粵豐環保電力有限公司
Canvest Environmental Protection Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1381

INTERIM REPORT
2018

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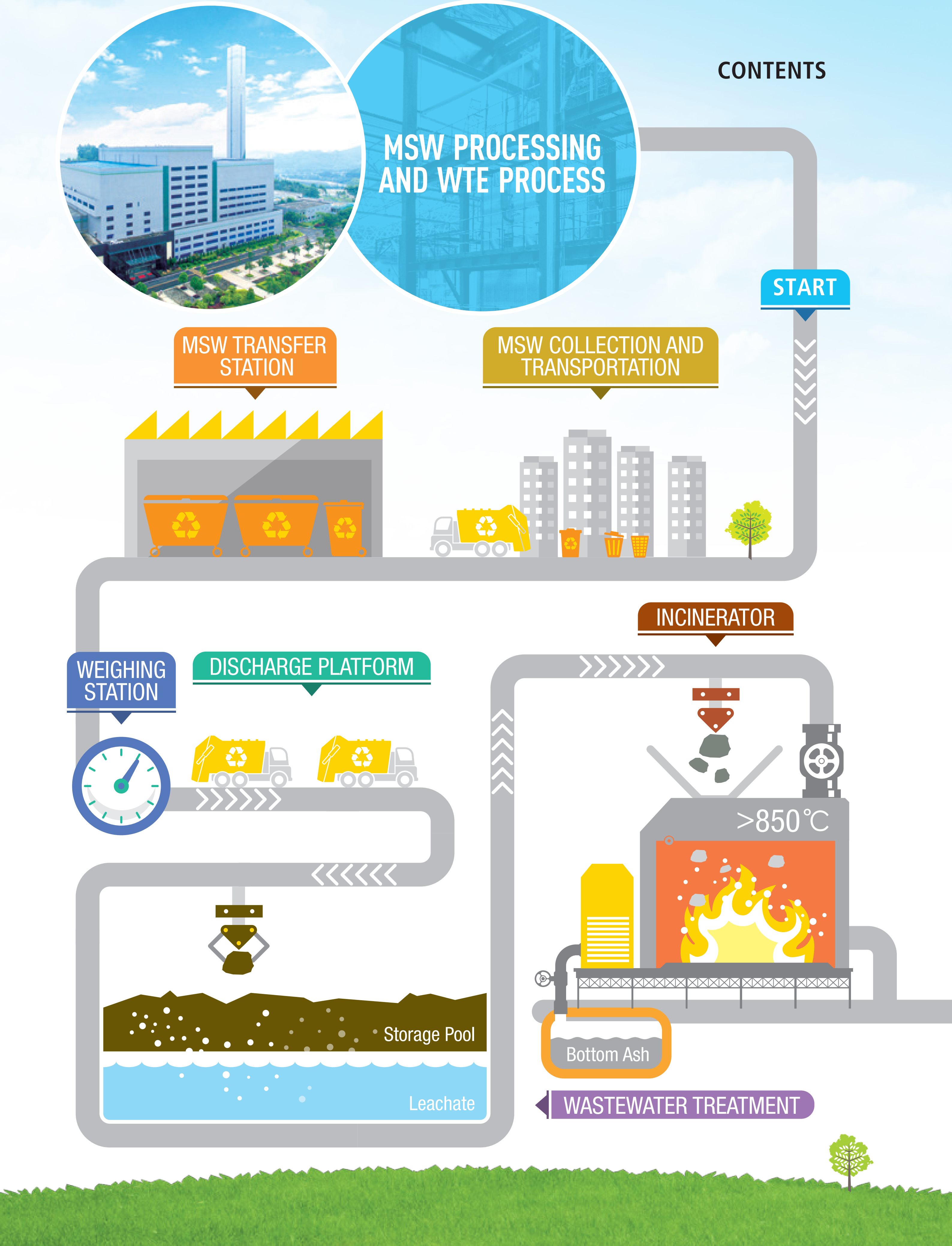
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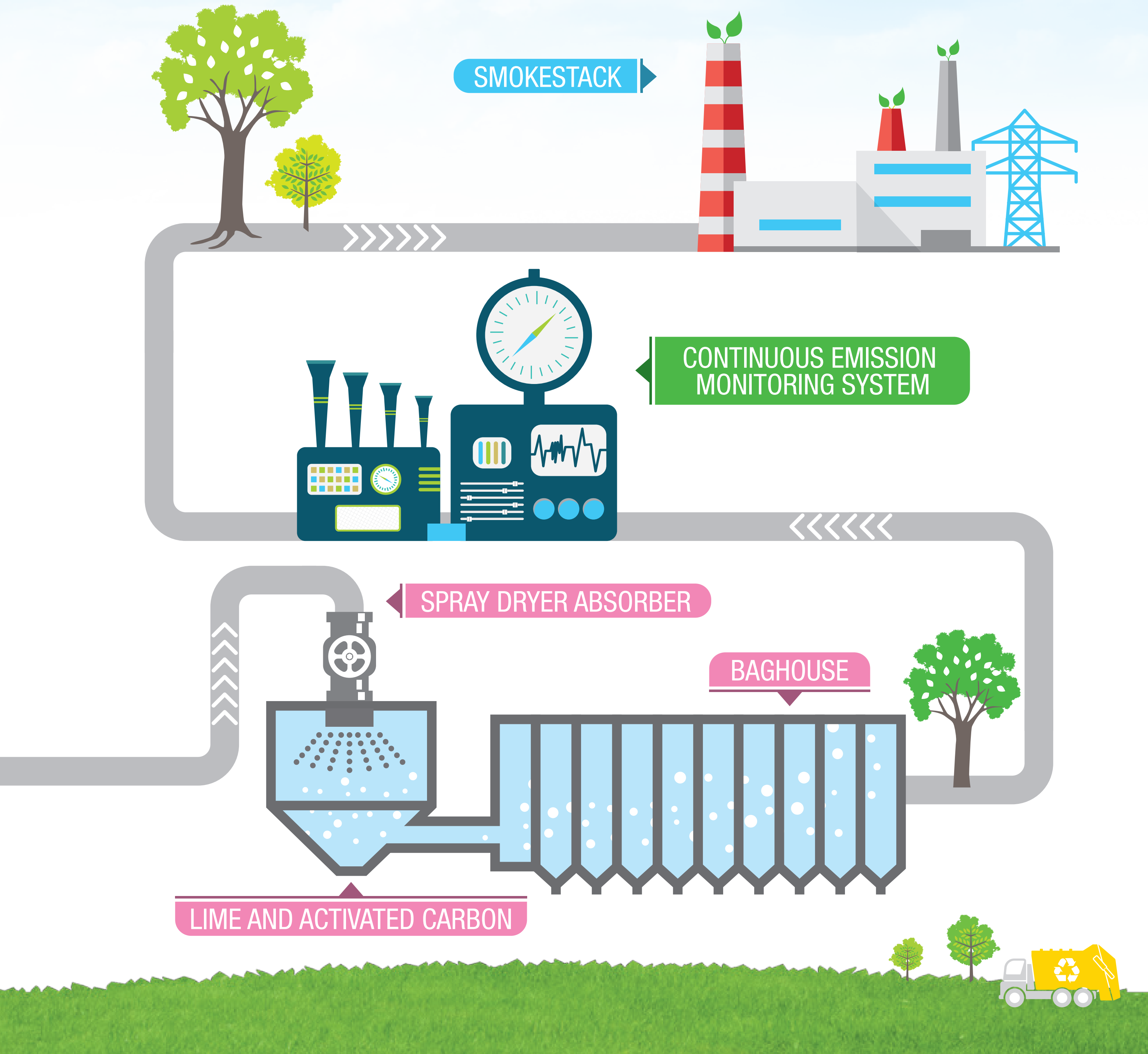

SMOKESTACK
CONTINUOUS EMISSION MONITORING SYSTEM
SPRAY DRYER ABSORBER
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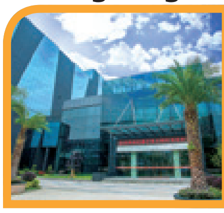
LIME AND ACTIVATED CARBON

PROJECT OVERVIEW

Guangdong



Eco-Tech I WTE plant 1

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Total Operating, Secured, Announced and Under Management Agreement Daily MSW Processing Capacity

26,040 **Tonnes**
(as at 16 August 2018)

		Location	Daily MSW processing capacity	Installed power generation capacity	Business model	Concession period	Waste treatment fee	Status
Guangdong	**Eco-Tech I WTE plant**	Dongguan, Guangdong Province	1,800 tonnes	36MW	BOO	N/A	RMB110/tonne	In operation
Guangdong	**Eco-Tech II WTE plant**	Dongguan, Guangdong Province	1,500 tonnes	50MW	BOO	N/A	RMB110/tonne	In operation
Guangdong	**Kewei WTE plant**	Dongguan, Guangdong Province	1,800 tonnes	30MW	BOO	N/A	RMB110/tonne	In operation
Guangdong	**China Scivest I WTE plant**	Dongguan, Guangdong Province	1,800 tonnes	42MW	BOT	24 years (from 10 December 2004 to 30 November 2028)	RMB110/tonne	In operation
Guangdong	**China Scivest II WTE plant**	Dongguan, Guangdong Province	1,200 tonnes	36MW	BOT	Under negotiation	RMB110/tonne	In operation
Guangdong	**Zhanjiang WTE plant**	Zhanjiang, Guangdong Province	1,500 tonnes	30MW	BOT	28 years (from 18 April 2013 to 17 April 2041)	RMB81.8/tonne	In operation
Guangdong	**Qingyuan WTE plant**	Qingyuan, Guangdong Province	Phase 1: 1,500 tonnes Phase 2: 1,000 tonnes	Planning	BOT	30 years after passing the environmental impact assessment	RMB50/tonne (Under negotiation)	Planning
Guangdong	**Zhongshan WTE plant**	Zhongshan, Guangdong Province	1,040 tonnes	24MW	Construction and Operation under Management Agreement			In operation
Guangdong	**Lufeng WTE plant**	Lufeng, Guangdong Province	Phase 1: 1,200 tonnes Phase 2: 400 tonnes	Phase 1: 30MW Phase 2: 12MW	BOT	30 years	RMB91.5/tonne	Phase 1: Under construction Phase 2: Planning
Guangdong	**Xinyi WTE plant**	Xinyi, Guangdong Province	Phase 1: 500 tonnes Phase 2: 250 tonnes	Phase 1: 12MW Phase 2: 6MW	BOT	30 years	RMB79/tonne	Planning
Guangdong	**Xuwen WTE plant**	Xuwen, Guangdong Province	Phase 1: 500 tonnes Phase 2: 250 tonnes	Phase 1: 12MW Phase 2: 6MW	BOT	27 years commencing from the date of construction	RMB80.5/tonne	Phase 1: Planning Phase 2: Planning
Guangdong	**Dianbai WTE plant**	Maoming, Guangdong Province	Phase 1: 1,500 tonnes Phase 2: 750 tonnes	Phase 1: 25MW Phase 2: Planning	PPP	338 months commencing from the date of commencement of operations	RMB89.5/tonne	Phase 1: Planning Phase 2: Planning
Guangxi	**Laibin WTE plant**	Laibin, Guangxi Zhuang Autonomous Region	Phase 1: 1,000 tonnes Phase 2: 500 tonnes	Phase 1: 24MW Phase 2: Planning	BOT	Until April 2042	RMB95/tonne	Phase 1: In operation Phase 2: Planning
Guangxi	**Beiliu WTE plant**	Beiliu, Guangxi Zhuang Autonomous Region	Phase 1: 700 tonnes Phase 2: 350 tonnes	24MW	BOT	30 years commencing from the date of formal commissioning	RMB83/tonne (Calculated on weighted average basis)	Phase 1: In operation Phase 2: Under construction
Guizhou	**Xingyi WTE plant**	Xingyi, Guizhou Province	Phase 1: 700 tonnes Phase 2: 500 tonnes	Phase 1: 12MW Phase 2: 12MW	BOT	30 years commencing from the date of formal commissioning	RMB80/tonne	Phase 1: In operation Phase 2: In operation
Jiangxi	**Xinfeng WTE plant**	Xinfeng, Jiangxi Province	Phase 1: 400 tonnes Phase 2: 400 tonnes	12MW	BOT	30 years commencing from the date of formal receipt of waste treatment fees	RMB45/tonne	Phase 1: Under construction Phase 2: Under construction
Sichuan	**Jianyang WTE plant**	Jianyang, Sichuan Province	Phase 1: 1,500 tonnes Phase 2: 1,500 tonnes	Phase 1: 18MW Phase 2: 18MW	BOT	30 years commencing from the date of commencement of operations	RMB65.95/tonne	Phase 1: Planning Phase 2: Planning

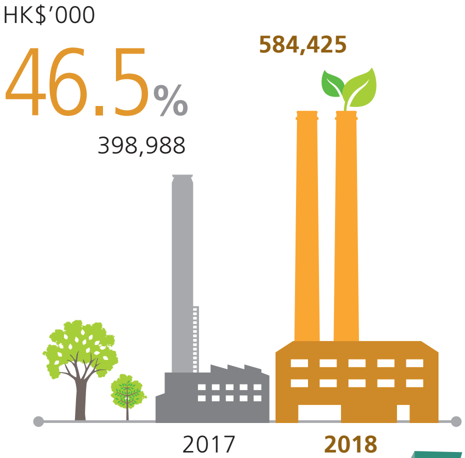
FINANCIAL HIGHLIGHTS

Revenue

(for the six months ended 30 June)
HK$'000

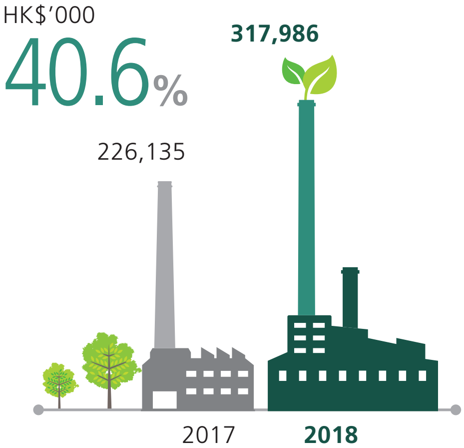
EBITDA

(for the six months ended 30 June)
HK$'000



Profit attributable to equity holders of the Company

(for the six months ended 30 June)
HK$'000



CONSOLIDATED STATEMENT OF PROFIT OR LOSS HIGHLIGHTS, DIVIDEND AND CASH GENERATED FROM OPERATING PROJECTS

	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)	**415,393**	282,077	+47.3%

CONSOLIDATED BALANCE SHEET HIGHLIGHTS

	As at 30 June 2018	As at 31 December 2017	Change
Total assets (HK$'000)	**9,998,942**	9,258,937	+8.0%
Total liabilities (HK$'000)	**4,923,418**	4,368,631	+12.7%
Included: Total borrowings (HK$'000)	**3,729,942**	3,159,859	+18.0%
Equity attributable to equity holders of the Company (HK$'000)	**5,075,524**	4,890,306	+3.8%
Total liabilities/total assets	**49.2%**	47.2%	+2.0pts

CORPORATE MILESTONES

Q1 2018

- Phase 1 of Beiliu WTE plant commenced trial operation
- Acquired 100% equity interest in Dongguan Lujia
- Acquired 41% equity interest in Johnson

Q2 2018

- Obtained term loans facility of HK$1,176.0 million from Senior Lenders. The aggregate amount of the term loans facility were increased to HK$1,409.2 million in July 2018
- Completed the construction of Canvest Environmental Protection Theme Pavilion in Dongguan

1H 2018

- Implemented innocuous treatment of waste volume amounted to 2,368,316 tonnes
- Generated 967,687,000 kWh from green energy
- Reduced emission of carbon dioxide by 826,590 tonnes

CHAIRLADY'S STATEMENT

ACQUIRED 41% EQUITY INTEREST IN JOHNSON AND 100% STAKE IN DONGGUAN LUJIA, CONVEST IS WELL-POSITIONED TO CAPTURE BUSINESS OPPORTUNITIES IN THE WASTE MANAGEMENT AND HYGIENE MARKET IN CHINA

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

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 interim report, the transaction has not yet been completed.

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

		Six months ended 30 June	
Location	**Project(s)**	**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

Location	Project(s)	Six months ended 30 June 2018	2017
Guangdong Province	**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
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

Location	Project(s)	Six months ended 30 June 2018	2017
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 interim report.

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

	Available HK$'000	**Used** HK$'000	**Unused** 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 interim report, 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 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 HK$'000	As at 31 December 2017 HK$'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 interim report, 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. The transaction was completed on 30 June 2018.

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 years 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 DATE

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.

CHANGES SINCE 31 DECEMBER 2017

Saved as disclosed in this section, there were no other significant changes in the Group's financial position or information as disclosed under Management Discussion and Analysis in the annual report for the year ended 31 December 2017.

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.

UPDATE ON CHINA SCIVEST WTE PLANT

Reference is made to the undertaking given by the Company on page 190 of the prospectus to disclose the status of rectifying the deficits in relation to certain construction related licenses and permits of the China Scivest WTE plant in the Company's interim and annual reports until China Scivest has obtained all construction related licenses and permits. For the six months ended 30 June 2018, the Group had proactively cooperated with the Dongguan Municipal People's Government and other related governing authorities in obtaining the construction related licenses and permits for China Scivest WTE plant. As at the date of this interim report, the Group is still in the progress of applying for such licenses and permits for China Scivest WTE plant.

CORPORATE GOVERNANCE

The Company pursues good corporate governance practices and procedures, and considers them crucial in maintaining and building of our brand, maximizing the profit of the Group and enhancing the long-term benefits of the Group as well as its Shareholders. As such, the Company has adopted the CG Code.

Maintaining a high level of corporate governance can uplift a high standard of the Group's credibility and transparency. It can strengthen the confidence of the Shareholders and the public.

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

Major identified risks and uncertainties faced by the Group are set out in detail in our 2017 annual report.

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 month period ended 30 June 2018.

THE COMMITTEES OF THE BOARD

The Board of the Company has established 4 committees namely the audit committee, the corporate governance committee, the nomination committee and the remuneration committee. The respective chairperson and majority of the members of each of the committees are Independent Non-executive Directors. Terms of reference of each of the committees have posted on corporate website (www.canvestenvironment.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk), and will be amended by the Board from time to time as appropriate.

AUDIT COMMITTEE

The Company has set up an audit committee in compliance with the Listing Rules. The members of the audit committee comprise Mr. Chan Kam Kwan Jason, Professor Sha Zhenquan and Mr. Chung Wing Yin, and is chaired by Mr. Chan Kam Kwan Jason.

Main duties of the audit committee include (but without limitation): (i) assisting our Board to provide an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group; (ii) overseeing the audit process; (iii) performing other duties and responsibilities as assigned by our Board; and (iv) considering and reviewing the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial function, and reporting to the Board. The audit committee, if necessary, may seek independent professional opinions when discharging their duties at the fees and expenses of the Company.

During the six months ended 30 June 2018, the audit committee has held one meeting and performed the following major works:

— Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2017, the related accounting principles and practices adopted by the Group and internal controls related matters; and recommendation of the re-appointment of the external auditor.

The audit committee has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 in conjunction with external auditor. Based on the review and discussion with the management, the audit committee was satisfied that the unaudited condensed consolidated interim financial information were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the six months ended 30 June 2018. The external auditor attended the above meeting to discuss with the audit committee on issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the audit committee regarding the appointment of external auditor or the accounting treatment adopted by the Company.

The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2018 and reviewed, in the presence of the management of the Group, the accounting principles and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

REMUNERATION COMMITTEE

The Company has set up a remuneration committee in compliance with the Listing Rules. The members of the remuneration committee comprise Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason and Mr. Chung Wing Yin, and is chaired by Professor Sha Zhenquan.

Main duties of the remuneration committee include (but without limitation): (i) making recommendations to our Directors on our policy and structure for all remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of each executive Director and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time; and (iv) considering and approving the grant of share options to eligible participants pursuant to the share option scheme.

During the six months ended 30 June 2018, the remuneration committee has held one meeting to perform the following major works:

— Performance evaluation of Directors and management team; and

— General review and discussion of the remuneration packages of Directors and management team.

NOMINATION COMMITTEE

The members of nomination committee comprise Mr. Chung Wing Yin, Professor Sha Zhenquan and Mr. Chan Kam Kwan Jason and is chaired by Mr. Chung Wing Yin.

Main duties of nomination committee include, without limitation: (i) reviewing the structure, size and composition of the Board; (ii) assessing the independence of independent non-executive directors; and (iii) making recommendations to the Board on matters relating to the appointment of Directors.

Nomination committee has adopted a policy of diversity for memberships of the Board. It has considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

During the six months ended 30 June 2018, the nomination committee has held one meeting to perform the following major works:

— Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

— Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 15 June 2018; and

— Assessment of the independence of all the Company's independent non-executive directors.

CORPORATE GOVERNANCE COMMITTEE

The members of corporate governance committee comprise Mr. Chan Kam Kwan Jason, Ms. Loretta Lee, Professor Sha Zhenquan and Mr. Chung Wing Yin, and is chaired by Mr. Chan Kam Kwan Jason.

Main duties of corporate governance committee include (but without limitation): (i) reviewing and assessing compliance with internal policies of our Group; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and developing our Company's policies and practices on corporate governance; and (iv) reviewing our Company's compliance with Appendix 14 to the Listing Rules.

During the six months ended 30 June 2018, the corporate governance committee has held one meeting and performed the following major works:

— Review and assessment of the continuous professional development of Directors and senior management;

— Review of Company's policies and practices on corporate governance; and

— Review of Company's compliance with Appendix 14 to the Listing Rules.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

pwc

羅兵咸永道

TO THE BOARD OF DIRECTORS OF
CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 26 to 59, which comprises the interim condensed consolidated balance sheet of Canvest Environmental Protection Group Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 16 August 2018

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	Note	Six months ended 30 June 2018 (Unaudited) HK$'000	2017 (Unaudited) HK$'000
Revenue	6	**1,310,765**	1,158,013
Cost of sales	7	**(823,607)**	(806,139)
Gross profit		**487,158**	351,874
General and administrative expenses	7	**(107,997)**	(77,725)
Other income	8	**62,320**	50,947
Other losses, net	9	**(1,425)**	(8,541)
Operating profit		**440,056**	316,555
Interest income	10	**3,154**	2,681
Interest expense	10	**(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	11	**(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	12(a)	**13.0**	10.1
— diluted	12(b)	**13.0**	10.1

The notes on pages 34 to 59 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**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

The notes on pages 34 to 59 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2018

	Note	As at 30 June 2018 (Unaudited) HK$'000	As at 31 December 2017 (Audited) HK$'000
ASSETS			
Non-current assets			
Land use rights	14	**143,509**	146,592
Property, plant and equipment	15	**1,463,290**	1,519,135
Intangible assets	16	**4,233,793**	3,883,448
Investments in associates		**298,244**	—
Long-term deposits and prepayments	17	**743,018**	710,756
Receivables under service concession arrangements	18	**1,132,797**	1,027,432
		8,014,651	7,287,363
Current assets			
Inventories		**5,292**	2,314
Receivables under service concession arrangements	18	**91,238**	64,885
Trade and bills receivables	17	**410,481**	260,191
Other receivables, deposits and prepayments	17	**286,957**	281,595
Restricted deposits	19	**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	20	**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	21	—	106,401
Deferred government grants	22	106,183	109,663
Other non-current liabilities		4,085	3,697
Deferred income tax liabilities		349,519	316,127
Bank borrowings	23	3,148,999	2,797,061
		3,608,786	3,332,949
Current liabilities			
Trade and other payables	21	697,843	640,971
Deferred government grants	22	5,463	5,520
Current income tax liabilities		30,383	26,393
Bank borrowings	23	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

The notes on pages 34 to 59 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	(Unaudited) Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Other reserves HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total equity HK$'000
Balance at 1 January 2018	24,553	2,697,306	704,944	146,275	(140,489)	5,834	(22,225)	1,474,108	4,890,306
Comprehensive income									
Profit for the period	—	—	—	—	—	—	—	317,986	317,986
Other comprehensive loss									
Currency translation differences	—	—	—	—	—	—	(47,763)	—	(47,763)
Share of other comprehensive loss of associate accounted for using the equity method	—	—	—	—	(18)	—	—	—	(18)
Total comprehensive income for the period	—	—	—	—	(18)	—	(47,763)	317,986	270,205
Appropriation of statutory reserve	—	—	—	31,298	—	—	—	(31,298)	—
Dividend approved in respect of the previous year (Note 13)	—	—	—	—	—	—	—	(49,107)	(49,107)
Acquisition of non-controlling interest (Note 25)	—	—	—	—	(35,880)	—	—	—	(35,880)
Balance at 30 June 2018	24,553	2,697,306	704,944	177,573	(176,387)	5,834	(69,988)	1,711,689	5,075,524
Representing:									
2018 declared interim dividend (Note 13)								46,651	
Other retained earnings								1,665,038	
								1,711,689	

	(Unaudited) Attributable to equity holders of the Company								
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Other reserves HK$'000	Share option reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total equity HK$'000
Balance at 1 January 2017	20,342	1,195,835	704,944	98,006	(68,519)	5,834	(262,733)	1,029,334	2,723,043
Comprehensive income									
Profit for the period	—	—	—	—	—	—	—	226,135	226,135
Other comprehensive income									
Currency translation differences	—	—	—	—	—	—	97,537	—	97,537
Total comprehensive income for the period	—	—	—	—	—	—	97,537	226,135	323,672
Appropriation of statutory reserve	—	—	—	12,448	—	—	—	(12,448)	—
Dividend approved in respect of the previous year	—	—	—	—	—	—	—	(39,285)	(39,285)
Issue of shares through placement	3,000	1,015,013	—	—	—	—	—	—	1,018,013
Conversion of convertible loan	1,211	486,458	—	—	(71,970)	—	—	—	415,699
Balance at 30 June 2017	24,553	2,697,306	704,944	110,454	(140,489)	5,834	(165,196)	1,203,736	4,441,142
Representing:									
2017 declared interim dividend (Note 13)								31,919	
Other retained earnings								1,171,817	
								1,203,736	

The notes on pages 34 to 59 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cash flows from operating activities		
Profit before income tax	**359,428**	270,189
Adjustment for:		
Construction revenue arising from build-operate-transfer ("BOT") arrangement	**(518,043)**	(690,007)
Finance income arising from BOT arrangement	**(29,554)**	(23,795)
Share of net profits of associates accounted for using the equity method	**(2,515)**	—
Depreciation of property, plant and equipment	**62,004**	47,494
Amortisation of land use rights	**1,899**	1,748
Amortisation of intangible assets	**74,797**	30,510
Interest income	**(3,154)**	(2,681)
Interest expense	**86,297**	49,047
Exchange differences	**1,283**	2,697
Loss on disposals of property, plant and equipment	**142**	5,844
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation)		
— Non-current prepayments	**102,093**	(8,088)
— Inventories	**(3,104)**	(5,688)
— Trade and bills receivables, other receivables and receivables under service concession arrangements	**(148,926)**	(148,848)
— Trade and other payables	**(101,323)**	94,508
Net cash used in operations	**(118,676)**	(377,070)
Income tax paid	**(20,914)**	(11,466)
Net cash used in operating activities	**(139,590)**	(388,536)
Cash flows from investing activities		
Deposit paid for investments	**(136,534)**	(77,531)
Payments for purchase of property, plant and equipment	**(49,334)**	(208,091)
Proceeds from disposals of property, plant and equipment	**144**	1,424
Decrease/(increase) in restricted deposits	**8,442**	(1,764)
Acquisition of subsidiaries	**(151,853)**	(28,261)
Acquisition of associates	**(264,305)**	—
Interest received	**3,154**	2,681
Net cash used in investing activities	**(590,286)**	(311,542)

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Cash flows from financing activities		
Proceeds from bank borrowings	**833,371**	897,595
Repayments of bank borrowings	**(217,820)**	(167,192)
Decrease in restricted deposits	**—**	33,927
Interest paid	**(88,398)**	(57,570)
Acquisition of non-controlling interest	**(5,931)**	—
Repayment of ex-shareholders' loans of a subsidiary	**52,830**	—
Issuance of ordinary shares	**—**	1,018,013
Net cash generated from financing activities	**574,052**	1,724,773
Net (decrease)/increase in cash and cash equivalents	**(155,824)**	1,024,695
Cash and cash equivalents at beginning of period	**1,347,803**	618,953
Currency translation differences	**(8,166)**	51,748
Cash and cash equivalents at end of period	**1,183,813**	1,695,396

The notes on pages 34 to 59 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Canvest Environmental Protection Group Company Limited (the "Company") was incorporated in the Cayman Islands on 28 January 2014 as an exempted company with limited liability under the Companies Law, (Cap. 22, Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company and its subsidiaries (together, the "Group") are engaged in the provision of environmental hygiene and related services and operation and management of waste-to-energy ("WTE") plants.

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

This condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 16 August 2018.

This condensed consolidated interim financial information has not been audited.

2 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.

2 BASIS OF PREPARATION (Continued)

Significant events and transactions (Continued)

(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 BOT concession right to a 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.

3 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.

3 ACCOUNTING POLICIES (Continued)

(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.

3 ACCOUNTING POLICIES (Continued)

(a) New and amended standards adopted by the Group (Continued)

(i) Accounting policies applied from 1 January 2018 (Continued)

(a) HKFRS 9 "Financial Instruments" (Continued)

Investments and other financial assets (Continued)

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.

3 ACCOUNTING POLICIES (Continued)

(a) New and amended standards adopted by the Group (Continued)

(i) Accounting policies applied from 1 January 2018 (Continued)

(a) HKFRS 9 "Financial Instruments" (Continued)

Investments and other financial assets (Continued)

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.

3 ACCOUNTING POLICIES (Continued)

(a) New and amended standards adopted by the Group (Continued)

(i) Accounting policies applied from 1 January 2018 (Continued)

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

(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.

3 ACCOUNTING POLICIES (Continued)

(a) New and amended standards adopted by the Group (Continued)

(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.

3 ACCOUNTING POLICIES (Continued)

(a) New and amended standards adopted by the Group (Continued)

(ii) Impact of adoption (Continued)

Impairment of financial assets (Continued)

(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.

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2017.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. Total net cash used in operating activities for the six months ended 30 June 2018 is approximately HK$139,590,000 (six months ended 30 June 2017: HK$388,536,000), including net operating cash used in relation to the construction of the WTE plants under BOT arrangements of approximately HK$554,983,000 (six months ended 30 June 2017: HK$670,613,000). Excluding the operating cash outflow in relation to the construction of the WTE plants under BOT arrangements, the Group generated operating cash of approximately HK$415,393,000 (six months ended 30 June 2017: HK$282,077,000). The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecasting cash inflows and outflows due in day to day business. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

The tables below analyse the Group's contractual maturities for its non-derivative financial liabilities (excluding statutory liabilities) as at 30 June 2018 and 31 December 2017. The amounts disclosed in the tables are the contractual undiscounted cash flows.

	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 30 June 2018 (Unaudited)					
Bank borrowings (including interest)	**743,351**	**677,897**	**1,730,428**	**1,252,792**	**4,404,468**
Trade and other payables	**606,425**	**—**	**—**	**—**	**606,425**
	1,349,776	**677,897**	**1,730,428**	**1,252,792**	**5,010,893**
As at 31 December 2017 (Audited)					
Bank borrowings (including interest)	510,310	647,363	1,464,612	1,130,895	3,753,180
Trade and other payables	584,167	106,401	—	—	690,568
	1,094,477	753,764	1,464,612	1,130,895	4,443,748

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings bearing variable rates expose the Group to cash flow interest rate risk.

The Group does not have an interest rate hedging policy. However, the management monitors the Group's interest rate exposure and will consider hedging significant exposure should the need arise.

During the six months ended 30 June 2018, if interest rates on bank borrowings had been 100 basis points higher/lower with all other variables held constant, profit after tax and retained earnings would have been approximately HK$33,639,000 (six months ended 30 June 2017: HK$25,858,000) lower/higher as a result of higher/lower interest expense on bank borrowings. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to cash flow interest rate risk for bank borrowings in existence at the balance sheet date.

The Group's bank deposits were at fixed rates and expose the Group to fair value interest risk. As all the Group's bank deposits were short-term in nature, any changes in the interest rate from time to time is not considered to have significant impact to the Group's financial performance.

5.4 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying values:

— Receivables under service concession arrangements

— Trade and bills receivables

— Deposits and other receivables

— Restricted deposits

— Cash and cash equivalents

— Trade and other payables

— Bank borrowings

6 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.

7 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

8 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 is derived from a company whose directors consist of key management personnel from the Group (2017: same).

9 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

10 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)

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Current income tax		
PRC enterprise income tax ("EIT")	**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%).

11 INCOME TAX EXPENSE (Continued)

(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%).

12 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 (Unaudited)	2017 (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.

13 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.

14 LAND USE RIGHTS

	HK$'000
For the six months ended 30 June 2018 (Unaudited)	
Opening net book amount at 1 January 2018	**146,592**
Amortisation (Note 7)	**(1,899)**
Currency translation differences	**(1,184)**
Closing net book amount at 30 June 2018	**143,509**
For the six months ended 30 June 2017 (Unaudited)	
Opening net book amount at 1 January 2017	140,441
Amortisation (Note 7)	(1,748)
Currency translation differences	4,276
Closing net book amount at 30 June 2017	142,969

15 PROPERTY, PLANT AND EQUIPMENT

	HK$'000
For the six months ended 30 June 2018 (Unaudited)	
Opening net book amount at 1 January 2018	**1,519,135**
Additions	**15,750**
Acquisition of subsidiaries (Note 24)	**352**
Disposals	**(286)**
Depreciation (Note 7)	**(62,004)**
Currency translation differences	**(9,657)**
Closing net book amount at 30 June 2018	**1,463,290**
For the six months ended 30 June 2017 (Unaudited)	
Opening net book amount at 1 January 2017	1,201,711
Additions	312,189
Disposals	(7,268)
Depreciation (Note 7)	(47,494)
Currency translation differences	41,217
Closing net book amount at 30 June 2017	1,500,355

16 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 (Note 24)	—	**98,232**	**98,232**
Additions for BOT arrangements	—	**374,889**	**374,889**
Amortisation (Note 7)	—	**(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 7)	—	(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

17 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 8) 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

18 RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

Certain subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the "grantors"). Pursuant to the service concession arrangements, the Group has to design, construct and operate and manage WTE projects in the PRC for specific periods. The following is the summarised information of the financial asset component (receivables under service concession arrangements) with the respect to the Group's service concession arrangements:

	As at 30 June 2018 (Unaudited) HK$'000	As at 31 December 2017 (Audited) HK$'000
Receivables under service concession arrangements		
— Non-current	1,132,797	1,027,432
— Current	91,238	64,885
	1,224,035	1,092,317

The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the service concession arrangements. All of these financial assets are considered to have low risk of default as the counterparties are government authorities and able to meet its contractual cash flow obligations. Therefore, the expected credit loss is considered to be minimal.

19 RESTRICTED DEPOSITS

	As at 30 June 2018 (Unaudited) HK$'000	As at 31 December 2017 (Audited) HK$'000
Restricted deposits, denominated in RMB	6,510	14,786

As at 30 June 2018, restricted deposits represent deposits pledged for BOT service concession arrangements in relation to various WTE plants in the PRC. The effective interest rate on restricted bank deposits is 0.3%–2.07% per annum (2017: 0.3%–3.05% per annum).

20 SHARE CAPITAL AND RESERVES

(a) Share capital

	Number of shares	Total
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 December 2017, 1 January 2018 and 30 June 2018	5,000,000,000	50,000
Issued and fully paid:		
At 31 December 2017, 1 January 2018 and 30 June 2018	2,455,332,169	24,553

(b) Share options

On 24 April 2015, the board of the Company has granted share options to certain employees, officers and directors of the Company or any of its subsidiaries to subscribe for a total of 3,000,000 ordinary shares of the Company under the Share Option Scheme ("Scheme") adopted on 7 December 2014. The acceptance of the grant of the share option can be made with a payment of HK$1 from the grantee. All share options granted were accepted. All share options granted under the Scheme are exercisable in whole or in part within 10 years from the date of grant. The details of the share options granted are as follows:

—	Number of share options granted	3,000,000
—	Exercise price	HK$4.39 per share
—	Weighted average fair value	HK$1.9445 per share

No share option granted was exercised or lapsed during the six months ended 30 June 2018.

21 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 13)	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 in nature, mainly include retention payables for construction projects. Accruals and other payables, which are current in 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

22 DEFERRED GOVERNMENT GRANTS

	As at 30 June 2018 (Unaudited) HK$'000	As at 31 December 2017 (Audited) HK$'000
Government grants	111,646	115,183
Less: Amount included under current liabilities	(5,463)	(5,520)
Amount included under non-current liabilities	106,183	109,663

The government grants was recognised as deferred income when received and amortised through profit or loss on a systematic basis over the concession period of the WTE projects.

23 BANK BORROWINGS

	As at 30 June 2018 (Unaudited) HK$'000	As at 31 December 2017 (Audited) HK$'000
Bank borrowings, secured	3,649,942	3,159,859
Less: Amount included under non-current liabilities	(3,148,999)	(2,797,061)
Amount included under current liabilities	500,943	362,798
Unsecured bank borrowings included under current liabilities	80,000	—
Total amounts under current liabilities	580,943	362,798

Bank borrowings are secured by rights to collect revenue from power sales and waste handling services, prepaid operating lease payments, property, plant and equipment, concession rights and corporate guarantees.

24 BUSINESS COMBINATION

Acquisition of Xiamen Kun Yue

On 11 December 2017, the Group entered into an agreement in relation to the acquisition of 100% equity interest in Xiamen Kun Yue at a consideration of RMB173,500,000 (equivalent to HK$214,777,000 at transaction date). Xiamen Kun Yue holds the BOT concession right to a 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.

The following table summarises the consideration paid for the acquisition, the fair value of assets acquired, liabilities assumed at the acquisition date.

	As at 30 April 2018 HK$'000
Consideration:	
— Payables to acquire 100% equity interest in Xiamen Kun Yue	214,777
Total consideration transferred	214,777
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	25,034
Intangible assets — concession rights (Note 16)	98,232
Property, plant and equipment (Note 15)	352
Deposits, prepayments and other receivables	113,075
Trade and other payables	(644)
Deferred income tax liabilities	(21,272)
Total identifiable net assets	214,777

Acquisition-related costs of HK$112,000 have been charged to general and administrative expenses in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2018.

The net cash outflow from acquisition of Xiamen Kun Yue approximated HK$148,767,000 during the six months ended 30 June 2018 , which mainly comprised of cash consideration of RMB140,400,000 (equivalent to HK$173,801,000 at the date of payment) offset by cash and cash equivalent of HK$25,034,000 acquired from Xiamen Kun Yue.

The revenue included in the interim condensed consolidated statement of profit or loss for the period from 30 April 2018 to 30 June 2018 contributed by Xiamen Kun Yue and its subsidiary was HK$70,583,000. Xiamen Kun Yue and its subsidiaries also contributed profit of HK$10,473,000 over the same period.

Had Xiamen Kun Yue been consolidated from 1 January 2018, there are no material impact on the interim condensed consolidated statement of profit or loss of the Group as Xiamen Kun Yue did not generate any revenue and profit or loss from 1 January 2018 to 30 April 2018.

25 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Acquisition of remaining equity interests in Beiliu Yuefeng

On 30 May 2018, the Group entered into a sale and purchase agreement with Beiliu Runtong Technology Company Limited, the indirect non-controlling interests holder of Beiliu Yuefeng, to acquire the remaining 20% equity interest in Beiliu Yuefeng at a consideration of RMB30,250,000 (equivalent to HK$35,880,000). This transaction was completed in June 2018 and consideration will be settled by instalments till December 2018. On the date of acquisition, the registered capital of Beiliu Yuefeng to be injected by the non-controlling interests holder has not yet paid in. The Group recognised an decrease in equity attributable to equity holders of the Company of approximately HK$35,880,000.

26 COMMITMENTS

(a) Capital commitments

	As at 30 June 2018 (Unaudited) HK$'000	As at 31 December 2017 (Audited) HK$'000
Authorised but not contracted to:		
Construction cost for BOT	3,246,692	2,377,320
Contracted but not provided for:		
Construction cost for BOT	960,743	542,468

(b) Operating lease commitments

The Group leases various offices and premises under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 30 June 2018 (Unaudited) HK$'000	As at 31 December 2017 (Audited) HK$'000
Contracted		
— No later than 1 year	9,866	12,485
— Later than 1 year and no later than 5 years	141	16,648
— Later than 5 years	355	142
	10,362	29,275

27 SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

During the six months ended 30 June 2018, the Group paid rental and related expenses of HK$1,425,000 for office to a related party which was controlled by Mr. Lai Chun Tung (the Executive Director of the Company) and a close member of his family, and was agreed by both parties (for the six months ended 30 June 2017: HK$950,000).

(b) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Wages and salaries	**9,866**	9,886
Pension costs — defined contribution plans	**141**	148
Welfare and other expenses	**355**	264
Total	**10,362**	10,298

OTHER INFORMATION

The Company has adopted a share option scheme on 7 December 2014. On 24 April 2015, the Company has granted a total of 3,000,000 share options to the eligible participants of the Company. Please refer to the Company's announcement dated 24 April 2015, 2015 annual report, 2016 annual report, 2017 annual report and note 20(b) to the condensed consolidated interim financial information for further details.

Name or category of participant	Outstanding as at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2018	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK$ per share
Directors									
Ms. Loretta Lee	250,000	—	—	—	—	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Mr. Yuan Guozhen	250,000	—	—	—	—	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Mr. CT Lai	250,000	—	—	—	—	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Subtotal	750,000	—	—	—	—	750,000			
Other employees working under continuous employment contracts									
In aggregate	2,250,000	—	—	—	—	2,250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Total	3,000,000	—	—	—	—	3,000,000			

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

*** The closing price of the Shares immediately before the date of grant of such share options was HK$4.39 per share.

The number of shares available for issue under the share option scheme is 197,000,000 Shares, representing 8.02% of the issued share capital of the Company as at the date of the Company's 2017 annual report, the date of the interim results announcement dated 16 August 2018 and as at the date of this interim report, respectively.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND SHORT POSITIONS

As at 30 June 2018, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which (i) were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

(1) Long positions in shares of the Company

	Number of Shares/Underlying Shares Held						
Name of Director	Personal interest	Number of underlying shares held under equity derivatives[2]	Spouse interests	Founder of a discretionary trust[1]	Beneficiary of trust	Total interests[4]	Total interests as % of the issued share capital
Ms. Loretta Lee	1,376,000	250,000	250,000	1,335,615,837	—	1,337,491,837	54.5%
Mr. KM Lai	—	—	10,000,000	1,335,615,837	—	1,345,615,837	54.8%
Mr. Yuan Guozhen	—	250,000	357,000	—	—	607,000	0.02%
Mr. CT Lai	—	250,000[3]	1,626,000	—	1,335,615,837	1,337,491,837	54.5%
Professor Sha Zhenquan	100,000	—	—	—	—	100,000	0.00%
Mr. Chung Kwok Nam	80,000	—	—	—	—	80,000	0.00%

Notes:

1. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).

2. Details of share options held by the directors are shown in page 60.

3. These represent the 250,000 share options held by Mr. CT Lai.

4. Both Ms. Loretta Lee and Mr. CT Lai are Directors. Under the SFO, if a director's spouse is himself a director or chief executive of the listed corporation concerned, the director need not aggregate his interest. As such, in his capacity as a Director, Mr. CT Lai is not required to aggregate the interests of Ms. Loretta Lee under the SFO. However, Mr. CT Lai is still required to aggregate the interest of Ms. Loretta Lee in determining whether he falls under the definition of "substantial shareholders" under the SFO.

(2) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Approximate percentage of interest
Ms. Loretta Lee (Note 1)	Best Approach	100.0%
Mr. KM Lai (Note 1)	Best Approach	100.0%

Note:

1. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND SHORT POSITIONS

So far as is known to the Directors or chief executives of the Company, as at 30 June 2018, the interests or short positions of substantial shareholders (other than Directors or the chief executives of the Company) in the shares or underlying shares of the Company which (i) would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO or, who are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

(1) Our Company

Name of Shareholder	Nature of Interest	Number of Shares Held	Number of Underlying Shares	Approximate percentage of shareholding
HSBC International Trust Limited	Trustee	1,335,615,837(1)	—	54.4%
VISTA Co	Interest of controlled corporation	1,335,615,837(2)	—	54.4%
Century Rise	Interest of controlled corporation	1,335,615,837(3)	—	54.4%
Best Approach	Beneficial owner	1,335,615,837	—	54.4%
AEP Green Power, Limited	Beneficial owner	138,305,678	—	5.6%
SIHL	Interest in controlled corporation	356,593,000(4)	—	14.5%
Shanghai Industrial Investment (Holdings) Company Limited	Interest in controlled corporation	356,593,000(4)	—	14.5%
True Victor	Beneficial owner	300,000,000(4)	—	12.2%

Notes:

1. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).

2. VISTA Co holds 55% of the issued share capital of Best Approach and the entire issued share capital of Century Rise. Therefore, VISTA Co is deemed or taken to be interested in all our Shares held by Century Rise and Best Approach for the purposes of the SFO.

3. Century Rise holds 45% of the issued share capital of Best Approach. Therefore, Century Rise is deemed or taken to be interested in all our Shares held by Best Approach for the purposes of the SFO.

4. True Victor is an indirect wholly-owned subsidiary of SIHL. Thrive Bloom Limited, an indirect, non-wholly owned subsidiary of SIHL, is a Shareholder holding 56,593,000 Shares, representing approximately 2.3% of the issued share capital of the Company as at 30 June 2018.

(2) Beiliu

Name	Nature of Interest	Registered capital held	Approximate percentage of shareholding
Beiliu Runtong	Beneficial owner	RMB35,350,000	20%

Note: As at 30 June 2018, the registered capital of Beiliu to be injected by Beiliu Runtong has not yet paid-in. The Company has adopted Hong Kong Financial Reporting Standard 10 "Consolidated Financial Statements" for the preparation of the condensed consolidated interim financial information of the Company. As such, the Company has determined the completion date of the acquisition of Beiliu Runtong to be 30 June 2018. Pursuant to the payment terms denoted in the sales and purchase agreement executed by Kewei and Beiliu Runtong Technology Company Limited, the consideration will be settled by instalments and the said transfer of the shares of Beiliu Runtong took place on 27 August 2018.

INTERESTS OF ANY OTHER PERSONS

Save as disclosed in the foregoing, as at 30 June 2018, none of any other persons had informed to the Company that they had any interests or short positions in the shares which (i) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

Pursuant to the common terms agreement and certain loan agreements entered between the Company and Senior Lenders on 31 May 2018, it shall constitute a mandatory prepayment event if Ms. Loretta Lee, Mr. KM Lai and Mr. CT Lai (collectively, "the Controlling Shareholders"), as a group, at any time and for any reason cease to own, directly or indirectly, at least 35% of both the economic and voting interests in the Company's share capital (determined on a fully diluted basis); or if the Controlling Shareholders, as a group, cease to own the largest share of the economic and voting interests in the Company's share capital (determined on a fully diluted basis) as compared to any other shareholder of the Company or any other group of shareholders of the Company acting in concert. Unless otherwise agreed in writing by the Senior Lenders, within 10 days following the occurrence of any of the aforementioned events, the Company shall prepay all outstanding principal amount of the Loans and pay all interest accrued thereon and any other amounts then due and payable to the Senior Lenders under the Agreements and the other ancillary documents.

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 during the six month period ended 30 June 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 interim report.

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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Lee Wing Yee Loretta
(Chairlady and Executive Director)
Mr. Lai Kin Man
(Deputy Chairman and Executive Director)
Mr. Yuan Guozhen
(Chief Executive Officer and Executive Director)
Mr. Lai Chun Tung (Executive Director)

Non-Executive Directors

Mr. Feng Jun
Mr. Lui Ting Cheong Alexander
Mr. Lai Yui

Independent Non-executive Directors

Professor Sha Zhenquan
Mr. Chan Kam Kwan Jason
Mr. Chung Wing Yin
Mr. Chung Kwok Nam

BOARD COMMITTEES

Audit Committee

Mr. Chan Kam Kwan Jason (Chairperson)
Professor Sha Zhenquan
Mr. Chung Wing Yin

Remuneration Committee

Professor Sha Zhenquan (Chairperson)
Mr. Chan Kam Kwan Jason
Mr. Chung Wing Yin

Nomination Committee

Mr. Chung Wing Yin (Chairperson)
Professor Sha Zhenquan
Mr. Chan Kam Kwan Jason

Corporate Governance Committee

Mr. Chan Kam Kwan Jason (Chairperson)
Ms. Lee Wing Yee Loretta
Professor Sha Zhenquan
Mr. Chung Wing Yin

COMPANY SECRETARY

Ms. Wong Ling Fong Lisa (HKICPA)

AUTHORISED REPRESENTATIVES

Ms. Lee Wing Yee Loretta
Ms. Wong Ling Fong Lisa

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISORS

as to Hong Kong law:
King & Wood Mallesons

as to PRC law:
King & Wood Mallesons
Jingtian & Gongcheng

as to BVI and Cayman Islands law:
Maples and Calder

PRINCIPAL BANKERS

Dongguan Rural Commercial Bank Co. Ltd.
The Hong Kong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

PO Box 309, Ugland House,
Grand Cayman, KY1-1104,
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6803B, 68/F.,
International Commerce Centre,
1 Austin Road West,
Kowloon,
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN PRC

Level 24,
Canvest Tower,
2 San Yuan Road,
Nan Cheng District, Dongguan City,
Guangdong, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman Limited)
PO Box 1093, Boundary Hall,
Cricket Square, Grand Cayman,
KY1-1102, Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong

INVESTOR RELATIONS

E-mail	:	info@canvest.com.hk
Telephone	:	(852) 2668 6596
Facsimile	:	(852) 2668 6597

WEBSITE

www.canvestenvironment.com

LISTING INFORMATION

Equity Securities Listing

The Company's ordinary shares are listed on the Main Board of Hong Kong Stock Exchange (Stock Code: 1381) and it has been selected as one of the eligible stocks included in Southbound trading through Shenzhen-Hong Kong Stock Connect.

INTERIM DIVIDEND

Amount payable	:	HK1.9 cents per share
Ex-entitlement date	:	Monday, 17 September 2018
Latest time for lodging transfer	:	At 4:30 p.m. on Tuesday, 18 September 2018
Book closure period	:	From Wednesday, 19 September to Friday, 21 September 2018 (both days inclusive)
Record date	:	Friday, 21 September 2018
Payment date	:	Friday, 5 October 2018

DESPATCH OF CORPORATE COMMUNICATIONS

This interim report is printed in both English and Chinese versions and is delivered to Shareholders. This interim report is also published on Canvest's website (www.canvestenvironment.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk).

For environment protection reasons, the Company encourages Shareholders to view the contents of this interim report posted on the aforesaid websites.

GLOSSARY

AEP	AEP Green Power, Limited, a private company limited by shares incorporated under the laws of the Republic of Mauritius with limited liability and is an investment subsidiary of Asia Environmental Partners, L.P. and its parallel fund and is a pre-IPO investor
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
Best Approach	Best Approach Developments Limited (臻達發展有限公司), a company incorporated under the laws of BVI on 2 January 2014 with limited liability and a controlling shareholder of the Company
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 (China)	Canvest Environmental (China) Company Limited（粵豐環保(中國)有限公司）, a company incorporated in the British Virgin Islands and is an indirect wholly owned subsidiary of the Company
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

Cash generated from operating projects*	Net cash generated from/used in operating activities for the year, excluding net operating cash used for construction of various WTE plants under BOT arrangements
Century Rise	Century Rise Development Limited (誠朗發展有限公司), a company incorporated under the laws of BVI on 6 January 2012 with limited liability and a controlling shareholder of the Company
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 become an indirect wholly owned subsidiary of the Company during the period under review
Dongguan Xindangyue	Dongguan Xindangyue 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

Fund	Zhuhai Hengqin Utrust Canvest Clean Energy Industry Acquisition Investment Fund L.P.** (珠海横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
Harvest VISTA Trust	The Harvest VISTA Trust, a discretionary trust founded by Ms. Loretta Lee and Mr. KM Lai, with Ms. Loretta Lee, Ms. Loretta Lee's personal trust and Mr. KM Lai as beneficiaries
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
Mr. CT Lai	Mr. Lai Chun Tung (黎俊東), an executive Director
Mr. KM Lai	Mr. Lai Kin Man (黎健文), also known as Li Jianwen (黎建文), one of our controlling shareholders, an executive Director and our deputy chairman
Ms. Loretta Lee	Ms. Lee Wing Yee, Loretta (李詠怡), one of our controlling shareholders, an executive Director and chairlady of our Company
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
Senior Lenders	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
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
VISTA Co	Harvest Vista Company Limited, a company incorporated in the British Virgin Islands on 18 June 2014, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of Harvest VISTA Trust
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 become 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. CT Lai, 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 the inclusion of non-HKFRS measures provides consistency in our financial reporting.

** For identification purposes only