光大綠色環保
Everbright Greentech

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1257)

ANNOUNCEMENT
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

HIGHLIGHTS

The Next Jump Forwards

- Revenue increased by 69% to HK$2,047,075,000 (2016: HK$1,208,407,000)
- EBITDA increased by 60% to HK$713,064,000 (2016: HK$445,841,000)
- Profit before taxation increased by 59% to HK$564,680,000 (2016: HK$354,148,000)
- Profit attributable to equity shareholders of the Company increased by 57% to HK$457,416,000 (2016: HK$292,095,000)

INTERIM FINANCIAL RESULTS

The board of directors (the "Board") of China Everbright Greentech Limited (the "Company") announces the unaudited interim financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2017. The interim financial results are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagement 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") whose report on review of interim financial information is included in the interim report to be sent to the shareholders of the Company. The interim financial results have also been reviewed by the Company's Audit and Risk Management Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017 – unaudited

	Note	Six months ended 30 June	
		2017	2016
		HK$'000	*HK$'000*
Revenue	*3(a)*	**2,047,075**	1,208,407
Direct costs and operating expenses		**(1,386,631)**	(785,059)
		660,444	423,348
Other revenue		**56,437**	22,427
Other loss		**(5)**	(493)
Administrative expenses		**(98,598)**	(60,683)
Profit from operations		**618,278**	384,599
Finance costs	*4(a)*	**(53,086)**	(29,970)
Share of loss of a joint venture		**(512)**	(481)
Profit before taxation	*4*	**564,680**	354,148
Income tax	*5*	**(105,110)**	(62,383)
Profit for the period		**459,570**	291,765
Attributable to:			
Equity shareholders of the Company		**457,416**	292,095
Non-controlling interests		**2,154**	(330)
Profit for the period		**459,570**	291,765
Earnings per share	*7*		
Basic and diluted		**HK28.23 cents**	HK20.28 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017 – unaudited

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Profit for the period	**459,570**	291,765
Other comprehensive income for the period:		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	**95,447**	(46,132)
Total comprehensive income for the period	**555,017**	245,633
Attributable to:		
Equity shareholders of the Company	**552,370**	246,156
Non-controlling interests	**2,647**	(523)
Total comprehensive income for the period	**555,017**	245,633

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017 – unaudited

	Note	**At 30 June 2017** *HK$'000*	At 31 December 2016 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,819,591**	1,713,858
Interests in leasehold land held for own use under operating leases		**122,469**	120,684
		1,942,060	1,834,542
Intangible assets		**3,892,024**	2,975,814
Interest in a joint venture		**52,517**	33,651
Other receivables, deposits and prepayments	*8*	**400,360**	252,150
Gross amounts due from customers for contract work	*9*	**1,111,830**	761,700
Deferred tax assets		**24,940**	21,127
		7,423,731	5,878,984
Current assets			
Inventories		**66,033**	46,113
Debtors, other receivables, deposits and prepayments	*8*	**799,658**	498,455
Gross amounts due from customers for contract work	*9*	**105,934**	43,804
Tax recoverable		**2,870**	4,051
Pledged bank deposits		**154,818**	88,875
Deposits with banks		**1,034,674**	17,055
Cash and cash equivalents	*10*	**2,698,873**	886,210
		4,862,860	1,584,563

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 30 June 2017 – unaudited

	Note	**At 30 June 2017** *HK$'000*	At 31 December 2016 *HK$'000*
Current liabilities			
Bank loans			
– Secured		**220,165**	153,560
– Unsecured		**18,827**	116,705
		238,992	270,265
Creditors, other payables and accrued expenses	*11*	**1,189,079**	1,016,502
Current taxation		**21,096**	8,013
		1,449,167	1,294,780
Net current assets		**3,413,693**	289,783
Total assets less current liabilities		**10,837,424**	6,168,767
Non-current liabilities			
Bank loans			
– Secured		**1,952,605**	1,469,830
– Unsecured		**466,873**	228,232
		2,419,478	1,698,062
Other payables	*11*	**49,791**	38,180
Deferred tax liabilities		**322,549**	231,943
		2,791,818	1,968,185
NET ASSETS		**8,045,606**	4,200,582

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

At 30 June 2017 – unaudited

	Note	**At 30 June 2017** ***HK$'000***	At 31 December 2016 *HK$'000*
CAPITAL AND RESERVES			
Share capital	*12*	**1,608,029**	3
Other reserves		**6,421,569**	4,187,218
Total equity attributable to equity shareholders of the Company		**8,029,598**	4,187,221
Non-controlling interests		**16,008**	13,361
TOTAL EQUITY		**8,045,606**	4,200,582

NOTES

1 BASIS OF PREPARATION

The interim financial results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2017 but are extracted from that interim financial report.

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for the year ended 31 December 2016, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

Revenue represents the revenue from construction services, revenue from biomass project, hazardous waste treatment project and solar energy and wind power project operation services and finance income. The amount of each significant category of revenue recognized during the period is as follows:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Revenue from biomass project construction services	**1,293,081**	737,945
Revenue from hazardous waste treatment project construction services	**11,103**	62,051
Revenue from biomass project operation services	**446,149**	174,871
Revenue from hazardous waste treatment project operation services	**151,317**	101,042
Revenue from solar energy and wind power project operation services	**112,438**	116,823
Finance income	**32,987**	15,675
	2,047,075	1,208,407

For the six months ended 30 June 2017, the Group has transactions with four (six months ended 30 June 2016: four) local government authorities in the People's Republic of China ("PRC") which individually exceeded 10% of the Group's revenue. The revenue from these PRC local government authorities during the six months ended 30 June 2017 amounted to HK$961,829,000 (six months ended 30 June 2016: HK$805,036,000).

The aggregated revenue from construction services, operation services and finance income derived from these local government authorities in the PRC amounted to HK$1,876,139,000 (six months ended 30 June 2016: HK$1,102,847,000) for the six months ended 30 June 2017. The revenue is included in the three business segments as disclosed in note 3(b).

