of key national strategic initiatives has driven robust growth in the demand for the urban infrastructure and green development, creating opportunities for enterprises to undertake more responsibility, grow their businesses and expand into overseas markets.

During the National Conference on Ecological and Environmental Protection, Xi Jinping, General Secretary of the CPC highlighted that "Mountains, rivers, forests, farmlands, lakes, and grasslands are a life community. The ecological progress must take all factors into consideration with good overall plans and multiple measures". The acceleration of reform of the ecological conservation system and "Building a Beautiful China" are the key missions for China's environmental protection industry in the future. This will drive the environmental protection business to transform from a single business model to an integrated model of development, which is expected to raise the bar on required business standards and the overall capabilities of environmental protection companies. Xi Jinping, General Secretary of the CPC, also emphasised at the conference the importance of "fully leveraging market-oriented tools and adopting various ways to support PPP (Public-private Partnership) projects", as PPP remains a dominant business model for the environmental protection industry.

Amidst positive policy and industry trends, environmental protection companies, especially industry leaders and centrally-administered state-owned enterprises that are obliged to operate with social responsibility, will take up more important roles. As the flagship of China Everbright Group's "Four, Three, Three" Initiative, the Group will build on the solid momentum seen in the first half of 2018 and maintain its strategic focus as it continues to align with national policies and keeps pace with market trends. According to the Group's strategic positioning of "Becoming a domestically leading and world-class ecological and environmental management group", it will further refine its strategic roadmap; foster collaboration across the Group; drive the proper synchronisation and concurrent development of its asset-light and asset-heavy businesses; consolidate its market position in China; and closely monitor opportunities in overseas markets, with an aim of scaling new heights in the next round of development. Looking forward, the Group will leverage its existing advantages in market position and project distribution to expand into new business areas through three major aspects: 1) business penetration: the Group will solidify its domestic market share, increase investment in R&D, improve its technology capability, and pay close attention to investment opportunities and M&A targets of high quality; 2) industry chain: the Group will expand its industry value exploring opportunities in the areas of environmental sanitation integration, integrated waste treatment, air pollution control, among others; and 3) business scope: the Group will leverage supports from favorable policies such as the country's "Belt and Road" initiative and "Going Global" strategy, and expand overseas markets in a prudent manner.

As a major participant, contributor and leader in China's environmental protection industry, the Group will remain committed to fulfilling its corporate mission of being "Devoted to Ecology and Environment for a Beautiful China" and uphold its core value that the Group does not only create wealth, but also safeguard social responsibility. With the support from China Everbright Group, the Group will stay committed to its founding missions and work hard towards the goal of "becoming a world-class ecological and environmental management group in five years", as well as deliver sustainable, long-term returns for the Shareholders and other stakeholders.

POST-RESULTS EVENTS

During the post-results period, the Group signed supplementary agreement on the Upgrading Project of Suzhou Waste-to-energy Plant, secured the Expansion of Shandong Ji'nan Waste Water Treatment Project (Plant 1 & 2) and the Jiangsu Environmental Remediation Project Phase II, which added 1,600 tonnes to the aggregated daily household waste treatment designed capacity and 200,000 m^3 to the aggregated daily waste water treatment designed capacity. All these projects commanded an investment of approximately RMB2.058 billion in total.

On 3 August 2018, Everbright Water announced that it proposed to seek a dual primary listing of its ordinary shares on the Main Board of the Stock Exchange. The new ordinary shares of Everbright Water will be offered for subscription by way of an initial public offering in Hong Kong and international placement to professional, institutional and other investors, the details of which have yet to be finalized. Please refer to the Company's announcement dated 3 August 2018 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Position

As at 30 June 2018, the Group's total assets approximately amounted to HK$82,066,784,000 with net assets amounting to HK$31,696,567,000. Net asset value per share attributable to equity holders of the Company was HK$5.588 per share, representing an increase of 11% as compared to HK$5.031 per share as at the end of 2017. As at 30 June 2018, gearing ratio (total liabilities over total assets) of the Group was 61%, same as that at the end of 2017.

