CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED

粵豐環保電力有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1381)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

HIGHLIGHTS

Financial Highlights

	For the six months ended 30 June		
	2018	2017	Change
Revenue *(HK$'000)*	**1,310,765**	1,158,013	+13.2%
Included: Revenue from power sales and waste treatment *(HK$'000)*	**763,168**	444,211	+71.8%
Gross profit *(HK$'000)*	**487,158**	351,874	+38.4%
EBITDA *(HK$'000)*	**584,425**	398,988	+46.5%
Profit for the period *(HK$'000)*	**317,986**	226,135	+40.6%
Profit attributable to equity holders of the Company *(HK$'000)*	**317,986**	226,135	+40.6%
Basic earnings per share *(HK cents)*	**13.0**	10.1	+28.7%
Interim dividend per share *(HK cents)*	**1.9**	1.3	+46.2%
Cash generated from operating projects *(HK$'000)*[1]	**415,393**	282,077	+47.3%

Note:

(1) Cash generated from operating projects represented net cash generated from/used for operating activities for the period, excluding net operating cash used for project construction under BOT arrangements.

Operational Highlights

- During the period under review, the Group implemented innocuous treatment of waste volume amounted to 2,368,316 tonnes. The Group generated 967,687,000 kWh from green energy, saving 331,564 tonnes of standard coal and emission reduction of carbon dioxide amounted to 826,590 tonnes.

- During the period under review, Phase 1 of Beiliu WTE plant commenced trial operation.

- In March 2018, Kewei acquired 100% equity interest in Dongguan Lujia, which holds a 35% equity interest in Dongguan Xindongyue. It owns the first fly ash landfill project in Dongguan city, which is under trial operation.

- In March 2018, Canvest (China) acquired a 41% equity interest in Johnson. It is principally engaged in the provision of cleaning and waste management services for government, commercial, and industrial markets in Hong Kong.

- In May 2018, the Group obtained a term loan facility of HK$1,176.0 million from seven banks and financial institutions, including a shareholder of the Company, IFC. The aggregate amount of the term loans facility were increased to HK$1,409.2 million in July 2018.

- During the period under review, construction of Canvest Environmental Protection Theme Pavilion in Dongguan, one of the largest pavilions with environmental themes in China, was completed.

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2018. The condensed consolidated interim financial information has been reviewed by the audit committee of the Company and the Company's independent auditor, PricewaterhouseCoopers.

CHAIRLADY'S STATEMENT

To all honorable shareholders,

On behalf of Canvest Environmental Protection Group Company Limited, I am pleased to report the satisfactory results of the Group for the six months ended 30 June 2018 (the "**Period**").

Financial Performance

Benefiting from the central government's commitment to creating a circular economy and protecting the environment, our business continues to grow steadily. We achieved satisfactory financial results in the first half of 2018. Total revenue increased by 13.2% year-on-year to HK$1,310.8 million, and profit attributable to equity holders of the Company increased by 40.6% year-on-year to HK$318.0 million. The increases were mainly attributable to the increase in revenue from power sales and waste treatment fees, which was contributed to an increase in operating capacity.

After taking into consideration of the Group's development plan and investment returns to our shareholders, the Board declared an interim dividend of HK1.9 cents per ordinary share for the six months ended 30 June 2018 (corresponding period of 2017: HK1.3 cents)

Business Review

As at 30 June 2018, the total operating, secured, announced and managed daily MSW processing capacity was 26,040 tonnes. Construction of Phase 1 of Beiliu WTE plant was completed and proceeded to trial operation during the Period.

During the Period, the Group successfully expanded its business along the value chain. We acquired a 41% equity interest in Johnson, a well-established cleaning and waste management service company in Hong Kong, with a long history of serving government and commercial sectors. Taking advantage of Johnson's experience and the business network of its major shareholder, Canvest is well-positioned to capture business opportunities in the waste management and hygiene market in China. In addition, we acquired a 100% stake in Dongguan Lujia, which indirectly holds 35% of the rights to operate the first fly ash landfill project in Dongguan city. The investment in Dongguan Lujia not only helps to secure fly ash treatment capacity for our WTE plants in Dongguan, but also opens the door for us to explore opportunities in non-municipal solid waste markets.

Outlook

Canvest will continue to expand its business in the WTE sector and obtain more new projects outside of the Guangdong province. With the investments in Johnson and Dongguan Lujia, Canvest is strategically positioned to expand vertically to offer services other than WTE operation, and horizontally to treat a wider range of waste types, with an aim to become a solution provider for integrated environmental protection and sanitation in China.

To finance our business expansion and optimise capital structure, we successfully secured a loan facility of HK$1,409.2 million from seven international banks and financial institutions, including one of our shareholders, IFC. Henceforth, we will strive to maintain a healthy financial position to capture sound development opportunities.

Canvest is dedicated to raising environmental protection awareness in society. During the Period, we completed the construction of Canvest Environmental Protection Theme Pavilion in Dongguan, one of the largest pavilions with environmental themes in China. The pavilion will serve as an interactive platform for government bodies, environmental organisations, corporates and the general public to exchange green development ideas. In addition, we are pleased to receive prestigious awards for the third consecutive year, and for the first time under the Mid Cap category at HKIRA's Investor Relations Awards. Canvest is committed to its corporate philosophy to 'unite as one, work meticulously and strive for excellence' to achieve sustainable growth and maximize returns for its shareholders.

On behalf of the Board, I would like to express our deepest gratitude to our shareholders, business partners and stakeholders for their unwavering support, and also to all of our staff for their dedication and devotion.

Lee Wing Yee Loretta
Chairlady

Hong Kong, 16 August 2018

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Six months ended 30 June 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Revenue	3	**1,310,765**	1,158,013
Cost of sales	4	**(823,607)**	(806,139)
Gross profit		**487,158**	351,874
General and administrative expenses	4	**(107,997)**	(77,725)
Other income	5	**62,320**	50,947
Other losses, net	6	**(1,425)**	(8,541)
Operating profit		**440,056**	316,555
Interest income	7	**3,154**	2,681
Interest expense	7	**(86,297)**	(49,047)
Interest expense, net		**(83,143)**	(46,366)
Share of net profits of associates accounted for using the equity method		**2,515**	—
Profit before income tax		**359,428**	270,189
Income tax expense	8	**(41,442)**	(44,054)
Profit for the period		**317,986**	226,135
Profit attributable to:			
Equity holders of the Company		**317,986**	226,135
Non-controlling interests		**—**	—
		317,986	226,135
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
— basic	9(a)	**13.0**	10.1
— diluted	9(b)	**13.0**	10.1

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**317,986**	226,135
Other comprehensive (loss)/income, net of tax:		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	**(47,763)**	97,537
Items that will not be subsequently reclassified to profit or loss:		
Share of other comprehensive loss of associate accounted for using the equity method	**(18)**	—
Other comprehensive (loss)/income for the period, net of tax	**(47,781)**	97,537
Total comprehensive income for the period	**270,205**	323,672
Total comprehensive income attributable to:		
Equity holders of the Company	**270,205**	323,672
Non-controlling interests	**—**	—
	270,205	323,672

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2018 (Unaudited) *HK$'000*	As at 31 December 2017 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Land use rights		**143,509**	146,592
Property, plant and equipment		**1,463,290**	1,519,135
Intangible assets	*11*	**4,233,793**	3,883,448
Investments in associates		**298,244**	—
Long-term deposits and prepayments	*12*	**743,018**	710,756
Receivables under service concession arrangements		**1,132,797**	1,027,432
		8,014,651	7,287,363
Current assets			
Inventories		**5,292**	2,314
Receivables under service concession arrangements		**91,238**	64,885
Trade and bills receivables	*12*	**410,481**	260,191
Other receivables, deposits and prepayments	*12*	**286,957**	281,595
Restricted deposits		**6,510**	14,786
Cash and cash equivalents		**1,183,813**	1,347,803
		1,984,291	1,971,574
Total assets		**9,998,942**	9,258,937
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**24,553**	24,553
Share premium		**2,697,306**	2,697,306
Other reserves		**641,976**	694,339
Retained earnings		**1,711,689**	1,474,108
		5,075,524	4,890,306
Non-controlling interests		**—**	—
Total equity		**5,075,524**	4,890,306

	Note	As at 30 June 2018 (Unaudited) HK$'000	As at 31 December 2017 (Audited) HK$'000
LIABILITIES			
Non-current liabilities			
Other payables	*13*	**—**	106,401
Deferred government grants		**106,183**	109,663
Other non-current liabilities		**4,085**	3,697
Deferred income tax liabilities		**349,519**	316,127
Bank borrowings		**3,148,999**	2,797,061
		3,608,786	3,332,949
Current liabilities			
Trade and other payables	*13*	**697,843**	640,971
Deferred government grants		**5,463**	5,520
Current income tax liabilities		**30,383**	26,393
Bank borrowings		**580,943**	362,798
		1,314,632	1,035,682
Total liabilities		**4,923,418**	4,368,631
Total equity and liabilities		**9,998,942**	9,258,937
Net current assets		**669,659**	935,892
Total assets less current liabilities		**8,684,310**	8,223,255

Notes:

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

Significant events and transactions

(i) Acquisition of a 100% equity interest in Dongguan City Lujia Environmental Technology Company Limited ("Dongguan Lujia")

On 23 March 2018, the Group entered into an agreement in relation to the acquisition of a 100% equity interest in Dongguan Lujia, a company established in the People's Republic of China ("PRC") with limited liability at a consideration of RMB93,000,000 (equivalent to HK$110,307,000 at transaction date). Dongguan Lujia holds a 35% equity interest in Dongguan Xindongyue Environmental Company Limited, a company established in the PRC with limited liability, which currently owns the first fly ash landfill project (under trial operation) in Dongguan city. This transaction was completed on 30 June 2018.

(ii) Acquisition of a 41% equity interest in Johnson Cleaning Services Company Limited ("Johnson")

On 23 March 2018, the Group entered into an agreement in relation to the acquisition of a 41% equity interest in Johnson, a company incorporated in Hong Kong, at a consideration of HK$184,500,000. Johnson is principally engaged in the provision of cleaning and waste management services for government, commercial, and industrial markets in Hong Kong. This transaction was completed on 27 March 2018.

(iii) Acquisition of a 100% equity interest in Xiamen Kun Yue Environmental Company Limited ("Xiamen Kun Yue")

On 11 December 2017, the Group entered into an agreement in relation to the acquisition of a 100% equity interest in Xiamen Kun Yue, a company established in the PRC with limited liability at a consideration of RMB173,500,000 (equivalent to HK$214,777,000 at transaction date). Xiamen Kun Yue holds the build-operate-tranfer ("BOT") concession right to a waste-to-energy ("WTE") plant in Xinfeng County, Jiangxi Province through its subsidiary. This transaction was completed on 30 April 2018 and Xiamen Kun Yue became a wholly owned subsidiary of the Group.

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2017, as described in those annual consolidated financial statements, except for the estimation of income tax, accounting for investments in associates and the adoption of new and amended standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The Group acquired two associates during the period. Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights of that entity. Investments in associates are accounted for using the equity method of accounting.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The carrying amount of investments in associates are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. Of these, the following are relevant to the Group's condensed consolidated interim financial information.

- HKFRS 9 "Financial Instruments", and
- HKFRS 15 "Revenue from Contracts with Customers"

The other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

The impact of adoption of HKFRS 9 and HKFRS 15 on the Group's condensed consolidated interim financial information is explained below and the new accounting policies that have been applied from 1 January 2018, where they are different to these applied in prior period are also disclosed.

(i) Accounting policies applied from 1 January 2018

The changes in the accounting policies and the effects of the resulting changes are summarised below:

(a) HKFRS 9 "Financial Instruments"

Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets into the following measurement categories:

- — those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- — those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income, except for interest income generated from receivables under service concession arrangements which is included in revenue, using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the interim condensed consolidated statement of profit or loss.

(ii) Fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Impairment losses are presented as a separate line item in the interim condensed consolidated statement of profit or loss.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other gains, net when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains, net in the interim condensed consolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and receivables under service concession arrangements that contain a significant financing component, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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

(i) Revenue from power sales

The Group engaged in sales of electricity. Revenue is recognised over the period that services are rendered and the Group's performance provide all of the benefits received and consumed simultaneously by the customers.

(ii) Rendering of waste treatment services

The Group engaged in provision of waste treatment services. Revenue is recognised over the period that services are rendered and the Group's performance provide all the benefits received and consumed simultaneously by the customers.

(iii) Construction revenue from service concession arrangements

The Group provides construction services under service concession arrangements. Revenue from the construction services is recognised over time as the Group's performance 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 over time, by reference to the construction costs of the related infrastructure incurred as a percentage of the total estimated construction costs for each contract.

(iv) Finance income from service concession arrangements

Finance income is recognised using the effective interest method. When the receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(v) Management income

The Group provides management services. Revenue is recognised over the period that services are rendered and the Group's performance provide all of the benefits received and consumed simultaneously by the customers.

(vi) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assume performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations give rise to a net asset or net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceed the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if consideration received (or an amount of consideration is due) from the customer exceeds the measure of the remaining unsatisfied performance obligations. In the interim condensed consolidated balance sheet, the contract assets mainly consist of receivables under service concession arrangements and contract liabilities mainly consist of receipt in advance from customers recognised under other payables.

(ii) Impact of adoption

The adoption of HKFRS 15 did not have any material impact on the Group's condensed consolidated interim financial information. To reflect the terminology of HKFRS 15, the Group reclassified "Gross amounts due from customers for contract work" to "Receivables under service concession arrangements" which represents contract assets under HKFRS 15.

The financial assets held by the Group mainly represents debt instruments previously classified as loans and receivables and measured at amortised cost, meet the conditions for classification at amortised cost under HKFRS 9. Accordingly, there is no impact on the Group's accounting for financial assets.

There is no impact on the Group's accounting for financial liabilities, as HKFRS 9 only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

Impairment of financial assets

The Group has the following types of financial assets that are subject to HKFRS 9's new expected credit loss model:

— trade and bills receivables

— receivables under service concession arrangements

— other financial assets carried at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While cash and cash equivalents and short-term bank deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(a) Trade and bills receivables and receivables under service concession arrangements

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade and bills receivables and contract assets. To measure the expected credit losses, trade and bills receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled contract work and have the same risk characteristics as the trade and bills receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade and bills receivables are a reasonable approximation of the loss rates for the contract assets. Future cash flows for each group of receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

Management has closely monitored the credit qualities and the collectability of the trade receivables and contract assets. Trade and bills receivables and contract assets in dispute are assessed individually for impairment allowance and it is determined whether specific provisions are required. The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade and bills receivables and contract assets as at 1 January 2018.

(b) Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, including other receivables and deposits in the interim condensed consolidated balance sheet, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

(b) Impact of standards issued but not yet applied by the Group

HKFRS 16 Leases

HKFRS 16 will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of approximately HK$25,855,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the Group's condensed consolidated interim financial information.

3 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors of the Group. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. For the six months ended 30 June 2018, the Executive Directors consider that the Group's operations are operated and managed as a single segment — WTE project construction and operation (2017: same). No separate segment information was presented accordingly.

The Group is mainly domiciled in the PRC. All of the Group's revenue is generated in the PRC and most of its non-current assets are located in the PRC for the six months ended 30 June 2018 (2017: same).

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from power sales	**553,489**	316,365
Waste treatment fee	**209,679**	127,846
Construction revenue arising from BOT arrangement	**518,043**	690,007
Finance income arising from BOT arrangement	**29,554**	23,795
	1,310,765	1,158,013

For the six months ended 30 June 2018, the Group had transactions with two (for the six months ended 30 June 2017: four) customers which individually exceeded 10% of the Group's revenue. Revenue of approximately HK$392,683,000 and HK$390,519,000 were derived from the largest and second largest customer for the six months ended 30 June 2018, respectively, while revenue of approximately HK$294,891,000, HK$243,777,000, HK$168,122,000 and HK$152,280,000 were derived from the largest, second largest, third largest and fourth largest customers for the six months ended 30 June 2017, respectively.