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

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

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

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

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

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources 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, interest in a joint venture, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets. Segment liabilities include current taxation, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segments and borrowings managed directly by the segments, with the exception of intercompany payables and other corporate liabilities.

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

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

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

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

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

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.

	Biomass project construction and operation		**Hazardous waste treatment project construction and operation**		**Solar energy and wind power project operation**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
For the six months ended 30 June								
Revenue from external customers and reportable segment revenue	**1,768,826**	922,541	**165,811**	169,043	**112,438**	116,823	**2,047,075**	1,208,407
Reportable segment profit (EBITDA)	**512,657**	251,814	**127,054**	94,285	**106,291**	111,652	**746,002**	457,751
Additions to property, plant and equipment, interests in leasehold land held for own use under operating leases, intangible assets and non-current portion of prepayments	**1,094,300**	711,108	**80,697**	91,314	**3,864**	1,875	**1,178,861**	804,297
Additions to non-current portion of other receivables and deposits and gross amounts due from customers for contract work	**440,059**	143,840	**5,450**	9,792	**–**	–	**445,509**	153,632
At 30 June 2017/31 December 2016								
Reportable segment assets	**6,502,677**	4,573,051	**1,277,987**	1,131,190	**1,554,253**	1,500,870	**9,334,917**	7,205,111
Reportable segment liabilities	**2,856,527**	2,016,403	**487,889**	440,509	**659,436**	709,485	**4,003,852**	3,166,397

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**2,047,075**	1,208,407
Profit		
Reportable segment profit derived from the Group's external customers	**746,002**	457,751
Depreciation and amortisation	**(95,298)**	(61,723)
Finance costs	**(53,086)**	(29,970)
Unallocated head office and corporate income	**5,208**	786
Unallocated head office and corporate expenses	**(38,146)**	(12,696)
Consolidated profit before taxation	**564,680**	354,148

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**9,334,917**	7,205,111
Unallocated head office and corporate assets	**2,951,674**	258,436
Consolidated total assets	**12,286,591**	7,463,547
Liabilities		
Reportable segment liabilities	**4,003,852**	3,166,397
Unallocated head office and corporate liabilities	**237,133**	96,568
Consolidated total liabilities	**4,240,985**	3,262,965

4 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
(a) Finance costs		
Interests on bank loans and other borrowings	**55,714**	30,377
Interests on amount due to fellow subsidiaries	**–**	887
	55,714	31,264
Less: interest expenses capitalised into construction in progress*	**(2,628)**	(1,294)
	53,086	29,970

* The borrowing costs have been capitalised at a rate of 4.61% to 4.75% (six months ended 30 June 2016: 4.67% to 4.90%) per annum for the six months ended 30 June 2017.

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
(b) Other items		
Amortisation		
– interests in leasehold land held for own use under operating leases	**1,828**	3,087
– intangible assets	**48,220**	16,517
Depreciation	**45,250**	42,119
Interest income	**(7,103)**	(1,759)
Government grants*	**(19,550)**	(937)
Value-added tax refunds**	**(28,007)**	(18,752)
Operating lease charges: minimum lease payment		
– hire of premises	**3,373**	1,283
Carrying amount of inventories consumed	**261,792**	94,255

* Government grants of HK$16,293,000 (six months ended 30 June 2016: HK$100,000) was granted during the six months ended 30 June 2017 to subsidise certain biomass projects of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future. The remaining amounts represent amortisation of deferred income.

** The Group was entitled to the PRC value-added tax refunds of HK$28,007,000 (six months ended 30 June 2016: HK$18,752,000) for the six months ended 30 June 2017. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refunds. There is no assurance that the Group will continue to receive such tax refunds in the future.

5 INCOME TAX

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**–**	–
Current tax – PRC income tax		
Provision for the period	**27,952**	30,676
(Over)/under-provision in respect of prior periods	**(4,267)**	334
	23,685	31,010
Deferred tax		
Origination and reversal of temporary differences	**81,425**	31,373
	105,110	62,383

No provision for Hong Kong Profits Tax has been made in the interim financial report as the Group's operations in Hong Kong did not earn any income subject to Hong Kong Profits Tax purpose for the six months ended 30 June 2016 and 2017.

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

6 DIVIDENDS

The directors do not declare any interim dividend in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$457,416,000 (six months ended 30 June 2016: HK$292,095,000) and the weighted average of 1,620,214,000 ordinary shares (six months ended 30 June 2016: 1,440,000,000) in issue during the interim period. The weighted average number of ordinary shares in issue during the six months ended 30 June 2017 and 2016 is calculated based on the assumption that 1,440,000,000 shares were in issue at the beginning of the periods, taking into consideration the effect of share split and the capitalisation issue.

7 EARNINGS PER SHARE *(continued)*

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

Weighted average number of ordinary shares

	Six months ended 30 June	
	2017	2016
	'000	*'000*
Share split and capitalisation issue	**1,440,000**	1,440,000
Effect of shares issued under initial public offering ("IPO")	**180,214**	–
Weighted average number of ordinary shares at 30 June	**1,620,214**	1,440,000

(b) Diluted earnings per share

Diluted earnings per share for the six months ended 30 June 2017 and 2016 were the same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during both periods.