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 2018, the Group had cash and bank balances of HK$9,083,671,000, representing a decrease of HK$1,754,693,000 as compared to HK$10,838,364,000 at the end of 2017. Most of the Group's cash and bank balance, representing approximately 93%, 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 2018, the Group had outstanding borrowings of HK$36,046,735,000, representing an increase of HK$4,592,732,000 as compared to HK$31,454,003,000 as at the end of 2017. The borrowings included secured interest-bearing borrowings of HK$16,207,998,000 and unsecured interest-bearing borrowings of HK$19,838,737,000. The borrowings are mainly denominated in Renminbi, representing approximately 52% 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 2018, the Group had banking facilities of HK$50,394,610,000, of which HK$15,606,471,000 have not been utilized. The banking facilities are of 1 to 20 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 2018, the aggregate net book value of assets and equity interests in subsidiaries pledged amounted to HK$28,364,152,000.

Commitments

As at 30 June 2018, the Group had purchase commitments of HK$10,121,638,000 outstanding in connection with the construction contracts.

Contingent Liabilities

As at 30 June 2018, the Company issued financial guarantees to 4 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 2018 for the provision of the guarantees was HK$1,501,528,000.

Internal Management

The Group adheres to its management principles, "People-oriented, Pragmatism, Creativity and Systematic Management", and built a comprehensive management structure to maximize internal efficiency. The Company's management holds Management Decision Committee meeting on a monthly basis to review current operations and management, ensuring its sustainable development. According to operational needs and to satisfy the requirements on corporate governance as set out in the Listing Rules, the Company has set up different departments including the CEO's Office, Financial Management Department, Human Resources Department, Legal Compliance and Company Secretarial Department, International Business Department, Strategic Development Department, Internal Audit Department, Risk Management Department, Project and Environment Management Department, and Shenzhen Management Centre, etc. Each business sector will also set up functional departments according to the headquarters' settings and actual needs. The responsibilities of each department are clear with various comprehensive management systems. Internal control processes are sound and have been implemented effectively. The Company's Internal Audit Department performs its monitoring functions to ensure that each department and business sector could act strictly to meet relevant internal control requirements. During the period under review, the Company continuously improved and further developed the management information system and engineering management system to enhance internal management standards.

The Group is committed to building a comprehensive risk management culture and 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, according to the progress of the implemented risk management system, the Group amended and issued various management rules including Risk Management Policy and the Risk Management Practice Handbook. All these aim at strengthening the systematization and normalization level of risk management, and at guiding each department and business sector of the Group in carrying out risk prevention and control. In order to improve overall risk management on investment projects, the Group has established the Project Advisory Committee by integrating the former Investment Project Risk Management Advisory Committee, the Engineering and Technology Management Committee, and the Overseas Project Advisory Panel. Such integration aims at enhancing risk management of investment projects in advance and in process. Through the combined efforts of the Project Advisory Committee, the Tender Management Committee and ESHS Management Committee, the Company is able to impose stringent requirements on investments in, and the constructions and operations of, environmental protection projects to enhance overall risk management.

During the period under review, the Group continued to uphold its business principle of "operating safely and stably in compliance with relevant emission standards". It actively carried out daily inspections on safety, environment and occupational health. Apart from "Safe Production Month", the Group took strong steps in safety management and carried out safety risk assessments to ensure all projects – either under construction or in operation – strictly follow all safety guidelines. These steps also secured the stable operation of all environmental protection projects including waste-to-energy, integrated biomass utilisation and waste water treatment projects, while enhancing their economic benefits as well. The Company continues to push forward project construction and preparation works and to carry out all regulatory compliance procedures to ensure all project construction works are compliant. At the same time, the Group continues to increase its efforts in construction safety management to assure civilized and safe construction.

Human Resources

Human Resources are the key strategy of corporate development which require 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 and risk management system by organizing trainings on Risk Management Tool Usage, Performance Appraisal System, Corporate Large Database Usage and there were over 400 finance staff attending the annual finance training. All these have enhanced the overall quality of our staff. To facilitate the integration of newly recruited staff, the Group held the 22nd and 23rd execution trainings for more than 660 participants. A total of 56 managers and senior technical staff completed the Tsinghua University CEO Course (the 7th session) in July 2018. 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 660 management personnel 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, and staff members were highly motivated, allowing those who have passion and vision to grow and unleash their potential in the right job positions.

As at 30 June 2018, the Group had approximately 8,830 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 mandatory provident fund scheme to employees in Hong Kong.

Principal Risks And Uncertainties

During the period under review, the Group continuously implemented relevant work of the risk management system to effectively control the risks faced by the Group.