4 EXPENSES BY NATURE

Expenses included in cost of sales and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Maintenance cost	**39,633**	33,387
Environmental protection expenses	**118,627**	66,648
Auditors' remuneration	**2,206**	1,662
Employee benefit expenses	**111,627**	67,993
Depreciation and amortisation		
— Land use rights	**1,899**	1,748
— Property, plant and equipment	**62,004**	47,494
— Intangible assets	**74,797**	30,510
Operating lease rentals	**5,078**	4,509
Construction cost recognised for construction of BOT projects (included in cost of sales)	**431,702**	575,008

5 OTHER INCOME

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Value-added tax refund *(Note (i))*	**47,564**	25,545
Management income *(Note (ii))*	**5,807**	20,001
Government grants	**2,648**	672
Others	**6,301**	4,729
	62,320	50,947

Note: (i) The amount represents the Group's entitlement to a value-added tax refund in accordance with the Notice of the Ministry of Finance and State Administration of Taxation on policies regarding the Value-Added Tax on Comprehensive Utilisation of Resources and Other Products. 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.

(ii) Management income for the six months ended 30 June 2018 (2017: same) is derived from a company whose directors consist of key management personnel from the Group.

6 OTHER LOSSES, NET

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	**142**	5,844
Exchange losses, net	**1,283**	2,697
	1,425	8,541

7 INTEREST INCOME AND EXPENSE

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest expense on bank borrowings	**(88,398)**	(54,521)
Imputed interest expense on convertible loan	**—**	(10,813)
	(88,398)	(65,334)
Less: amount capitalised on qualifying assets	**2,101**	16,287
	(86,297)	(49,047)
Interest income from bank deposits	**3,154**	2,681
Interest expense, net	**(83,143)**	(46,366)

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax		
PRC enterprise income tax	**25,280**	14,394
Hong Kong profits tax	**—**	—
Total current income tax	**25,280**	14,394
Deferred income tax	**16,162**	29,660
Income tax expense	**41,442**	44,054

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2018 and 2017. No Hong Kong profits tax has been provided as the subsidiaries incorporated in Hong Kong have no assessable profits during the period (2017: same).

Subsidiaries incorporated in the PRC are subjected to a tax rate of 25% on the assessable profits arising in or derived from the PRC for the six months ended 30 June 2018 and 2017 except for the following subsidiaries:

(i) Dongguan China Scivest Environmental Power Company Limited ("China Scivest") has obtained an approval for an EIT incentive that Phase 1 of its project was fully exempted from the PRC EIT for three years starting from 2013 to 2015, and followed by a 50% tax reduction for the ensuing three years from 2016 to 2018. Accordingly, the applicable tax rate of Phase 1 of China Scivest was 12.5% for the six months ended 30 June 2018 (for the six months ended 30 June 2017: 12.5%).

(ii) Dongguan Eco-Tech Environmental Power Company Limited ("Eco-Tech") has obtained an approval for an EIT incentive that Phase 1 of its project is fully exempted from the PRC EIT for three years starting from 2015 to 2017, and followed by a 50% tax reduction for the ensuing three years from 2018 to 2020. Accordingly, the applicable tax rate of Phase 1 of Eco-Tech was 12.5% for the six months ended 30 June 2018 (for the six months ended 30 June 2017: 0%).

In addition, Phase 2 of its project is fully exempted from the PRC EIT for three years starting from 2017 to 2019, followed by a 50% tax reduction for the ensuing three years from 2020 to 2022. Accordingly, the applicable tax rate of Phase 2 of Eco-Tech was 0% for the six months ended 30 June 2018 (for the six months ended 30 June 2017: 0%).

(iii) Zhanjiang Yuefeng Environmental Power Company Limited ("Zhanjiang Yuefeng") has obtained an approval for an EIT incentive that its project is fully exempted from the PRC EIT for three years starting from 2016 to 2018, and followed by a 50% tax reduction for the ensuing three years from 2019 to 2021. Accordingly, the applicable tax rate of Zhanjiang Yuefeng was 0% for the six months ended 30 June 2018 (for the six months ended 30 June 2017: 0%).

(iv) Qianxinanzhou Xingyi City Hongda Environmental Power Company Limited ("Xingyi Hongda") has obtained an approval for an EIT incentive that Phase 1 of its project is fully exempted from the PRC EIT for three years starting from 2015 to 2017, followed by a 50% tax reduction for the ensuing three years from 2018 to 2020. Accordingly, the applicable tax rate of Phase 1 of Xingyi Hongda was 12.5% for the six months ended 30 June 2018 (for the six months ended 30 June 2017: 0%).

In addition, Phase 2 of its project would be fully exempted from the PRC EIT for three years starting from 2017 to 2019, followed by a 50% tax reduction for the ensuing three years from 2020 to 2022. Accordingly, the applicable tax rate of Phase 2 of Xingyi Hongda was 0% for the six months ended 30 June 2018 (for the six months ended 30 June 2017: 0%).

(v) Laibin Yuefeng Environmental Power Company Limited (formerly known as "Laibin Zhongke Environmental Power Company Limited") ("Laibin Yuefeng") has obtained an approval for an EIT incentive that its project will be fully exempted from the PRC EIT for three years starting from 2017 to 2019, followed by a 50% tax reduction for the ensuing three years from 2020 to 2022. Accordingly, the applicable tax rate of Laibin Yuefeng was 0% for the six months ended 30 June 2018 (for the six months ended 30 June 2017: 0%).

(vi) Beiliu Yuefeng Environmental Power Company Limited ("Beiliu Yuefeng") has obtained an approval for an EIT incentive that Phase 1 of its project will be fully exempted from the PRC EIT for three years starting from 2018 to 2020, followed by a 50% tax reduction for the ensuing three years from 2021 to 2023. Accordingly, the applicable tax rate of Phase 1 of Beiliu Yuefeng was 0% for the six months ended 30 June 2018 (for the six months ended 30 June 2017: 25%).

9 EARNINGS PER SHARE

(a) Basic

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company and weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(HK$'000)*	**317,986**	226,135
Weighted average number of ordinary shares in issue *(thousand shares)*	**2,455,332**	2,244,548
Basic earnings per share *(HK cents)*	**13.0**	10.1

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category (2017: two categories) of dilutive potential ordinary share: share options (2017: share options and convertible loan). For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The convertible loan has assumed to have been converted into ordinary shares, and the profit for the period has been adjusted to eliminate the interest expense of the convertible loan.

Diluted earnings per share for the six months ended 30 June 2018 is calculated as follows:

	Six months ended 30 June 2018 (Unaudited)
Profit attributable to equity holders of the Company *(HK$'000)*	**317,986**
Weighted average number of ordinary shares in issue *(thousand shares)*	**2,455,332**
Adjustments for share options *(thousand shares)*	**18**
Weighted average number of ordinary shares for diluted earnings per share *(thousand shares)*	**2,455,350**
Diluted earnings per share *(HK cents)*	**13.0**

Diluted earnings per share for the six months ended 30 June 2017 is the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options and convertible loan would have an anti-dilutive effect on the basic earnings per share.

10 DIVIDENDS

The board has resolved to declare an interim dividend of HK1.9 cents per ordinary share for the six months ended 30 June 2018 (six months ended 30 June 2017: HK1.3 cents per ordinary share), payable on Friday, 5 October 2018 to shareholders whose names appear on the register of members of the Company on Friday, 21 September 2018. The interim dividend, amounting to HK$46,651,000 (six months ended 30 June 2017: HK$31,919,000), has not been recognised as a dividend payable in the condensed consolidated interim financial information. The amount of interim dividend declared for the six months ended 30 June 2018 was calculated based on the number of ordinary shares in issue at the date of approval for issue of the condensed consolidated interim financial information.

The final dividend of HK2.0 cents per ordinary share for the year ended 31 December 2017 (for the year ended 31 December 2016: HK1.6 cents per ordinary shares) has been approved by the shareholders at the annual general meeting of the Company held on Friday, 15 June 2018, and was subsequently paid on Friday, 6 July 2018. The final dividends for the year ended 31 December 2017, amounting to HK$49,107,000, have been recognised as dividends payable as at 30 June 2018.

11 INTANGIBLE ASSETS

	Goodwill *HK$'000*	Concession rights *HK$'000*	Total *HK$'000*
For the six months ended 30 June 2018 (Unaudited)			
Opening net book amount at 1 January 2018	**170,136**	**3,713,312**	**3,883,448**
Acquisition of subsidiaries	**—**	**98,232**	**98,232**
Additions for BOT arrangements	**—**	**374,889**	**374,889**
Amortisation *(Note 4)*	**—**	**(74,797)**	**(74,797)**
Currency translation differences	**(1,451)**	**(46,528)**	**(47,979)**
Closing net book amount at 30 June 2018	**168,685**	**4,065,108**	**4,233,793**
For the six months ended 30 June 2017 (Unaudited)			
Opening net book amount at 1 January 2017	158,986	2,471,455	2,630,441
Additions for BOT arrangements	—	625,698	625,698
Amortisation *(Note 4)*	—	(30,510)	(30,510)
Currency translation differences	4,878	87,387	92,265
Closing net book amount at 30 June 2017	163,864	3,154,030	3,317,894

12 TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2018 (Unaudited) *HK$'000*	As at 31 December 2017 (Audited) *HK$'000*
Non-current assets		
Deposits for investments	**601,538**	508,597
Prepayments for property, plant and equipment and concession rights	**135,428**	196,329
Rental deposits	**1,844**	1,617
Other prepayments	**4,208**	4,213
	743,018	710,756
Current assets		
Trade receivables	**409,034**	260,191
Bills receivables	**1,447**	—
Deposits and prepayments	**33,603**	16,913
Other receivables *(Note)*	**126,725**	106,709
Value-added tax recoverable	**126,629**	157,973
	697,438	541,786
	1,440,456	1,252,542

Note: As at 30 June 2018 and 31 December 2017, the balances mainly include receivables in relation to the management income (note 5) and from a company whose directors consist of the Group's key management personnel.

The Group determines the provision for expected credit losses by grouping together trade and bills receivables with similar credit risk characteristics and collectively assessing them for likehood of recovery, taking into account prevailing economic conditions. For trade and bills receivables which are long overdue with significant balances, they are assessed individually for impairment allowance. The expected credit loss is minimal as the majority of the trade and bills receivables are due from government authorities in the PRC which has no recent history of default.

The credit period granted by the Group is generally 30 days. The maturity of the bills receivables is within 6 months. The ageing analysis of gross trade receivables based on invoice date is as follows:

	As at 30 June 2018 (Unaudited) *HK$'000*	As at 31 December 2017 (Audited) *HK$'000*
Up to 1 month	**81,371**	83,501
1 to 3 months	**107,012**	107,944
3 to 6 months	**125,136**	46,373
Over 6 months	**95,515**	22,373
	409,034	260,191

13 TRADE AND OTHER PAYABLES

	As at 30 June 2018 (Unaudited) *HK$'000*	As at 31 December 2017 (Audited) *HK$'000*
Non-current liabilities		
Other payables *(Note)*	**—**	106,401
Current liabilities		
Trade payables	**188,124**	113,078
Dividend payable *(Note 10)*	**49,107**	—
Accruals and other payables *(Note)*	**460,612**	527,893
	697,843	640,971
	697,843	747,372

Note: Other payables, which are non-current by nature, mainly include retention payables for construction projects. Accruals and other payables, which are current by nature, mainly include accrued staff costs and other staff benefits, construction payables and value-added tax payables.

The ageing analysis of trade payables based on invoice date is as follows:

	As at 30 June 2018 (Unaudited) *HK$'000*	As at 31 December 2017 (Audited) *HK$'000*
Up to 1 month	**69,302**	72,076
1 to 2 months	**49,850**	12,213
2 to 3 months	**10,542**	7,021
Over 3 months	**58,430**	21,768
	188,124	113,078

MANAGEMENT DISCUSSION AND ANALYSIS

Following the philosophy of "Lucid Waters and Lush Mountains are Invaluable Assets" (綠水青山就是金山銀山), the Central Government put great effort into the healthy development of WTE industry. With the promulgation of the "Notice of the Three-Year Action Plan for Winning the Blue Sky Defense War" (打贏藍天保衛戰三年行動計劃) from State Council, a concrete plan to the long term development of the green industry has been set.

To echo the policy from the State Council, the Department of Environmental Protection of Guangdong Province is preparing the "2018-2020 Action Plan for Winning the Blue Sky Defense War in Guangdong Province", which we believe is a step to make the regulations more stringent and will be beneficial to the development of the WTE industry.

Phase 1 of Beiliu WTE plant commenced trial operation in the first half of 2018. Together with the stable contribution from the existing plants, the Group recorded satisfactory results for the six months ended 30 June 2018.

OVERALL PERFORMANCE

For the six months ended 30 June 2018, the Group's revenue was HK$1,310.8 million (corresponding period in 2017: HK$1,158.0 million), representing an increase of 13.2%. Revenue from power sales and waste treatment was HK$763.2 million (corresponding period in 2017: HK$444.2 million), representing an increase of 71.8%. The operating profit was HK$440.1 million (corresponding period in 2017: HK$316.6 million). Profit attributable to equity holders of the Company was HK$318.0 million (corresponding period in 2017: HK$226.1 million), representing an increase of 40.6%. Basic earnings per share was HK13.0 cents (corresponding period in 2017: HK10.1 cents).

During the period under review, the Group implemented innocuous treatment of waste volume amounting to 2,368,316 tonnes, representing an increase of 59.7% as compared with the corresponding period in 2017. The Group generated 967,687,000 kWh from green energy, saving 331,654 tonnes of standard coal and reducing emission of carbon dioxide by 826,590 tonnes.

PROCESSING CAPACITY

Operating Processing Capacity

As at 30 June 2018, the operating daily MSW processing capacity of the Group (including the project under management) was 13,540 tonnes.

Total Processing Capacity

As at 30 June 2018, the total operating, secured, announced and under management agreement daily MSW processing capacity of our 17 projects was 26,040 tonnes, of which 18,490 tonnes were in Guangdong Province, 2,550 tonnes were in Guangxi Zhuang Autonomous Region, 1,200 tonnes were in Guizhou Province, 800 tonnes were in Jiangxi Province and 3,000 tonnes were in Sichuan Province.

PROJECTS

There are 17 operating, secured, announced and managed projects in our portfolio covering Guangdong Province, Guangxi Zhuang Autonomous Region, Guizhou Province, Jiangxi Province and Sichuan Province.

Guangdong Province

Eco-Tech I & II WTE plants, Kewei WTE plant, China Scivest I & II WTE plants, Zhanjiang WTE plant, Zhongshan WTE plant (a project under management), continued to provide contributions during the period under review.

Lufeng WTE plant is under construction and is expected to commence trial operation in the second half of 2018. Dianbai WTE plant, Qingyuan WTE plant, Xinyi WTE plant and Xuwen WTE plant are still under planning.

Guangxi Zhuang Autonomous Region and Guizhou Province

Laibin WTE plant and Xingyi WTE plant provided stable contribution during the period under review. Phase 1 of Beiliu WTE plant commenced trial operation in the first half of 2018 and Phase 2 of Beiliu WTE plant is under construction. On 30 May 2018, the Group acquired 100% equity interest in Beiliu Runtong at a consideration of RMB31.3 million (equivalent to HK$37.1 million) and this transaction was completed on 30 June 2018.

Jiangxi Province and Sichuan Province

Xinfeng WTE plant is under construction and is expected to commence trial operation in the first half of 2019. Jianyang WTE plant is under planning. On 27 December 2017, the Group acquired 100% equity interest in Hangzhou Langneng at a consideration of RMB87,045,000 (approximately HK$103,584,000). It holds 50% equity interest in Jianyang Yuefeng. As at the date of this announcement, the transaction has not yet been completed.

The following table sets forth the operational details of each WTE plant:

Location	Project(s)	Six months ended 30 June **2018**	2017
Guangdong Province	**Eco-Tech I WTE plant**		
	Waste treatment		
	Processed MSW *(tonnes)*	**319,172**	311,535
	Power generation		
	Power generated *(MWh)*	**143,612**	141,462
	Power sold *(MWh)*	**128,548**	124,332
	Eco-Tech II WTE plant *(Note 2)*		
	Waste treatment		
	Processed MSW *(tonnes)*	**337,453**	150,061
	Power generation		
	Power generated *(MWh)*	**161,026**	69,627
	Power sold *(MWh)*	**143,378**	62,278
	Kewei WTE plant		
	Waste treatment		
	Processed MSW *(tonnes)*	**261,737**	271,222
	Power generation		
	Power generated *(MWh)*	**116,723**	120,635
	Power sold *(MWh)*	**103,852**	107,846
	China Scivest I WTE plant		
	Waste treatment		
	Processed MSW *(tonnes)*	**356,925**	340,674
	Power generation		
	Power generated *(MWh)*	**141,490**	142,530
	Power sold *(MWh)*	**124,691**	123,969
	China Scivest II WTE plant *(Note 3)*		
	Waste treatment		
	Processed MSW *(tonnes)*	**262,768**	N/A
	Power generation		
	Power generated *(MWh)*	**130,946**	N/A
	Power sold *(MWh)*	**115,926**	N/A
	Zhanjiang WTE plant		
	Waste treatment		
	Processed MSW *(tonnes)*	**319,679**	284,588
	Power generation		
	Power generated *(MWh)*	**105,743**	96,550
	Power sold *(MWh)*	**92,325**	84,467

Location	Project(s)	Six months ended 30 June 2018	2017
Guangxi Zhuang Autonomous Region	**Laibin WTE plant** *(Note 4)*		
	Waste treatment		
	Processed MSW *(tonnes)*	**230,666**	N/A
	Power generation		
	Power generated *(MWh)*	**72,444**	N/A
	Power sold *(MWh)*	**61,021**	N/A
	Beiliu WTE plant *(Note 5)*		
	Waste treatment		
	Processed MSW *(tonnes)*	**101,088**	N/A
	Power generation		
	Power generated *(MWh)*	**37,960**	N/A
	Power sold *(MWh)*	**31,871**	N/A
Guizhou Province	**Xingyi WTE plant** *(Note 6)*		
	Waste treatment		
	Processed MSW *(tonnes)*	**178,828**	124,527
	Power generation		
	Power generated *(MWh)*	**57,743**	37,422
	Power sold *(MWh)*	**47,574**	30,059
Total	***Waste treatment***		
	Processed MSW *(tonnes)*	**2,368,316**	1,482,607
	Power generation		
	Power generated *(MWh)*	**967,687**	608,226
	Power sold *(MWh)*	**849,186**	532,951

Note 1: The difference between the power generated and the power sold is attributable to various factors, including but not limited to internal power usage and transmission losses.

Note 2: Eco-Tech II WTE plant commenced operation in April 2017.

Note 3: China Scivest II WTE plant commenced preliminary trial operation in late 2017.

Note 4: Technological upgrade of Laibin WTE plant have been completed and resumed trial operation in the second half of 2017.

Note 5: Phase 1 of Beiliu WTE plant commenced trial operation in the first half of 2018.

Note 6: Phase 2 of Xingyi WTE plant commenced operation in the first half of 2017.

REVENUE

During the period under review, the Group's revenue reached HK$1,310.8 million, representing an increase of 13.2% when compared with HK$1,158.0 million in the corresponding period in 2017. Among that, revenue from power sales and waste treatment fees for the period under review reached HK$763.2 million, representing an increase of 71.8% from the corresponding period in 2017. Increase in total revenue was mainly contributed by the operating revenue of China Scivest II WTE plant, Laibin WTE plant and Phase 1 of Beiliu WTE plant after completion of construction, and six months impact of the operation of Eco-Tech II WTE plant (three months operation in the corresponding period in 2017).

The following table sets forth the breakdown of revenue for the six months ended 30 June 2018 and 2017:

	Six months ended 30 June			
	2018		2017	
	HK$'000	*%*	*HK$'000*	*%*
Revenue from power sales	**553,489**	**42.2%**	316,365	27.3%
Revenue from waste treatment fees	**209,679**	**16.0%**	127,846	11.0%
Construction revenue arising from BOT arrangement	**518,043**	**39.5%**	690,007	59.6%
Finance income arising from BOT arrangement	**29,554**	**2.3%**	23,795	2.1%
Total	**1,310,765**	**100.0%**	1,158,013	100.0%

The following table sets forth the breakdown of revenue by region for the six months ended 30 June 2018 and 2017:

	Six months ended 30 June			
	2018		2017	
	HK$'000	*%*	*HK$'000*	*%*
Guangdong Province	**1,089,716**	**83.1%**	741,518	64.0%
Guangxi Zhuang Autonomous Region	**104,302**	**8.0%**	325,296	28.1%
Guizhou Province	**46,164**	**3.5%**	91,199	7.9%
Jiangxi Province	**70,583**	**5.4%**	—	—
Total	**1,310,765**	**100.0%**	1,158,013	100.0%

COST OF SALES

Cost of sales primarily consists of cost of fuels, maintenance cost, depreciation and amortization, employee and related benefit expenses, environmental protection expenses and construction cost.

During the period under review, cost of sales increased by 2.2% from HK$806.1 million in 2017 to HK$823.6 million in 2018. The increase was mainly attributable to the operating costs of new plants added, and partly offset by the decrease in construction cost.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the period under review, gross profit of the Group amounted to HK$487.2 million, representing an increase of 38.4% as compared to HK$351.9 million in 2017. The increase in gross profit was mainly attributable to the contributions from the operating plants.

The following table sets forth the breakdown of the gross profit by nature for the six months ended 30 June 2018 and 2017:

	Six months ended 30 June			
	2018		2017	
	HK$'000	***%***	*HK$'000*	*%*
Power sales and waste treatment operations	**371,262**	**76.2%**	213,080	60.6%
Construction service arising from BOT arrangement	**86,342**	**17.7%**	114,999	32.7%
Finance income arising from BOT arrangement	**29,554**	**6.1%**	23,795	6.7%
Total	**487,158**	**100.0%**	351,874	100.0%

Gross profit margin of the Group increased from 30.4% in 2017 to 37.2% in 2018. The increase was mainly due to the increase in the contribution of the revenue generated from the operating plants, whereby its gross profit margin is generally higher than the gross profit margin from construction service.

The following table sets forth the gross profit margin by nature generated for each of the WTE plants for the six months ended 30 June 2018 and 2017:

	Six months ended 30 June	
	2018	2017
	Gross profit margin	Gross profit margin
Power sales and waste treatment operations	**48.7%**	48.0%
Construction service arising from BOT arrangement	**16.7%**	16.7%
Finance income arising from BOT arrangement	**100.0%**	100.0%
Gross profit margin of the Group	**37.2%**	30.4%

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses mainly comprise of employee and related benefit expenses for administrative personnel, promotion, entertainment and travelling expenses, depreciation and amortization, rental expenses for office, security expenses, office expenses and others.

During the period under review, general administrative expenses increased by 38.9% from HK$77.7 million in the corresponding period of 2017 to HK$108.0 million in the current period of 2018. The increase in the expenses was mainly due to additional plants under operation.

OTHER INCOME

Other income mainly consisted of VAT refund, management income, government grants and others. During the period under review, other income increased by 22.3% from HK$50.9 million in the corresponding period of 2017 to HK$62.3 million in the current period of 2018. It was mainly due to the additional operating plants which were entitled to have VAT refund.

OTHER LOSSES, NET

During the period under review, other net losses recorded HK$1.4 million as compared to HK$8.5 million in 2017. The decrease was mainly attributable to the loss on disposal of certain fixed assets of Eco-Tech I WTE plant and Kewei WTE plant with a purpose to optimize the master layout with Eco-Tech II WTE plants in the corresponding period of 2017, while no such loss was recorded in the current period of 2018.

INTEREST EXPENSE, NET

Net interest expense mainly consisted of interest expenses on borrowings from banks, net of interest income from bank deposits. During the period under review, net interest expenses increased by 79.3% from HK$46.4 million in the corresponding period of 2017 to HK$83.1 million in the current period of 2018. The increase in interest expenses was mainly due to finance costs related to Eco-Tech II WTE plant, China Scivest II WTE plant, Phase I of Beiliu WTE and Laibin WTE plant were no longer eligible for capitalization after construction works were completed and plants were ready for use and operate.

INCOME TAX EXPENSE

During the period under review, income tax expenses decreased by 5.9% from HK$44.1 million in the corresponding period of 2017 to HK$41.4 million in the current period of 2018. It is mainly attributable to the decrease in deferred income tax as a result of the decrease in construction income, which is partly offset by the increase in enterprise income tax from operating plants.

PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

During the period under review, profit attributable to the equity holders of the Company increased by 40.6% from HK$226.1 million in the corresponding period of 2017 to HK$318.0 million in the current period of 2018.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Financial resources

During the period under review, the Group generated HK$415.4 million cash from operating projects (corresponding period in 2017: HK$282.1 million). Net cash used for the construction of various WTE plants under BOT arrangements amounted to HK$555.0 million (corresponding period in 2017: HK$670.6 million). As a result, total net cash used in operating activities amounted to HK$139.6 million during the period under review (corresponding period of 2017: HK$388.5 million).

The Group generated cash flow through operating activities and loan facilities from banks. As at 30 June 2018, total cash and cash equivalents of the Group were HK$1,183.8 million (31 December 2017: HK$1,347.8 million). The Group pursues a prudent approach to balance the risk level and costs of capital. The Group has adequate financial resources to meet the future funding requirements for project development.

Use of proceeds from the placing of shares to True Victor

To facilitate the growth and development by leveraging on the projects, technical, operation and financial edges of the Group and SIHL, the Company established a strategic partnership with SIHL and entered into a subscription agreement on 17 February 2017, pursuant to which the Company conditionally agreed to issue and True Victor conditionally agreed to subscribe for 300,000,000 ordinary Shares with nominal value of HK$3,000,000 at the subscription price of HK$3.5 per share. The closing price of the Shares was HK$3.84 on 17 February 2017, being the date of the subscription agreement.

The subscription was completed on 28 March 2017, and net proceeds of approximately HK$1,018.0 million (after deducting related expenses) were received by the Group. The net price per subscription Share was approximately HK$3.4. The proceeds have not been fully utilized as at 30 June 2018 and as at the date of this announcement.

The use of proceeds as at 30 June 2018 was as follows:

	Available	**Used**	**Unused**
	HK$'000	*HK$'000*	*HK$'000*
Expand WTE business by developing greenfield projects or acquiring existing WTE plants	712,610	298,139	414,471
Working capital and other general corporate purposes	305,403	305,403	—
Total	1,018,013	603,542	414,471

As at 30 June 2018, the unutilized net proceeds from the placing were deposited in bank accounts. The Group expects to fully utilize the unused net proceeds of expanding WTE business by developing greenfield projects or acquiring existing WTE plants by the end of the financial year ending 31 December 2019.

Fund formation with BOC & UTRUST and Utrust International

In January 2017, the Group entered into a non-legally binding strategic cooperation agreement with BOC & UTRUST and Utrust International. Pursuant to the agreement, (i) Utrust Partners shall assist the Company in business expansion and sourcing of new projects, and fully support the Company in obtaining WTE projects in Guangdong Province, with the form of collaboration not limited to signing strategic cooperation agreements or memorandums of cooperation with local government authorities within Guangdong Province and other relevant parties; (ii) Utrust Partners shall give full support to the Group's business development, including the coordination of relevant policy funds (including but not limited to relevant funds for PPP projects and Guangdong silk road fund, etc.) under the entrusted management of Utrust Holdings and its companies and the provision of funding support to the projects of the Group to the extent that the project is consistent with the investment direction of such funds; and (iii) the Company intends to establish an industrial fund for clean environmental projects jointly with Utrust Partners to give full support for the technological upgrade projects and business development of the Group. Please refer to the announcement of the Company dated 4 January 2017 for further details.

In December 2017, Kewei and Yuezhan Investment, wholly-owned subsidiaries of the Company, as the sub-preferential limited partner and the deferred limited partner, respectively, entered into the Partnership Agreement with Guangdong Utrust, as the preferential limited partner, and BOC & UTRUST, as the general partner, in relation to the establishment of the Fund. Pursuant to the partnership agreement, the Fund is expected to have an aggregate capital commitment of RMB1,501 million, among which, Kewei and Yuezhan Investment shall commit to contribute RMB200 million and RMB100 million, respectively, while Guangdong Utrust shall commit to contribute RMB1,200 million and the general partner shall commit to contribute RMB1 million. The purpose of the Fund shall be to invest in potential WTE projects. Please refer to the announcement of the Company dated 5 December 2017 for further details. As at the date of this announcement, the Fund has not been utilized.

Borrowings

The Group sensibly diversifies its funding sources to optimise the debt portfolio and lower the financing cost. As at 30 June 2018, the Group's bank borrowings were HK$3,729.9 million (31 December 2017: HK$3,159.9 million). Such bank borrowings were secured by the pledge of certain assets and corporate guarantees. The bank borrowings were denominated in Renminbi and Hong Kong dollars (31 December 2017: all denominated in Renminbi) and all of them were at floating interest rates (31 December 2017: same).

On 31 May 2018, the Company (as borrower) entered into a Common Terms Agreement and certain Loan Agreements thereunder (the "Agreements") relating to certain term loans in the aggregate amount of HK$1,176.0 million (the "Loans") with International Finance Corporation, DBS Bank Ltd., Hong Kong Branch, State Bank of India, Hong Kong Branch, The Bank of East Asia, Limited (東亞銀行有限公司), KDB Asia Limited, Woori Bank, Singapore Branch and Woori Global Markets Asia Limited (collectively, the "Senior Lenders"). The term of the Loans is 60 months commencing from the date of the Agreements. On 5 July 2018, the Company entered into supplemental agreements in respect of the Agreements with the Senior Lenders whereby the aggregate amount of the term loans contemplated under the Agreements was increased from HK$1,176.0 million to HK$1,409.2 million. Please refer to the announcement of the Company dated 31 May 2018 and 5 July 2018 for further details.

Net asset of the Group was HK$5,075.5 million (31 December 2017: HK$4,890.3 million). The increase in net asset was mainly attributable to the profit generated during the period under review.

The following table sets forth the analysis of the borrowings as at 30 June 2018 and 31 December 2017:

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
Portion of term loans due to repayment after one year		
— secured	**3,148,999**	2,797,061
Portion of term loans due for repayment within one year		
— secured	**500,943**	362,798
Revolving loan due for repayment within one year		
— unsecured	**80,000**	—
Total bank borrowings	**3,729,942**	3,159,859

The gearing ratio is the ratio of total liabilities divided by total assets. As at 30 June 2018, the gearing ratio was 49.2% (31 December 2017: 47.2%).

As of 30 June 2018, the Group had banking facilities in the amount of HK$4,127.9 million, of which HK$398.0 million remained unutilized. The banking facilities were denominated in Renminbi and Hong Kong dollars and were at floating interest rates. In addition, the Group secured a total banking facilities in the amount of HK$1,409.2 million from Senior Lenders in May and July 2018. As at the date of this announcement, these banking facilities has not been utilized.

Cost of borrowings

For the six months ended 30 June 2018, the total cost of borrowings of the Group was HK$86.3 million (corresponding period in 2017: HK$49.0 million), representing an increase of HK$37.3 million. The increase was mainly attributable to the finance costs related to Eco-Tech II WTE plant, China Scivest II WTE plant, Phase I of Beiliu WTE plant and Laibin WTE plant being no longer eligible for capitalisation after the construction works were completed and the plants were ready for use and operate. Effective interest rate ranged from 2.18% to 5.64% during the period under review, while it was from 4.41% to 10.69% in the corresponding period of 2017.

For the six months ended 30 June 2018, no imputed interest expenses and interests paid in relation to the convertible loan were recorded (corresponding period of 2017: HK$10.8 million of imputed interest expenses and HK$3.0 million interest paid).

FOREIGN EXCHANGE RISK

Major operating subsidiaries of the Group operate in the PRC with transactions mainly settled in Renminbi, being the functional currency of such subsidiaries. Moreover, bank deposits of the Group were denominated in Hong Kong dollars, Renminbi and US dollars while bank loans were denominated in Hong Kong dollars and Renminbi. Save as disclosed above, the Group did not have any material exposures to foreign exchange risk. The Group does not have any financial instrument for the purpose of hedging. The Group manages foreign currency risk by closely monitoring the proportion of its non-Renminbi borrowings and deposits.

COMMITMENTS

As at 30 June 2018, the Group's capital commitments, which were authorised but not contracted for amounted to HK$3,246.7 million (31 December 2017: HK$2,377.3 million) and its capital commitment contracted for but not yet provided for in the consolidated financial statements amounted to HK$960.7 million (31 December 2017: HK$542.5 million).

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF MATERIAL CAPITAL ASSETS IN THE FUTURE

Acquisition of a 100% equity interest in Dongguan Lujia

On 23 March 2018, the Group entered into an agreement in relation to the acquisition of a 100% equity interest in Dongguan Lujia, a company established in the PRC with limited liability at a consideration of RMB93,000,000 (equivalent to HK$110,307,000 at transaction date). Dongguan Lujia holds a 35% equity interest in Dongguan Xindongyue, a company established in the PRC with limited liability, which currently owns the first landfill project for fly ash (under trial operation) in Dongguan city. Please refer to the announcement of the Company dated 23 March 2018 for further details. As at the date of this announcement, the transaction was completed.

Acquisition of a 41% equity interest in Johnson

On 23 March 2018, the Group entered into an agreement in relation to the acquisition of a 41% equity interest in Johnson, a company incorporated in Hong Kong at a consideration of HK$184,500,000. Johnson is principally engaged in the provision of cleaning and waste management services for government, commercial, and industrial markets in Hong Kong. Please refer to the announcement of the Company dated 23 March 2018 and 6 April 2018 for further details. This transaction was completed on 27 March 2018.

CONTINUING CONNECTED TRANSACTIONS

On 12 July 2018, the Company entered into the leasing framework agreement ("Leasing Framework Agreement") with Yue Xing in relation to the leasing of its offices to the Company and/or its subsidiaries for use as offices or other purposes in the PRC for a term commencing from 13 July 2018 to 30 June 2021 (both days inclusive). This transaction is subject to the reporting, annual review and announcement requirements but are exempted from the independent shareholders' approval. The annual cap for the transaction for the period from 13 July 2018 to 31 December 2018 is RMB3,500,000. The annual caps for the financial year ending 31 December 2019 and 2020 are RMB7,000,000 and RMB7,000,000, respectively and the annual cap for the period from 1 January 2021 to 30 June 2021 is RMB3,500,000. For the six months ended 30 June 2018, the rent paid by the Group to Yue Xing was HK$1,425,000. (corresponding period of 2017: HK$950,000). Please refer to the announcement of the Company dated 12 July 2018 for further details.

CAPITAL EXPENDITURES

For the year ended 30 June 2018, capital expenditures of the Group mainly consisted of expenditures on equipment purchase and construction costs relating to service concession arrangements amounting to HK$447.5 million (corresponding period in 2017: HK$887.2 million). Capital expenditures were mainly funded by bank borrowings and funds generated from operating activities.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2018.

PLEDGE OF ASSETS

As at 30 June 2018, the Group pledged certain of its rights to collect revenue from power sales and waste handling services, prepaid operating lease payments, property, plant and equipment, and concession rights (31 December 2017: same) with an aggregate carrying amount of HK$3,268.1 million (31 December 2017: HK$3,098.9 million) to certain banks to secure certain credit facilities granted to the Group.

HUMAN RESOURCES

As at 30 June 2018, the Group employed a total of 1,014 employees, 33 of them were at management level. By geographical locations, it had 990 employees in the PRC and 24 employees in Hong Kong. Employees are remunerated according to their qualifications, working experience, job nature and performance with reference to market conditions. The Group also maintained medical insurance and mandatory provident fund scheme for its employees in Hong Kong.

The Company adopted a share option scheme on 7 December 2014 which became effective on 29 December 2014 (i.e. the Listing Date) and a summary of the principal terms of the share option scheme was set out in Appendix VI to the prospectus. Under the share option scheme and at the discretion of the Board, share options might be granted as performance incentives to employees (including Directors). Total remuneration costs, including Directors' remuneration, for the six months ended 30 June 2018 were HK$111.6 million (corresponding period in 2017: HK$68.0 million).

EVENTS AFTER THE BALANCE SHEET

Saved as disclosed in the paragraph head "Borrowings" and "Continuing Connected Transaction", there are no significant events subsequent to 30 June 2018 which would materially affect the Group's operating and financial performance as of the date of the condensed consolidated interim financial information.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK1.9 cents (corresponding period in 2017: HK1.3 cents) per Share payable in cash to Shareholders of the Company.

Interim dividend will be payable on or about Friday, 5 October 2018 to Shareholders whose names appear on the register of members of the Company on Friday, 21 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Wednesday, 19 September 2018 to Friday, 21 September 2018 (both days inclusive), during such period no transfer of Shares will be effected. To qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 18 September 2018.

PUBLIC FLOAT

Based on the information that is available to the Company and to the knowledge of the Directors, they confirm that the Company has maintained at least 25% of the Company's total issued share capital held by the public for the six months ended 30 June 2018 and as at the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2018, the Company has complied with the code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code. After specific enquiry, each of the Directors has confirmed to the Company that he or she had completely complied with the Model Code for the six months ended 30 June 2018.

REVIEW OF INTERIM RESULTS

The audit committee comprises three independent non-executive directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial information. There is no disagreement between the Board and the audit committee regarding the accounting treatment adopted by the Company.

The interim results for the six months ended 30 June 2018 have not been audited but have been reviewed by PricewaterhouseCoopers, the auditor of the Company, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2018.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.canvestenvironment.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2018 containing all the information required under the Listing Rules will be dispatched to the Company's Shareholders and will be posted on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the board comprises Ms. Lee Wing Yee Loretta, Mr. Lai Kin Man, Mr. Yuan Guozhen and Mr. Lai Chun Tung, as executive Directors; Mr. Feng Jun, Mr. Lui Ting Cheong Alexander and Mr. Lai Yui, as non-executive Directors; Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason, Mr. Chung Wing Yin and Mr. Chung Kwok Nam, as independent non-executive Directors.

By Order of the Board
Canvest Environmental Protection Group Company Limited
LEE Wing Yee Loretta
Chairlady

Hong Kong, 16 August 2018

GLOSSARY

AGM	Annual general meeting
Beiliu	Beiliu Yuefeng Environmental Power Company Limited** (北流粵豐環保電力有限公司), a company established under the laws of the PRC with limited liability on 3 June 2016 and an indirect wholly owned subsidiary of the Company
Beiliu Runtong	Beiliu Runtong Environmental Investment Company Limited** (北流市潤通環保投資有限公司), a company established in the PRC with limited liability, which holds 20% equity interest in Beiliu, and became an indirect wholly owned subsidiary of the Company during the period under review
Board	the board of Directors
BOC & UTRUST	BOC & UTRUST Private Equity Fund Management (GuangDong) Co., Ltd.** (中銀粵財股權投資基金管理(廣東)有限公司), a company established in the PRC with limited liability and is a joint venture of Utrust Holdings and Bank of China Group Investment Limited
BOO	build-own-operate, a project model in which a private entity builds, owns and operates their facilities and assets with no obligation to transfer their ownership of their relevant facilities and assets to any specified parties at any specified time
BOT	build-operate-transfer, a project model in which a private entity receives a concession from the public sector to finance, design, construct and operate a facility stated in the concession contract for a definite period of time and transfer the facility and assets to the public sector after the completion of the concession period, at which point the obligation of the private entity to operate the designed and constructed facility effectively terminates
BVI	the British Virgin Islands
Canvest or the Company	Canvest Environmental Protection Group Company Limited (粵豐環保電力有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 January 2014, and where the text requires, "we", "us" or "our" shall mean the Group

Canvest (China)	Canvest Environmental (China) Company Limited, a company incorporated in the British Virgin Islands and is an indirect wholly owned subsidiary of the Company
Cash generated from operating projects*	Net cash generated from/used in operating activities for the period, excluding net operating cash used for construction of various WTE plants under BOT arrangements
China or PRC	the People's Republic of China, except where the context otherwise requires, does not include Hong Kong, Macau Special Administrative Region and Taiwan
China Scivest	Dongguan China Scivest Environmental Power Company Limited** (東莞粵豐環保電力有限公司) (formerly known as 東莞中科環保電力有限公司), a company established under the laws of the PRC with limited liability on 5 November 2004 and an indirect wholly owned subsidiary of the Company. It received an consent from the regulatory authority to extend the concession period for ten years in 2017
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Dianbai	Maoming Yuefeng Environmental Power Company Limited** (茂名粵豐環保電力有限公司), a company established under the laws of the PRC with limited liability on 11 December 2017 and an indirect wholly owned subsidiary of the Company
Director(s)	director(s) of the Company
Dongguan Lujia	Dongguan City Lujia Environmental Technology Company Limited** (東莞市綠嘉環保資源投資有限公司), a company established under the laws of the PRC with limited liability on 22 December 2016 and became an indirect wholly owned subsidiary of the Company during the period under review
Dongguan Xindongyue	Dongguan Xindongyue Environmental Company Limited** (東莞新東粵環保實業有限公司), a company established under the laws of the PRC with limited liability
EBITDA*	Earnings before interest expense, income tax expense, depreciation and amortisation

Eco-Tech	Dongguan Eco-Tech Environmental Power Company Limited** (東莞市科偉環保電力有限公司), a company established under the laws of the PRC with limited liability on 19 June 2003 and an indirect wholly owned subsidiary of the Company
EIT	Enterprise Income Tax of the PRC
Fund	Zhuhai Hengqin Utrust Canvest Clean Energy Industry Acquisition Investment Fund L.P.** (珠海橫琴粵財粵豐清潔能源產業併購合夥企業(有限合夥)), a limited partnership to be established under the laws of the PRC pursuant to the Partnership Agreement
Group	the Company and its subsidiaries
Guangdong Utrust	Guangdong Utrust Trust Company Limited** (廣東粵財信託有限公司), a company established in the PRC with limited liability
Hangzhou Langneng	Hangzhou Langneng Environmental Company Limited** (杭州朗能環保科技有限公司), a company established under the laws of the PRC with limited liability
HK$	Hong Kong dollar(s), the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
IFC	International Finance Corporation, an international organisation established by Articles of Agreement among its member countries
Independent Third Party(ies)	an individual(s) or a company(ies) which is/are independent of and not connected with (within the meaning of the Listing Rules), the directors, the chief executives and the substantial shareholders of our Company and our subsidiaries and their respective associates
Jianyang Yuefeng	Jianyang Yuefeng Environmental Power Company Limited** (簡陽粵豐環保電力有限公司), a company established under the laws of the PRC with limited liability
Johnson	Johnson Cleaning Services Company Limited (莊臣有限公司), a company incorporated under the laws of Hong Kong with limited liability

Kewei	Canvest Kewei Environmental Investment (Guangdong) Company Limited (formerly known as "Dongguan Kewei Environmental Power Company Limited")** (粵豐科維環保投資(廣東)有限公司) (formerly known as 東莞科維環保投資有限公司), a company established under the laws of the PRC with limited liability on 13 February 2009 and an indirect wholly owned subsidiary of the Company
kWh	kilowatt-hour. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
Laibin	Laibin Yuefeng Environmental Power Company Limited** (formerly known as "Laibin Zhongke Environmental Power Company Limited") (來賓粵豐環保電力有限公司) (formerly known as 來賓中科環保電力有限公司), a company established under the laws of the PRC with limited liability on 19 January 2005 and an indirect wholly owned subsidiary of the Company
Listing Date	29 December 2014, the date which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Lufeng	Lufeng Yuefeng Environmental Power Company Limited** (陸豐粵豐環保電力有限公司), a company established under the laws of the PRC with limited liability on 21 November 2016 and an indirect wholly owned subsidiary of the Company
Main Board	the Main Board of the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
MSW	municipal solid waste, a waste type consisting of everyday solid items that are produced from urban residents' daily life activities and services for their everyday life, as well as other solid waste deemed by the authorities as waste, including household waste, commercial waste, waste from trading markets, streets and other public places, as well as non-industrial waste from institutions, schools, factories, etc.
PPP	Public-private-partnership

RMB	Renminbi, the lawful currency of PRC
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share(s)	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of the Company
Shareholder(s)	holders of Shares
SIHL	Shanghai Industrial Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and whose shares are listed on the Hong Kong Stock Exchange (stock code: 363)
True Victor	True Victor Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of SIHL
US dollars	United States dollars, lawful currency of the United States of America
Utrust Holdings	Utrust Investment Holdings Limited** (廣東粵財投資控股有限公司), a company established in the PRC with limited liability
Utrust International	Guangdong Finance Investment International Co., Limited (粵財控股香港國際有限公司), a company incorporated under the laws of Hong Kong with limited liability
Utrust Partners	BOC & UTRUST and Utrust International
VAT	Value-added tax in the PRC
WTE	waste-to-energy, the process of generating electricity from the incineration of waste
Xiamen Kun Yue	Xiamen Kun Yue Environmental Company Limited** (廈門坤躍環保有限公司), a company established under the laws of the PRC with limited liability on 6 April 2010 and became an indirect wholly owned subsidiary of the Company during the period under review
Xinfeng	Jiangxi Xinfeng Kun Yue Environmental Protection Company Limited** (江西信豐坤躍環保電力有限公司), a company established under the laws of the PRC with limited liability on 30 June 2014 and became an indirect wholly owned subsidiary of the Company during the period under review

Xingyi	Qianxinanzhou Xingyi City Hongda Environmental Power Company Limited** (黔西南州興義市鴻大環保電力有限公司), a company established under the laws of the PRC with limited liability on 12 January 2012 and an indirect wholly owned subsidiary of the Company
Xinyi	Xinyi Yuefeng Environmental Power Company Limited** (信宜粵豐環保電力有限公司), a company established under the laws of the PRC with limited liability on 17 March 2017 and an indirect wholly owned subsidiary of the Company
Xuwen	Xuwen Yufeng Environmental Power Company Limited** (徐聞粵豐環保電力有限公司), a company established under the laws of the PRC with limited liability on 30 January 2018 and an indirect wholly owned subsidiary of the Company
Yue Xing	Yue Xing Company Limited** (東莞市粵星建造有限公司), a company incorporated in the PRC and is jointly-owned by Mr. Lai Chun Tung, an executive Director of the Company, and his associate
Yuezhan Investment	Yuezhan Environmental Investment (Guangdong) Company Limited** (粵展環保投資(廣東)有限公司), a company established under the laws of the PRC with limited liability on 27 February 2017, an indirect wholly owned subsidiary of the Company
Zhanjiang	Zhanjiang Yuefeng Environmental Power Company Limited** (湛江市粵豐環保電力有限公司), a company established under the laws of the PRC with limited liability on 3 April 2013 and an indirect wholly owned subsidiary of the Company
Zhongshan	Zhongshan City Guangye Longcheng Environmental Company Limited** (中山市廣業龍澄環保有限公司), a company established in the PRC with limited liability
%	per cent

* Cash generated from operating projects and EBITDA are non-HKFRS measures which are useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. Additionally, as the Group has historically reported certain non-HKFRS results to investors, the Group considers that the inclusion of non-HKFRS measures provides consistency in our financial reporting.

** For identification purposes only