8 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
Debtors	**533,271**	268,788
Other receivables, deposits and prepayments	**665,561**	480,186
Amounts due from fellow subsidiaries	**1,186**	1,631
	1,200,018	750,605
Less: Non-current portion		
– other receivables, deposits and prepayments	**(400,360)**	(252,150)
Current portion	**799,658**	498,455

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

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

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
Current	**141,257**	111,710
Within 1 month past due	**5,181**	2,912
More than 1 month but within 3 months past due	**5,343**	391
More than 3 months but within 6 months past due	**1,294**	4,842
More than 6 months but within 12 months past due	**1,636**	1,024
More than 12 months past due	**–**	103
Amounts past due	**13,454**	9,272
Unbilled receivables *(Note)*	**378,560**	147,806
	533,271	268,788

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

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
Within 1 month	**120,542**	104,090
More than 1 month but within 2 months	**16,593**	6,232
More than 2 months but within 4 months	**7,622**	3,159
More than 4 months but within 7 months	**5,708**	4,741
More than 7 months but within 13 months	**3,470**	2,656
More than 13 months	**776**	104
	154,711	120,982
Unbilled receivables *(Note)*	**378,560**	147,806
	533,271	268,788

Note:

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

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

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

There was no recent history of default in respect of the Group's debtors. Since most of the debtors are local government authorities in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognised by the Group at 30 June 2017 (31 December 2016: Nil).

Other receivables, deposits and prepayments include balances totaling HK$101,111,000 as at 30 June 2017 (31 December 2016: HK$71,059,000), which bear interest at rates ranging from 5.15% to 6.91% (31 December 2016: 5.15% to 6.91%) per annum and relate to the certain Build-Operate-Transfer ("BOT") and Build-Operate-Own ("BOO") arrangements of the Group. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT and BOO arrangements. No impairment loss was recognised by the Group at 30 June 2017 (31 December 2016: Nil).

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

9 GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less anticipated losses	**1,397,524**	960,144
Less: Progress billings	**(179,760)**	(154,640)
Net contract work	**1,217,764**	805,504
Representing:		
Gross amounts due from customers for contract work		
– Non-current	**1,111,830**	761,700
– Current	**105,934**	43,804
	1,217,764	805,504

"Gross amounts due from customers for contract work" represent revenue from construction under certain BOT and BOO arrangements and bear interest at rates ranging from 5.15% to 6.91% (31 December 2016: 5.15% to 6.91%) per annum as at 30 June 2017. As at 30 June 2017, HK$653,003,000 (31 December 2016: HK$379,500,000) relates to certain BOT and BOO arrangements with operation commenced. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the arrangements.

10 CASH AND CASH EQUIVALENTS

	At 30 June 2017 *HK$'000*	At 31 December 2016 *HK$'000*
Short-term bank deposits	**1,826,180**	56,093
Cash at banks and in hand	**872,693**	830,117
	2,698,873	886,210

Included in "Cash and cash equivalents" are deposits of HK$363,866,000 (31 December 2016: HK$55,877,000) which are placed with a related party bank.

11 CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2017 *HK$'000*	At 31 December 2016 *HK$'000*
Creditors		
– third parties	**790,226**	529,659
– fellow subsidiaries	**11,413**	6,200
	801,639	535,859
Other payables and accrued expenses	**384,883**	471,543
Deferred income – government grants	**52,348**	47,280
	1,238,870	1,054,682
Less: Non-current portion		
Deferred income – government grants	**(49,791)**	(38,180)
Current portion	**1,189,079**	1,016,502

11 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 of the end of the reporting period:

	At 30 June 2017	At 31 December 2016
	HK$'000	*HK$'000*
Within 6 months	**778,392**	519,015
More than 6 months	**23,247**	16,844
	801,639	535,859

Creditors totalling HK$765,783,000 (31 December 2016: HK$518,029,000) represent construction payables for the Group's BOT and certain BOO arrangements.

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

12 SHARE CAPITAL

Authorised share capital

	No. of shares		Equivalent
	'000	*US$'000*	*HK$'000*
At 1 January 2017	50	50	389
Share split on 10 April 2017 *(note (a))*	450	–	–
Increase in authorised share capital *(note (b))*	4,999,500	499,950	3,891,111
At 30 June 2017	5,000,000	500,000	3,891,500

Issued share capital

	No. of shares	Amount
	'000	*HK$'000*
At 1 January 2017	–*	3
Issuance of shares upon share split *(note (a))*	4	–
Capitalisation issue *(note (c))*	1,439,996	1,120,749
Shares issue under IPO *(note (d))*	626,078	487,277
At 30 June 2017	2,066,078	1,608,029

* Represents less than 1,000 shares

Notes:

(a) On 10 April 2017, the board of directors of the Company approved a share split of the Company's share capital at a ratio of 1 to 10. As a result, the authorised share capital after the share split remained at US$50,000 but was divided into 500,000 ordinary shares at a par value of US$0.1 each. The issued share capital remained at US$400 (equivalent to approximately HK$3,000), divided into 4,000 ordinary shares of US$0.1 each.

(b) On 10 April 2017, the authorised share capital was increased to 5,000,000,000 ordinary shares with a par value of US$0.1 each.

(c) Pursuant to a written resolution of the sole shareholder of the Company passed on 10 April 2017, conditional upon the share premium account of the Company being credited as a result of the issuance of new shares pursuant to the IPO, the directors of the Company authorised to capitalise an amount of US$143,999,600 (equivalent to approximately HK$1,120,749,000) standing to the credit of the share premium by applying such sum in paying up in full at par of 1,439,996,000 ordinary shares of US$0.1 each. Accordingly, 1,439,996,000 ordinary shares with par value of US$0.1 each were issued and US$143,999,600 (equivalent to HK$1,120,749,000) were credited to share capital.

(d) On 8 May 2017, the Company completed its IPO by issuing 560,000,000 new ordinary shares with par value of US$0.1 each at a price of HK$5.4 per share. Since then, the Company's shares have been listed on the Main Board of the Stock Exchange.

On 26 May 2017, the Company issued additional 66,078,000 new ordinary shares with par value of US$0.1 each at a price of HK$5.4 per share pursuant to the partial exercise of the over-allotment option of the IPO.

The total gross proceeds from the IPO amounted to approximately HK$3,380,821,000, among which HK$487,277,000 was credited to share capital and HK$2,893,544,000 was credited to share premium, net of share issuance costs of HK$90,814,000.

BUSINESS REVIEW AND PROSPECTS

Operating Results

The year 2017 is a significant year for China's green development in light of new market conditions, challenges and targets for the environmental protection industry during the 13th Five-Year Plan period. In March 2017, the Government Work Report put forward the idea of "intensifying efforts to strengthen environmental protection and making our skies blue again" for the first time, reiterating the country's strategy to build ecological civilization. "Pollution Controls and Smog Reduction, Environmental Protection and Green Development" have become hot topics this year and shown a new trend of China's overall development in 2017.

In the first half of 2017, details of the 13th Five-Year Plan were announced consecutively in different provinces and cities, including special planning information, guidelines on executing the plan, implementation proposals and implementation regulations. Undoubtedly, the 13th Five-Year Plan will be implemented in full swing in 2017 and the environmental protection industry is stepping into a prime period of development.

2017 is also an exceptional year for the Group as it has achieved new breakthrough. On 8 May this year, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), making its debut in capital market. The separate listing, and spin-off from its parent company, China Everbright International Limited ("Everbright International"), fully unleashed the potential value of the Company and further strengthened its position in China's environmental protection industry.

With a diversified business portfolio, the Group's core businesses cover the integrated biomass utilization, hazardous waste treatment and solar energy and wind power. As at 30 June 2017, the Group secured 73 environmental protection projects, with a total investment of approximately RMB17.108 billion. It completed the construction and commenced the operation of 27 projects, with a total investment of approximately RMB5.086 billion. 12 projects were under construction, with a total investment of approximately RMB3.47 billion. 34 projects were in the preparatory stage, with a total investment of approximately RMB8.552 billion.

Leveraging the China's development in environmental protection, the Group has maintained rapid growth while taking a development approach of being "Prudent, Proactive and Practical" in the first half of 2017. It delivered a set of outstanding results by facilitating different projects efficiently and pragmatically.

In terms of market expansion, the Group has hit a new record on the number of new projects in the first half of the year and continued to strengthen the market position of its current projects in Jiangsu, Anhui, Henan and Hubei, etc. During the period under review, it secured 10 new projects and entered into a supplemental agreement, with a total investment of approximately RMB2.823 billion. The new projects include 4 integrated biomass and waste-to-energy projects, 2 biomass electricity and heat cogeneration projects and 4 hazardous waste treatment projects. 145MW was added to the aggregate power generation designed capacity, approximately 1,200,000 tonnes per year was added to the biomass treatment designed capacity, around 800 tonnes per day was added to the household waste treatment designed capacity, and about 90,000 tonnes per year was added to the hazardous waste treatment designed capacity. Moreover, during the period, a supplemental agreement for the Huaiyin Integrated Biomass and Waste-to-Energy Project (waste-to-energy) of the Group in Jiangsu has been entered into, which will increase the scale of processed waste from 500 tonnes per day to 1,000 tonnes per day.

In terms of construction engineering, the Group carried on its strong momentum from 2016, further facilitating project construction and continuing its commitment to building a number of high quality demonstration projects. During the period under review, the number of construction projects of the Group amounted to 15, of which 3 have been completed and commenced operation. After 15 months' construction, it launched Lingbi Integrated Biomass and Waste-to-Energy Project, the first urban-rural integration project of its kind ever in China. Through sharing main plant, grid system, water supply and drainage system, cooling system, centralisation system and management team, the project not only maximized its environmental service output, but also increased the overall returns on investment of the project, and enhanced the Group's competitiveness. This project allows the Group to accumulate more experiences in the construction and development of urban-rural integration projects. As of 30 June 2017, the number of the Group's projects under construction was 12, which will be completed and commenced into operation by the second half of 2017 and 2018 respectively.

In terms of operating results, during the first half of 2017, the Group made considerable progress both in revenue and profitability. The Group has reached new heights in revenue from its construction service, attributable to the enhanced management of the projects at the preparatory stage and steady construction of the projects. As to the project operation services, revenues from this segment recorded a sustainable growth due to the sustained increase of processing volume. During the period under review, the Group's revenue amounted to approximately HK$2,047,075,000, an increase of 69% over approximately HK$1,208,407,000 in the same period last year. The EBITDA amounted to approximately HK$713,064,000, an increase of 60% over approximately HK$445,841,000 in the same period last year. Profit attributable to equity shareholders of the Company for the period was approximately

HK$457,416,000, 57% more than approximately HK$292,095,000 recorded in the same period last year. During the first half of 2017, basic earnings per share were HK28.23 cents, HK7.95 cents more than HK20.28 cents in the same period last year. The Group has ready access to financing channels, with an abundance of cash on hand which continues to rise, and it performed well in all financial indicators.

With the government's support for the environmental protection industry, the Group's biomass, solar energy and wind power projects are entitled to a number of initiatives including preferential on-grid tariffs, mandatory off-take of electricity, government subsidies and preferential tax policies, etc. The Group's hazardous waste treatment projects also benefit from preferential taxation policies and government subsidies, coupled with increasing industry demands from tightened pollution discharge standards and rigorous law enforcement. During the first half of 2017, the Group received a total of approximately RMB45,455,000 in government grants and value-added tax refunds of approximately RMB24,787,000.

The Company dedicated to enhancing value for its shareholders by regularly rewarding its shareholders for their support. The payment of dividend of the Company depends on several factors including the Group's earnings performance, cash flow position and the Group's need to achieve long-term sustainable development, etc. However, as the Company recently listed on 8 May and the Company is planning for its long-term development, the Board does not declare any interim dividend in respect of the six months ended 30 June 2017 (2016: Nil).

Biomass

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

During the first half of 2017, the Group had a total of 38 biomass projects, with aggregate power generation designed capacity of 867MW, aggregate biomass material processing designed capacity of 7,549,800 tonnes per annum, and aggregate household waste processing designed capacity of 5,050 tonnes per day. During the period under review, the Group's biomass projects in operation amounted to 10, which generated 611,076,000kWh of on-grid electricity, an increase of 165% over the same period last year. Meanwhile, the Group processed 753,000 tonnes of biomass raw materials, an increase of 205% over the same period last year. It also processed 84,000 tonnes of household waste, an increase of 231% over the same period last year. During the period under review, the Group generated steam of 68,000 tonnes. The number of the Group's biomass projects under construction amounted to 10, with an aggregate power generation designed capacity of 237MW, and an annual biomass processing designed capacity of 207,000 tonnes and a daily household waste processing designed capacity of 1,300 tonnes.

During the period under review, EBITDA of the Group's biomass projects was approximately HK$512,657,000, an increase of 104% over the same period last year. The biomass projects contributed net profit of approximately HK$342,338,000, an increase of 104% over the same period last year.

The increase in profit was mainly due to the steady progress of several projects under construction during the period, resulting in a significant increase in the revenue from construction service. In addition, aggregate on-grid electricity of the projects in operation continued to increase, contributing to a significant increase in revenue of the project operation service.

Major operating and financial data of the biomass segment in the first half of 2017 is summarised in the table below:

	2017	2016
Biomass projects		
On-grid electricity *(MWh)*	**611,076**	230,927
Biomass raw materials processing volume *(tonne)*	**753,000**	247,000
Waste processing volume *(tonne)*	**84,000**	25,000
Steam processing volume *(tonne)*	**68,000**	–
EBITDA *(HK$'000)*	**512,657**	251,814
Segment net profit *(HK$'000)*	**342,338**	167,570

Hazardous Waste Treatment

The Group's hazardous waste treatment business is at the forefront of the industry and can safely treat 42 out of 46 categories of hazardous waste listed in the National Catalog of Hazardous Wastes.

As of the first half of 2017, the Group had a total of 26 hazardous waste treatment projects with an aggregate annual processing designed capacity of 594,200 tonnes. During the period under review, there were 8 hazardous waste treatment projects in operation and approximately 55,000 tonnes of hazardous waste was safely treated, an increase of 41% over the same period last year. There were 2 hazardous waste treatment projects under construction with an aggregate annual processing designed capacity of 40,000 tonnes.

During the period under review, the Group's hazardous waste treatment projects contributed an EBITDA of approximately HK$127,054,000, an increase of 35% over the same period last year. Hazardous waste treatment projects contributed net profit of approximately HK$90,704,000, an increase of 29% over the same period last year. The increase in profit was mainly due to the steady growth of business operations and the sustainable increase in an aggregate processing capacity of the hazardous waste treatment projects.

Major operating and financial data of the hazardous waste treatment segment in the first half of 2017 is summarised in the table below:

	2017	2016
Hazardous waste treatment projects		
Hazardous waste processing volume *(tonne)*	**55,000**	39,000
EBITDA *(HK$'000)*	**127,054**	94,285
Segment net profit *(HK$'000)*	**90,704**	70,564

Solar Energy and Wind Power

The Group has 7 solar energy and 2 wind power projects in operation, with an aggregate processing designed capacity of approximately 125.9MW. The Group is responsible for building, managing and operating these projects and primarily selling the electricity to the local power grid companies.

During the period under review, the Group's solar energy and wind power projects sold electricity amounted to 151,263,000kWh, with an EBITDA of approximately HK$106,291,000, remained almost flat as the same period last year. Solar energy and wind power projects contributed net profit of approximately HK$58,521,000, which remained almost flat as the same period last year, due to the absence of new projects during the period.

Major operating and financial data of the solar energy and wind power segment in the first half of 2017 is summarised in the table below:

	2017	2016
Solar energy and wind power projects		
On-grid electricity *(MWh)*	**151,263**	145,189
EBITDA *(HK$'000)*	**106,291**	111,652
Segment net profit *(HK$'000)*	**58,521**	59,051

The Group has devoted to leverage business innovation and technology to diversify its business. Apart from initiating an innovative model of urban-rural integrated processing of agricultural and household waste, during the period under review, the Group also developed a solution that allows safe disposal of hazardous waste in landfills where there is a rigid foundation, providing a reliable solution to the pressing needs of disposing waste salt in regions with unstable geological conditions.

With the gradual improvement in national environmental standards, hazardous waste landfills with rigid structure and better anti-seepage system is about to fill the gap in the waste salts treatment market. At the same time, the use of the rigid structure waste landfills will encourage the Group to have higher standards in its operations, and drive the Group to seek for more new technologies.

While promoting its business development, the Group is also strengthening its internal management to prevent risks. In 2017, the Group incorporated the implementation of an Environmental, Safety, Health and Social Responsibility (“ESHS”) management system (“ESHS Management System”) in the annual key tasks of its projects and underwent a special assessment to improve the safety awareness of managers at all levels and their overall knowledge of ESHS management. During the period under review, the Group also set up a Risk Management Department and a Risk Review Committee, in a bid to strictly enforce its risk management system and improve its capability of risks identification and prevention as well as decision-making ability.

During the period under review, the Group generated approximately 762,339,000 kWh of green electricity, which can support the annual electricity consumption of 635,282 households or equivalent to 304,936 tonnes of standard coal, reducing carbon dioxide (CO_2) emissions by 650,629 tonnes and preventing 99,104,070 trees from being cut down. The Group also treated 9,164 m^3 of leachate in its waste-to-energy plant and reduced Chemical Oxygen Demand (COD) emissions by 238 tonnes.

BUSINESS PROSPECTS

It is said that “a huge tree grows from a tiny seedling, a nine-storey tower rises from small heaps of earth, and a journey of a thousand miles begins with one step”. Following its successful spin-off listing in May this year, the Company, as a separate listed company, has forged ahead from a fresh starting point at new heights, with an aim of driving long-term development while at the same time, achieving sustainable social development, and taking solid and practical steps to steer the Company towards new breakthroughs.

Following the publication of the Government Work Report, China has announced a number of new environmental protection policies, demonstrating the government’s steadfast commitment to realize green development. On the one hand, China has clamped down on pollutant emission by imposing increasingly stringent controls, resulting in a more rigorous environment for pollution and so as to achieve environmental protection. On the other hand, the government has further optimized the platform for the ecological and environmental protection industry, which has presented a new wave of opportunities for the industry participants to advance their development both at home and abroad.

With the support of favorable policies, the Group will leverage its extensive experiences in developing and operating a wide range of projects, as well as its good relationships with clients, to expand its service offerings in regions where its existing projects are located, which in turn will strengthen its own integrated service capabilities and realize synergistic effects among its different businesses. At the same time, the Group will continue to improve the coordination among projects located in the same region, with the aim of further reducing costs and enhancing management efficiency through the centralized management, financial and other resources.

To promote the sharing of resources and experience and form the joint force as a whole, the Group will set up three major business management centers according to the nature of the businesses. In line with the "beautiful countryside" and "clean heating" strategies, the clean energy management center will look to provide integrated solutions for agricultural, livestock and household waste treatment and clean energy (including gas, heat, electricity and even thermal sinks) supply for county-level municipalities. Solid waste management center will continue to extend the industry chain, and positions itself as an integrated service provider and environmental manager that deals with solid waste management and disposals for industrial parks or chemical industrial parks. Taking advantage of project locations, with its "mega market and comprehensive customer service" development approach, the Group will set up a mega customer service system, in a bid to establish a regional linkage mechanism, aiming to leverage its strengths in the local area and expand its services to customers in the same province. Environmental remediation management center will become an integrated service provider of soil remediation and volatile organic compounds (VOC) pollution treatment.

The Group will pursue the development by means of holding a steadfast commitment in innovation. By introducing new technologies and process techniques as well as encouraging technological innovations, the Group will continue to enhance its operational efficiency, stabilize and lower its operating costs, as well as strengthen its organic growth. At the same time, the Group will proactively take part in China's "Belt and Road Initiative", leverage the strengths and advantages of its projects and brand, and seize timely opportunities to tap into overseas markets.

With the strong backing of its parent company, Everbright International, and underpinned by the Group's solid foundation and innovation-driven principles, the Group will adapt to new trends in the global ecological and environmental protection industry, capture new opportunities arising from China's accelerating pursuit to build an ecological civilization, benefit society by adopting green technologies, and reward its investors with robust growth.

FINANCIAL POSITION

As at 30 June 2017, the Group's total assets amounted to approximately HK$12,286,591,000 (31 December 2016: HK$7,463,547,000) with net assets amounting to approximately HK$8,045,606,000 (31 December 2016: HK$4,200,582,000). Net asset value per share attributable to equity shareholders of the Company was approximately HK$3.89 per share. As at 30 June 2017, gearing ratio (total bank loans over total equity) of the Group was 33%, a decrease of 14 percentage points as compared to that of 47% as at the end of 2016. Asset-liability ratio (total liabilities over total assets) of the Group was 35%, a decrease of 9 percentage points as compared to that of 44% as at the end of 2016. Current ratio of the Group was 336%, an increase of 214 percentage points as compared to that of 122% as at the end of 2016.

FINANCIAL RESOURCES

On 8 May 2017, the Company was listed on the Main Board of the Stock Exchange. The net proceeds from the global offering is approximately HK$3.3 billion.

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and lower the costs of funds. It finances its operations primarily with the net proceeds from the global offering, internally generated cash flow and loan facilities from banks. As at 30 June 2017, the Group had cash and bank balances of approximately HK$3,888,365,000, an increase of approximately HK$2,896,225,000 as compared to approximately HK$992,140,000 at the end of 2016. Most of the Group's cash and bank balances were denominated in Hong Kong dollars and Renminbi.

INDEBTEDNESS

The Group is dedicated to improving banking facilities to reserve funding to support its business development. As at 30 June 2017, the Group had outstanding borrowings of approximately HK$2,658,470,000, an increase of approximately HK$690,143,000 as compared to approximately HK$1,968,327,000 at the end of 2016. The borrowings included secured interest-bearing borrowings of approximately HK$2,172,770,000 (31 December 2016: HK$1,623,390,000) and unsecured interest-bearing borrowings of approximately HK$485,700,000 (31 December 2016: HK$344,937,000). The borrowings of the Group are mainly denominated in Renminbi, representing approximately 94% of the total, and the remainder is denominated in Hong Kong dollars. Most of the borrowings are at floating rates. As at 30 June 2017, the Group had banking facilities of approximately HK$6,561,919,000 (31 December 2016: HK$5,398,779,000) of which approximately HK$3,903,449,000 (31 December 2016: HK$3,430,452,000) have not been utilised. The tenor of banking facilities are ranged from one year to fifteen years.

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 it basically forms a natural hedging effect. The Group also pursues an optimal allocation of borrowings in different currencies while setting appropriate levels of borrowing in non-base currencies, and adoption of proper financial instruments to closely manage foreign exchange risks.

PLEDGE OF ASSETS

Certain banking facilities at the Group were secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plant and equipment and prepaid land lease payments. As at 30 June 2017, the aggregate net book value of assets pledged amounted to approximately HK$5,380,548,000 (31 December 2016: HK$4,059,218,000).

COMMITMENTS

As at 30 June 2017, the Group had purchase commitments of HK$891,753,000 (31 December 2016: HK$1,386,986,000) under the construction contracts.

CONTINGENT LIABILITIES

As at 30 June 2017, the Company issued financial guarantees to its wholly-owned subsidiary. The Board considers that the possibility of making a claim against the Company under the guarantees is remote. As at 30 June 2017, the Group did not have any contingent liabilities that include liabilities under the guarantees.

INTERNAL MANAGEMENT

The Group believes that an organic and sustainable development can only be achieved by solid corporate management and risk control. It has been upholding its management philosophy of "People-oriented, Pragmatism, Creativity and Systematic Management" so as to enhance and maintain a sound management system, to create a corporate management culture that allows all of employees' engagement, and to strengthen the management awareness and promote the management standard. During the period under review, the Internal Audit Department of the Group has performed its audit duties, ensuring all departments comply with relevant management policies and the operational risks are under strict control.

During the period under review, the Group held the management committee meeting on a monthly basis, to review project investments, projects under preparation and construction as well as in operation. Investment Project Risks Review Committee and Engineering Technology Committee have also been established by the Group to oversee the overall project investment, construction and operation in accordance with stringent standards. In addition, the Group has placed emphasis on the management of the projects under construction and projects at preparatory stage, to ensure the development and operation to proceed with full legal and rules compliance in an orderly and legitimate manner.

The Group has always abided by its operation principle of "Maintaining Safe and Stable Operations in Compliance with Discharge Standards" and kicked off a campaign that promoting the awareness of energy saving and emission reduction, i.e. "Competition in Expenditure Reduction, Efficiency Enhancement, Energy Saving and Cost Control", thereby constantly reducing the overall power consumption rate of each project and enhancing the overall project efficiencies.

HUMAN RESOURCES

The Group has highly valued the human resources management. In line with its goal to be "people-oriented", the Group treats every employee as its valuable asset. The Group consistently explores each employee's potential, and focuses on the shared growth and mutual benefits between the employees and the Company. The Group continues to attract talents through internal training initiatives as well as via local, overseas and on-campus recruitment drives. It adopts different ways to constantly enhance the employee's qualification, including offsite training, internal associations, technical exchange sessions, new staff training programs and personal development plans.

During the period under review, the Group held training sessions on its system-wide engineering construction regulations and skills, the development of hazardous waste industry, safety production and the operation of human resources system, etc., to convey industry and professional knowledge and upgrade employees' skills. To facilitate the newly recruited staff's integration, the Group participated in the 18th and 19th execution training sessions held by Everbright International, with more than 120 participants attended. Also, a total of 15 senior technical staff at the management level were sent to take part in the Tsinghua University CEO Course for management and organization efficiency enhancement. In order to maintain a talent pool to ensure a sustainable development, the Group has spared no efforts in enriching its talent pool management. By organizing recruiting and selection competition, the Group has successfully motivated its employees and encouraged those who are willing and capable to undertake more appropriate posts with more growing potential. As at 30 June 2017, the Group had approximately 1,500 employees in total in Hong Kong and Mainland China. Employees are remunerated according to their qualifications, experiences, job nature, performance and with reference to market conditions. Apart from the discretionary performance bonus, the Group also provides other benefits such as medical insurance and a provident fund scheme to employees in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

During the period under review, the Group has constantly refined its internal control and risk management systems, as well as identified and analyzed the critical risks it has been facing. By improving its internal environment and enhancing the method of information communication, the Group was able to mitigate its risks in a practical and effective way. Key risks arising from the Group's environmental business development involving changes in policies and industry condition, peers competition, environmental and social responsibilities, internal control, technology and innovation, etc.

Risks arising from changing policies and the industry environment refer to the failure to respond to the changes in government policies and business models in a timely and effective manner, which may bring adverse impacts to the business of the Group. The Group has always stayed alert on the changes in China's environmental protection policies, and has adjusted its development path accordingly in response to such changes in a timely manner. Meanwhile, it also remains committed to offering suggestions from a practical standpoint to the authorities in charge of developing relevant policies, with the help of professionals from various industry associations and expert teams, to facilitate the promulgation of environmental policies that are also beneficial to the growth of its business. By analyzing the national industry development strategies based on the China's 13th Five-year Plan, the Group has devised project development strategies in advance and innovated its business model in a bid to seize development opportunities and achieve sustainable growth.

Peers competition risks refer to the risks affecting the Group's business development capabilities and the returns of its projects investment as a result of keen competition among the competitors across the industry. The Group's major business segments include the integrated biomass utilization, hazardous waste treatment and solar energy and wind power, which are all under intense competition in the market. The Group constantly leverage its own strengths to optimize and promote its "urban-rural integration" model, which has not only satisfied the needs of governments at different tiers in environmental protection, but also allowed the Group to achieve its business development. Additionally, the Group has maintained good relationships with governments. Through its proactive participation in public-private partnership projects launched by different tiers of governments, it has established win-win relationships with them. The Group remains committed to constructing projects with outstanding quality and upholding high standards in operation management to improve the overall project quality of its projects while reducing cost and ultimately increase its profitability.

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

Internal control risks mainly refer to the risks arising from the uncertainties of effectiveness and achievement of the objective of the internal control system, or ineffectiveness of the internal control due to a defective internal control system or improper internal control measures. The Group has always valued the internal control and risk management function, and set up an internal control structure comprising its Management Committee, Risk Management Department and Internal Audit Department. The Group also appointed a responsible officer in each project company's management to in charge of risk management matters, in a bid to highlight the importance of internal control and risk management, and to define the duties and responsibilities of departments at all levels. The interlaced management structure has strengthened the links between the Group's headquarter and its project companies, which keeps the headquarter informed of the status of its projects and at the same time, ensure the management's policies be implemented in a timely and effective manner. In order to lay a solid organizational foundation for effective internal control, the Group has refined its organizational structure to define relevant duties and responsibilities of each managerial level.

Technology and innovation risks mainly refer to the risks arising from the failure to satisfy business development needs driving by effective research and development and the introduction of new technologies, which in turn affect the Group's profitability. During the period, the Group has strived to develop new businesses in the environmental protection sector, such as those relating to soil and air remediation, and has tapped into the overseas markets as well as strengthened its position in domestic market in line with the "The Belt and Road Initiative". The Group also attached great importance to attract the talented professional technology experts, introduced the results of foreign advanced technological research and development to China, and focused on the improvement and application of the technology. As such, technology previously introduced from overseas and products from research and development have been gradually applied to projects, which has constantly enhanced the technological level in the project operations. Furthermore, the research and development plans formulated during the period have fully covered the Group's major project development areas in its key businesses, including biomass, urban-rural integration model and hazardous waste treatment.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group has completed the building of its ESHS Management System, in a bid to achieve a systematic and standardized management over its aspects such as Environment, Safety, Occupational Health and Social Responsibility and maximize its control on relevant risks and minimize defects in management system. The ESHS Management System of the Group focuses on the material risk control issues that may rise during the periods of project operation and construction, in which it has ESHS Management Organization Structure in place, with standardized management system complemented, such as regulations, standards, SOP and checklists, etc, as well as mechanisms of inspection, supervision, assessment and reporting in place. Up till now, the Group has completed the best model SOP for the high-risk issues of overall businesses (waste-to-energy, biomass power generation/heat supply/cogeneration, hazardous waste landfill and incineration, solar energy and wind power) and for the medium risk issues of major businesses (waste-to-energy, biomass power generation/heat supply/ cogeneration, hazardous waste landfill and incineration) and executed under the jurisdiction of the relevant project. ESHS inspections have been conducted on a quarterly basis. During the first half of 2017, we have conducted system-wide ESHS inspection, together with special inspections on fire prevention and seasonal safety measures in summer at the end of each quarter. At the same time, awareness promotion in relation to ESHS has also been conducted, such as activities themed as "Safe June", in which we organized trainings with topics concerning safety and Quiz Competition concerning ESHS. We believe that the ESHS Management System may enhance the Group's performances in environmental compliance, work safety, employee benefits and community development.

The operating and environmental service performance of the Group's projects strictly adheres to relevant standards and requirements of their respective environmental impact assessment reports. The Group also takes the expectations of the neighboring communities into its consideration. Key regulations and standards that are applicable to the Group's business include the Environmental Protection Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Labor Law of the People's Republic of China, the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485-2014), Directive 2010/75/EU and its relevant Annexes/Amendments (for waste-to-energy projects of urban-rural integration projects), the Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) (for biomass power generation projects), the Standard for Pollution Control on the Security Landfill Site for Hazardous Waste (GB18598-2001) and the Pollution Control Standard for Hazardous Wastes Incineration (GB18484-2001), among others. No breach of these regulations and relevant environmental protection standards resulting in a significant loss for or an adverse impact to the Group was recorded in the first half of 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group believes that maintaining sound and high standards of corporate governance is not only a key element in safeguarding the interest of the shareholders, but also a way to enhance the corporate value and strengthen the accountability and transparency of the Company. Through a set of rules and regulations, the Group has constantly reinforced its internal control, risk prevention and management.

The Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") has been duly adopted by the Board as the code for corporate governance practices of the Company. The shares of the Company have been listed on the Main Board of the Stock Exchange since 8 May 2017 (the "Listing Date"). The Company has fully complied with the code provisions set out in the CG Code during the period from the Listing Date to 30 June 2017.

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

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

Audit and Risk Management Committee

The Audit and Risk Management Committee, currently comprises all 3 independent non-executive Directors, namely Mr. Chow Siu Lui (Chairman), Mr. Philip Tsao and Prof. Yan Houmin, is primarily responsible for providing an independent review of the effectiveness of the financial reporting process, risk management and internal control systems of the Group, overseeing the audit process, reviewing the completeness, accuracy, clarity and fairness of the Company's financial statements, considering the scope, approach and nature of both internal and external audits and reviewing and monitoring connected transactions and performing other duties and responsibilities as may be assigned by the Board from time to time etc. The terms of reference of the Audit and Risk Management Committee are published on the websites of the Stock Exchange and the Company.

The Audit and Risk Management Committee reviewed with the management and the auditors of the Company, including but not limited to the accounting principles and practices adopted by the Group, significant audit matters such as significant accounting estimates and judgmental areas, and discussed the Group's risk management and internal control and financial reporting matters, including review of the unaudited interim financial results for the six months ended 30 June 2017 and reports issued by Internal Audit Department and Risk Management Department of the Company.

Nomination Committee

The Nomination Committee currently comprises Mr. Chen Xiaoping (Chairman), the Chairman of the Board, and all 3 independent non-executive Directors, namely Mr. Chow Siu Lui, Mr. Philip Tsao and Prof. Yan Houmin. Its primary responsibilities include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, reviewing and reporting the Board diversity to the Board, assessing the independency of the independent non-executive Directors, making recommendations to the Board on appointment of Directors and assessing the qualifications and competencies of the candidates etc. The terms of reference of the Nomination Committee are published on the websites of the Stock Exchange and the Company.

Remuneration Committee

The Remuneration Committee currently comprises Mr. Philip Tsao (Chairman), an independent non-executive Director, Mr. Qian Xiaodong, the Chief Executive Officer, and 2 other independent non-executive Directors, namely Mr. Chow Siu Lui and Prof. Yan Houmin. The terms of reference of the Remuneration Committee, which are published on the websites of the Stock Exchange and the Company, setting out the duties of the Remuneration Committee, including determining, with delegated responsibilities, the remuneration packages of the individual executive Directors and senior management etc.

During the period from the Listing Date to 30 June 2017, the members of Remuneration Committee reviewed the proposal on meeting allowances for the Board and each of the Board committees.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the period from the Listing Date to 30 June 2017.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2017 (2016: Nil).

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

During the period from the Listing Date to 30 June 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

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

Hong Kong, 9 August 2017

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

Mr. CHEN Xiaoping** *(Chairman)*
Mr. QIAN Xiaodong* *(Chief Executive Officer)*
Mr. YANG Zhiqiang* *(Vice President)*
Mr. WANG Yungang* *(Vice President)*
Mr. HU Yanguo**
Mr. TANG Xianqing**
Mr. CHOW Siu Lui***
Mr. Philip TSAO***
Prof. YAN Houmin***

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