Construction project management risk: The Group had undergone project construction in full speed. The risk of safety incidents might be arisen from the failure of supervision and project management as well as unqualified contractors. The Group's existing rules and regulations for project construction are comprehensive. Duties of the supervising unit and the vetting procedures for on-site workers are discharged effectively. In respect of construction in progress, the Group will carry out routine safety and environmental inspections and audits so as to timely identify potential problems and assign the responsibility to the person in charge. The current control measures are adequate and effective. Such risk is in targeted control with its risk level on a downward trend.

Overseas market risk: The Group's continuous developments on overseas business may increase the risk caused by the instability of the local politics and policies. Through professional consultants, the Group has a better understanding on the political, economic, legal and business environment, and industry background of target areas. The Group has compiled "Guideline on supervision and operation of overseas investment projects", "Guideline on financial supervision of overseas investment projects" and "Policy on management of interest rate and exchange rate risks", etc. The existing control measures are partially effective. Due to the ever-changing nature of overseas market and the unexpected traits of risks, the risk level remained unchanged.

Recruitment risk: As the Group is under rapid development, the demand for talent is increasing. Given the inadequate supply of experienced staff in the market, as well as the restrictions on salary or workplace (e.g. remote areas, overseas), it is difficult to recruit staff. The Group has enhanced recruitment efficiency and expanded recruitment channels through professional recruitment agencies, while increasing campus recruitment through cooperation with reputable universities to recruit talent. The existing control measures are adequate and effective. Such risk is in targeted control with its risk level on the downward trend.

Not-in-my-backyard risk: With the enhancement of environmental awareness and safety awareness, the public's misunderstanding over the construction of waste-to-energy projects and waste water treatment projects are increasing. The Group keeps close communication with local government and surrounding community and strictly complies with the requirements of the MEE on waste-to-energy plants by "Installing CEMS (continuous emission monitoring system), real time displaying pollutant emission and operating data and on-line connection the CEMS with the MEE", as well as the Company's requirements on information disclosure, which ensures stable operation and emissions in compliance with discharge standards. The existing control measures are adequate and effective. Such risk is in targeted control with its risk level on the downward trend.

Policy changing risk: Environmental policy tends to be tight and strict and governments have been setting more stringent requirements on pollutant emissions which may result in increasing operating costs. Meanwhile, the adjustments to industry policy might present challenges to the stability of the Group's operation. The Group controls the pollutants emission in compliance with Euro 2010 standard (Directive 2010/75/EU of the European Parliament and of the Council on Industrial Emissions (integrated pollution prevention and control)) and actively participates in the formulation and revision of national standards and technical specifications. At the same time, the Group updates relevant management policies and standards, in order that each technology and environmental protection index meets the requirements of national standards. The existing control measures are partially effective. Due to the uncontrollability of risk, the risk level was on the rise.

Accounts receivable risk: If some local government's or client's ability to settle service charge is affected due to financial difficulties, or if the new waste-to-energy and biomass power generation projects in operation cannot get the national subsidy timely because they are out of the subsidy list temporarily, the Group's accounts receivable may increase. The Group periodically analyzes the overall status of accounts receivable to ensure the reasonableness of credit period and the effective operation of recovery mechanism. At the same time, the Group made appropriate liquidity management and interim capital arrangements. The existing control measures are adequate and effective. Due to the increasing number of new operating projects and the cyclical nature of policy implementation, the risk level remained unchanged.

Financing management risk: Since banks are facing tight liquidity, the Group may not be able to obtain loans from banks after finalization of project funding proposals or interest may not be charged at contractual rate. Based on the funding requirement of each project, the Group will implement funding arrangements according to the project timeline and progress. Simultaneously, the Group continuously explores in compliance with the cooperation model with financial institutions to improve the efficiency of project funding approval and loan granting. The existing control measures are adequate and effective. Such risk is in targeted control with the risk on the decline trend.

ESHS risk: The Group's operating projects are running smoothly. As more and more projects are put into operation, there is a risk that the workers may be less skilled ones who may not be able to identify equipment deficiencies or potential problems immediately, which may lead to the risk of environmental and safety incidents. The Group promotes the integration of ESHS management and daily operation, enhances and optimises the deployment of on-site safety and environmental engineering staff. The Group also carried out ESHS inspection on operating projects. The Group will identify and tackle potential problems in relation to ESHS periodically with a view to achieving close-loop management of potential problems. The existing control measures are adequate and effective. Such risk is in targeted control with the risk on the decline trend.

Competitive advantage risk: A substantial influx of capital and competitors into the environmental industry lead to the rapid change of business model. Under such circumstances, the Group will face intensifying competitions in the industry. Leveraging on its extensive practical experience, the Group actively promotes the PPP cooperation between the government and social capital, and promotes the formulation and development of the PPP standard. The Group regularly collects market information of the industry and makes comprehensive analysis, and currently has formed its technological research and development branch which consists of two institutes, three research facilities and one center with technological research and development works progressing steadily. The existing control measures are adequate and effective. Such risk is in targeted control with the risk level on the decline trend.

Staffing risk: The training of key staff, management and technical personnel is a cyclical process. With more and more new projects put into operation, the existing management staff and engineers may be redeployed to new project companies, which may result in continual dilution of human resources. The Group implements the "regulations of reserve talent" and "management regulations for assessing and recruiting professional and technical staff" to continually enrich and improve the talent pool, and enhance the training and development of staff so as to improve staff training efficiency. The existing control measures are adequate and effective. Such risk is in targeted control with the risk level on the decline trend.

Environmental and Social Management

The Group pays particular attention to the impact of its operations on both the environment and society. It has established an environmental and social management system following the Safeguard Policy Statement of the ADB and other internationally recognised practices, which contains specific procedures to ensure the Group's operating activities comply with the ADB's and other multilateral development banks' safeguard policy principles and requirements. 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 2016. To further enhance the implementation of ESHS Management System in subsidiaries, the Group has revised a number of systems and practices. Meanwhile, the Group also provide staff with ESHS trainings regularly and conduct monthly review on the ESHS Management System, in order to enhance effective environmental and social 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 neighbouring 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, Labour Law of the PRC, the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485-2014) and Directive 2010/75/EU of the European Parliament and of the Council on Industrial Emissions (integrated pollution prevention and control) 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 Waste Water Treatment Plants (GB18918-2002) (for environmental water projects), etc. No breach of these regulations and environmental protection standards which resulted in any significant loss or impact to the Group was recorded in the first half of 2018.

To promote the development of ecological civilisation and in the interests of green and low carbon development, the Group has achieved "three firsts" within the waste-to-energy industry: it was the first to adopt Directive 2000/76/EC of the European Parliament and of the Council on the incineration of waste 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 operating waste-to-energy projects' emission standards and environmental management information. The Group has installed real-time display of emission and operating data at all operating waste-to-energy projects. Since 2017, the Company has achieved hourly disclosure of average emission data taken from its continuous emissions monitoring network across all operating waste-to-energy projects on its corporate website, which can facilitate the public to monitor its environmental performance and further enhance the transparency of the Group.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

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 system. Furthermore, by full and timely public disclosure of information, the Group has maintained transparency and accountability which also enhanced its corporate values.

The Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 to 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 all Code Provisions as set out in the CG Code throughout the six months ended 30 June 2018, except that, with respect to Code Provision A.4.1, a non-executive Director was not appointed for a specific term for the periods from 1 January 2018 to 15 March 2018. The Board believes that the then arrangement enables the Company to have a greater flexibility to organize the composition of the Board to serve the needs of the Group. That non-executive Director was subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association. As such, the Board considers that sufficient measures had been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

The said non-executive Director resigned as a Director with effect from 16 March 2018. The Company has therefore complied with Code Provision A.4.1 of the CG Code since 16 March 2018.

The Group will continue to commit itself to enhancing its corporate governance practices appropriate to the conduct and growth of its business, and from time to time, to reviewing its corporate governance practices to ensure the same comply with the CG Code and align with the latest developments.

Please refer to the Company's 2017 annual report published in March 2018 for more information on our corporate governance practices.

BOARD COMMITTEES

During the period under review, the Board has met regularly and has currently established 5 Board committees, namely Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and Disclosure Committee.

In addition, the Management Decision Committee, being chaired by the Chief Executive Officer of the Company (the "CEO"), is responsible for handling the day-to-day business activities and making collective decisions on major matters relating to the Group's daily business operations, management and personnel matters, etc. The Management Decision Committee also takes charge of reviewing the investment projects of the Group, after recommended by the Project Advisory Committee, pursuant to the power delegated from the Board to the CEO. For project risk management and project technological risk management, the Group has set up a Project Advisory Committee to monitor and assess risks regularly, boost related management standards and evaluate investment projects as well as assess 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 construction budgets. In addition, the Group has also set up Internal Audit Department and Risk Management Department to perform internal audits, and risk management and control functions respectively to bolster the Group's management standards.

Audit Committee

The Audit Committee, currently comprising 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 Group's financial reporting process, risk management and internal control systems, internal and external audit and such other financial and accounting matters of the Group, etc. Under its terms of reference, the Audit Committee is required to oversee the relationship between the Company and EY, the external auditors of the Company. The terms of reference of the Audit Committee are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

During the period under review, the Audit Committee reviewed with the management and EY, 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, etc, including review of the annual results for the year ended 31 December 2017 and reports from Internal Audit Department and Risk Management Department of the Company.

Remuneration Committee

The Remuneration Committee currently comprises Mr. Zhai Haitao (Chairman), an independent non-executive Director, Mr. Cai Yunge, an executive Director and the Chairman of the Board, and 3 other independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn and Mr. Suo Xuquan. The terms of reference of the Remuneration Committee, which are available on the websites of the Company and HKEx, set out the duties of the Remuneration Committee, including but not limited to determining, with delegated responsibilities by the Board, the remuneration packages of the individual executive Directors and senior management.

During the period under review, the Remuneration Committee reviewed the 2018 bonus proposal and 2017 bonus payment for the individual executive Directors and the senior management of the Company.

Nomination Committee

The Nomination Committee currently comprises Mr. Cai Yunge (Chairman), an executive Director and the Chairman of the Board, Mr. Wang Tianyi, an executive Director and the Chief Executive Officer, and all 4 independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan. Its primary responsibilities include but not limited to reviewing annually 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 or re-appointment or re-designation 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 available on the websites of the Company and HKEx.

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. Suo Xuquan, an independent non-executive Director, Mr. Wong Kam Chung, Raymond, an executive Director and the Chief Financial Officer, Mr. Hu Yanguo, an executive Director and the Deputy General Manager, and Ms. Guo Ying, the General Manager of Internal Audit Department and Risk Management Department 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 had been established in writing.

During the period under review, the Risk Management Committee reviewed the progress of risk control and management for the year of 2017 as well as the 2018 risk management work plan and major risk management in 2017.

Disclosure Committee

The Disclosure Committee currently comprises 4 executive Directors, namely, Mr. Wang Tianyi (Chairman), the Chief Executive Officer, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer, Mr. Hu Yanguo, the Deputy General Manager and Mr. Qian Xiaodong, the Deputy General Manager as well as Mr. An Xuesong, the Deputy General Manager and Ms. Poon Yuen Ling, 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 had been established in writing.

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 Directors' transactions in securities of the Company. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2018.

Interim Dividend

The Board has declared payment of an interim dividend of HK12.0 cents per share (2017: HK12.0 cents per share) for the six months ended 30 June 2018, payable to the Shareholders whose names appear on the register of members of the Company on Thursday, 13 September 2018. The interim dividend will be paid to the Shareholders on or about Friday, 5 October 2018.

Closure of Register of Members

For the purpose of ascertaining the Shareholders' entitlement to the interim dividend, the register of members of the Company will be closed from Tuesday, 11 September 2018 to Thursday, 13 September 2018, both days inclusive, during which period no transfer of shares will be registered. Shareholders, whose name appear on the register of members of the Company on the record date, i.e. Thursday, 13 September 2018, will be entitled to the interim dividend. 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, 10 September 2018.

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

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

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of HKEx (www.hkexnews.hk) and the Company (www.ebchinaintl.com/en/ir/announcements.php). The 2018 interim report containing all the information required by the Listing Rules will be published on the websites of the Company and HKEx and dispatched to the Shareholders in due course.

By Order of the Board
China Everbright International Limited
Wang Tianyi
Chief Executive Officer

Hong Kong, 14 August 2018

As at the date of this announcement, the Board comprises: (i) five executive Directors, namely Mr. Cai Yunge (Chairman), Mr. Wang Tianyi (Chief Executive Officer), Mr. Wong Kam Chung, Raymond, Mr. Hu Yanguo and Mr. Qian Xiadong; and (ii) four independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan.