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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 257)

ANNOUNCEMENT
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

HIGHLIGHTS

Bold Vision to Overcome every Challenge

- Revenue increased by 44% to HK$5,420,698,000 (2015 (restated): HK$3,769,079,000)
- EBITDA increased by 24% to HK$2,198,118,000 (2015: HK$1,778,791,000)
- Profit before tax increased by 20% to HK$1,768,500,000 (2015: HK$1,469,600,000)
- Profit attributable to equity holders of the Company increased by 21% to HK$1,208,912,000 (2015: HK$1,000,155,000)
- Excluding the gain on sale of listed securities of HK$92,904,000 in the first half of 2015, profit attributable to equity holders of the Company increased by 33%
- Interim dividend increased by 15% to HK7.5 cents per share (2015: HK6.5 cents)

INTERIM RESULTS

The board of directors (the "Board") of China Everbright International Limited (the "Company") announces the unaudited results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016. The interim financial results are unaudited, but have been reviewed by Ernst & Young, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), whose report on review of interim financial information is included in the interim report to be sent to shareholders. The interim financial results have also been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2016

	Notes	Six months ended 30 June 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000 (Restated)
REVENUE	*4*	**5,420,698**	3,769,079
Direct costs and operating expenses		**(3,167,603)**	(1,971,592)
Gross profit		**2,253,095**	1,797,487
Other revenue		**205,312**	110,862
Other income and gains/(losses), net		**(493)**	92,754
Administrative expenses		**(412,881)**	(307,238)
PROFIT FROM OPERATING ACTIVITIES		**2,045,033**	1,693,865
Finance costs	*6*	**(300,291)**	(224,163)
Share of profits/(losses) of joint ventures		**23,687**	(277)
Share of profit of an associate		**71**	175
PROFIT BEFORE TAX	*5*	**1,768,500**	1,469,600
Income tax	*7*	**(470,582)**	(366,675)
PROFIT FOR THE PERIOD		**1,297,918**	1,102,925
ATTRIBUTABLE TO:			
Equity holders of the Company		**1,208,912**	1,000,155
Non-controlling interests		**89,006**	102,770
		1,297,918	1,102,925
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*9*		
– Basic and diluted		**HK26.96 cents**	HK22.31 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**1,297,918**	1,102,925
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(776)**	29,051
Income tax effect relating to changes in fair value	**-**	(4,098)
Reclassification adjustment for gains included in the consolidated income statement		
– gain on disposal	**-**	(92,904)
– income tax effect relating to the disposal	**-**	13,936
	(776)	(54,015)
Exchange differences on translation of foreign operations	**(343,453)**	12,580
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(344,229)**	(41,435)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**953,689**	1,061,490
ATTRIBUTABLE TO:		
Equity holders of the Company	**903,438**	954,866
Non-controlling interests	**50,251**	106,624
	953,689	1,061,490

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2016

	Notes	**30 June 2016 (Unaudited)** *HK$'000*	31 December 2015 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**163,831**	166,099
Property, plant and equipment		**2,429,708**	2,350,265
Prepaid land lease payments		**139,308**	151,047
		2,732,847	2,667,411
Goodwill		**1,047,485**	1,061,891
Intangible assets		**3,956,439**	3,357,187
Interest in joint ventures		**332,332**	209,161
Interest in an associate		**236,065**	239,306
Gross amounts due from customers for contract work	*10*	**17,631,879**	15,822,848
Finance lease receivables		**18,607**	19,062
Other financial assets		**27,900**	24,800
Other receivables, deposits and prepayments	*11*	**6,012,880**	5,696,894
Deferred tax assets		**55,910**	36,483
Total non-current assets		**32,052,344**	29,135,043
CURRENT ASSETS			
Inventories		**330,336**	202,314
Gross amounts due from customers for contract work	*10*	**1,612,272**	1,546,505
Finance lease receivables		**457**	531
Debtors, other receivables, deposits and prepayments	*11*	**3,693,193**	3,060,436
Tax recoverable		**5,410**	4,831
Pledged bank deposits		**777,399**	555,277
Deposits with bank		**69,418**	164,654
Cash and cash equivalents	*12*	**6,014,226**	5,953,481
Total current assets		**12,502,711**	11,488,029

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
30 June 2016

	Notes	**30 June 2016 (Unaudited) *HK$'000***	31 December 2015 (Audited) *HK$'000*
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	*13*	**3,211,502**	2,794,456
Interest-bearing borrowings			
– Secured		**1,594,469**	1,947,620
– Unsecured		**2,448,564**	1,461,935
		4,043,033	3,409,555
Tax payable		**105,753**	119,295
Total current liabilities		**7,360,288**	6,323,306
NET CURRENT ASSETS		**5,142,423**	5,164,723
TOTAL ASSETS LESS CURRENT LIABILITIES		**37,194,767**	34,299,766
NON-CURRENT LIABILITIES			
Other payables	*13*	**41,584**	43,365
Interest-bearing borrowings			
– Secured		**8,690,875**	7,088,502
– Unsecured		**5,876,489**	5,322,609
		14,567,364	12,411,111
Deferred tax liabilities		**2,691,859**	2,424,749
Total non-current liabilities		**17,300,807**	14,879,225
NET ASSETS		**19,893,960**	19,420,541
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*14*	**7,405,414**	7,405,414
Reserves		**10,151,128**	9,790,740
		17,556,542	17,196,154
Non-controlling interests		**2,337,418**	2,224,387
TOTAL EQUITY		**19,893,960**	19,420,541

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2016 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *"Interim Financial Reporting"* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim financial information are consistent with those adopted in the annual financial statements for the year ended 31 December 2015 except for the changes in accounting policies made thereafter in adopting the revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which became effective for the first time for the current period's financial information, as further detailed in note 2 below. The interim financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the year ended 31 December 2015 that is included in the unaudited interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*
Amendments to HKAS 1	*Disclosure Initiative*
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

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

The adoption of the above revised HKFRSs had no significant effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective.

3. OPERATING SEGMENT INFORMATION

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

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

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

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

– Envirotech: this segment engages in the conduct of environmental protection technology research and development projects, the provision of environmental-related technological services, design of environmental protection projects and manufacturing and sales of environmental protection project equipment to generate revenue.

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

Segment assets include all tangible assets, intangible assets, goodwill, interests in an associate and joint ventures, deferred tax assets and current assets with the exception of investments in other financial assets, intercompany receivables and other corporate assets. Segment liabilities include current taxation, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segment and borrowings managed directly by the segments, with the exception of intercompany payables.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of equipment and provision of technological services, assistance provided by one segment to another, including technical knowhow, is not measured.

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

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

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

During the six months ended 30 June 2016, the Group redefined its business divisions to align with its organisational structure for the purpose of managing its strategic direction. Accordingly, the segment information of certain subsidiaries previously included in “Environmental technology and construction management” segment has been reclassified to “Environmental energy project construction and operation” segment and “unallocated head office and corporate income, expenses, assets and liabilities”, and the segment information of certain subsidiaries previously included in “unallocated head office and corporate income, expenses, assets and liabilities” has been reclassified to “Environmental energy project construction and operation” segment, “Environmental water project construction and operation” segment and “Greentech project construction and operation” segment. In addition, the Group reclassified the “Property investment” segment to “unallocated head office and corporate income, expenses, assets and liabilities” as a result of the diminishing importance of the “Property investment” segment to the operation of the Group. Accordingly, the comparative segment information has been reclassified to conform to the current period's presentation, and the revenue, contributed by the “Property investment” segment for the period ended 30 June 2015 of HK$2,723,000 was reclassified to other revenue on the face of the consolidated income statement.

3. OPERATING SEGMENT INFORMATION *(continued)*

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

For the six months ended 30 June

	Environmental energy project construction and operation		**Environmental water project construction and operation**		**Greentech project construction and operation**		**Envirotech**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)				(Restated)		(Restated)		(Restated)
Segment revenue:										
Revenue from external customers	**2,816,838**	2,495,504	**1,325,737**	946,144	**1,234,657**	321,852	**43,466**	5,579	**5,420,698**	3,769,079
Inter-segment revenue	**-**	59,778	**-**	-	**-**	-	**165,784**	126,878	**165,784**	186,656
Reportable segment revenue	**2,816,838**	2,555,282	**1,325,737**	946,144	**1,234,657**	321,852	**209,250**	132,457	**5,586,482**	3,955,735
Reconciliation:										
Elimination of inter-segment revenue									**(165,784)**	(186,656)
Reportable segment revenue derived from the Group's external customers									**5,420,698**	3,769,079

3. OPERATING SEGMENT INFORMATION *(continued)*

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

For the six months ended 30 June

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Envirotech		Total	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)				(Restated)		(Restated)		(Restated)
Segment results:										
Reportable segment profit (EBITDA)	**1,345,807**	1,199,355	**432,339**	411,143	**474,993**	147,295	**35,599**	13,451	**2,288,738**	1,771,244
Elimination of inter-segment profits									**(53,928)**	(46,516)
Reportable segment profit derived from the Group's external customers									**2,234,810**	1,724,728
Depreciation and amortisation									**(129,327)**	(85,028)
Finance costs									**(300,291)**	(224,163)
Unallocated head office and corporate income									**5,532**	99,682
Unallocated head office and corporate expenses									**(42,224)**	(45,619)
Consolidated profit before tax									**1,768,500**	1,469,600
Other segment information:										
Additions to property, plant and equipment during the period	**11,679**	6,940	**6,535**	2,444	**148,257**	702,448	**27,624**	19,176	**194,095**	731,008
Additions to intangible assets and non-current portion of prepayments during the period	**111,416**	-	**-**	321	**686,477**	14,211	**20,587**	406	**818,480**	14,938
Additions to non-current portion of other receivables and deposits and gross amounts due from customers for contract work during the period	**2,259,392**	2,060,847	**1,172,253**	562,624	**155,391**	47,018	**-**	-	**3,587,036**	2,670,489

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

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

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Envirotech		Total	
	At 30 June 2016 (Unaudited) *HK$'000*	At 31 December 2015 (Unaudited) *HK$'000* (Restated)	**At 30 June 2016 (Unaudited) *HK$'000***	At 31 December 2015 (Unaudited) *HK$'000* (Restated)	**At 30 June 2016 (Unaudited) *HK$'000***	At 31 December 2015 (Unaudited) *HK$'000* (Restated)	**At 30 June 2016 (Unaudited) *HK$'000***	At 31 December 2015 (Unaudited) *HK$'000* (Restated)	**At 30 June 2016 (Unaudited) *HK$'000***	At 31 December 2015 (Unaudited) *HK$'000* (Restated)
Reportable segment assets	**20,539,575**	18,617,663	**14,762,451**	13,694,024	**6,515,813**	5,464,048	**751,039**	667,388	**42,568,878**	38,443,123
Non-current other financial assets									**27,900**	24,800
Unallocated head office and corporate assets									**1,958,277**	2,155,149
Consolidated total assets									**44,555,055**	40,623,072
Reportable segment liabilities	**8,050,270**	7,408,760	**7,366,160**	6,403,135	**2,501,538**	1,923,952	**521,305**	494,921	**18,439,273**	16,230,768
Unallocated head office and corporate liabilities									**6,221,822**	4,971,763
Consolidated total liabilities									**24,661,095**	21,202,531

(ii) *Information about a major customer*

For the six months ended 30 June 2016, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenues. For the six months ended 30 June 2015, the Group had transactions with a local government authority in the PRC from which the revenue arisen exceeded 10% of the Group's revenues. The revenue from that PRC local government authority during the six months ended 30 June 2015 amounted to HK$438,492,000.

4. REVENUE

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

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Revenue from environmental energy project construction services	**1,808,704**	1,683,300
Revenue from environmental water project construction services	**699,300**	338,910
Revenue from greentech project construction services	**825,858**	40,338
Revenue from environmental energy project operation services	**522,868**	434,657
Revenue from environmental water project operation services	**356,391**	383,520
Revenue from greentech project operation services	**392,735**	274,834
Finance income	**771,376**	607,941
Revenue from sales of equipment and environmental protection project design services	**43,466**	5,579
	5,420,698	3,769,079

The aggregated revenues from environmental energy project construction and operation services, environmental water project construction and operation services, greentech project construction and operation services and finance income derived from the local government authorities in the PRC amounted to HK$5,213,187,000 (six months ended 30 June 2015: HK$3,649,321,000) for the six months ended 30 June 2016. The revenue are included in "Environmental energy project construction and operation", "Environmental water project construction and operation" and "Greentech project construction and operation" segments as disclosed in note 3.

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**68,597**	40,613
Amortisation		
– prepaid land lease payments	**3,472**	618
– intangible assets	**57,258**	43,797
Interest income	**(18,798)**	(24,235)
Government grant*	**(8,798)**	(16,208)
Value-added tax refund**	**(148,126)**	(52,324)
Gain on sale of listed securities	**-**	(92,904)

* Government grant of HK$8,798,000 (six months ended 30 June 2015: HK$16,208,000) was granted during the six months ended 30 June 2016 to subsidise certain environmental energy, environmental water and greentech projects of the Group in the PRC. There are no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grant in the future.

** Value-added tax refund of HK$148,126,000 (six months ended 30 June 2015: HK$52,324,000) was received/receivable during the six months ended 30 June 2016 in relation to environmental energy, environmental water and greentech project operations of the Group in the PRC. There are no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank advances and other loans	**300,291**	224,163

7. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

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

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – PRC:		
Charge for the period	**189,168**	126,302
Underprovision in prior periods	**4,530**	2,186
Deferred	**276,884**	238,187
Total tax expense for the period	**470,582**	366,675

8. DIVIDENDS

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividend attributable to the period:		
Interim – HK7.5 cents (six months ended 30 June 2015: HK6.5 cents) per ordinary share	**336,203**	291,441
Dividend paid during the period:		
Final in respect of the previous financial year – HK12.0 cents (six months ended 30 June 2015: HK6.0 cents) per ordinary share	**538,045**	269,023

The proposed interim dividend for the six months ended 30 June 2016 is subject to approval of the Company's shareholders. This unaudited interim financial information does not reflect the interim dividend payable.

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

The calculation of basic earnings per share amount for the six months ended 30 June 2016 is based on the profit for the period attributable to equity holders of the Company of HK$1,208,912,000 (six months ended 30 June 2015: HK$1,000,155,000) and the weighted average number of 4,483,541,370 (six months ended 30 June 2015: 4,483,712,000) ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2016 and 2015.

10. GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	At 30 June 2016 (Unaudited) ***HK$'000***	At 31 December 2015 (Audited) *HK$'000*
Contract costs incurred plus recognised profits less anticipated losses	**25,284,043**	22,944,995
Less: Progress billings	**(6,039,892)**	(5,575,642)
Net contract work	**19,244,151**	17,369,353
Representing:		
Gross amounts due from customers for contract work		
– Non-current	**17,631,879**	15,822,848
– Current	**1,612,272**	1,546,505
	19,244,151	17,369,353

Included in "Gross amounts due from customers for contract work" are amounts of HK$187,777,000 (31 December 2015: HK$161,293,000) and HK$148,527,000 (31 December 2015: HK$157,685,000) which are due from a non-controlling shareholder and a related company, respectively.

"Gross amounts due from customers for contract work" represent revenue from construction under Build-Operate-Transfer ("BOT"), Build-Transfer ("BT") and certain Build-Operate-Own ("BOO") arrangements or upgrade services under Transfer-Operate-Transfer ("TOT") arrangements and bear interest at rates ranging from 4.90% to 7.83% (31 December 2015: 5.65% to 7.83%) per annum. Among the total of HK$19,244,151,000 (31 December 2015: HK$17,369,353,000), HK$15,701,877,000 (31 December 2015: HK$13,496,518,000) relates to BOT, TOT and BOO arrangements with operation commenced. The amounts for BOT, TOT and BOO arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the service concession arrangements. The amounts for BT arrangements will be settled according to respective repayment schedules as stated in the agreements.

11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2016 (Unaudited)	At 31 December 2015 (Audited)
	HK$'000	*HK$'000*
Debtors	**1,504,571**	1,237,155
Other receivables, deposits and prepayments	**8,201,502**	7,520,175
	9,706,073	8,757,330
Less: Non-current portion		
– other receivables, deposits and prepayments	**(6,012,880)**	(5,696,894)
Current portion	**3,693,193**	3,060,436

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

	At 30 June 2016 (Unaudited)	At 31 December 2015 (Audited)
	HK$'000	*HK$'000*
Current	**665,692**	660,592
Within 1 month past due	**199,107**	122,976
More than 1 month but within 3 months past due	**68,495**	79,238
More than 3 months but within 6 months past due	**157,604**	124,983
More than 6 months but within 12 months past due	**220,024**	174,260
More than 12 months past due	**193,649**	75,106
Amounts past due	**838,879**	576,563
	1,504,571	1,237,155

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

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

	At 30 June 2016 (Unaudited) ***HK$'000***	At 31 December 2015 (Audited) *HK$'000*
Within 1 month	**392,613**	486,326
More than 1 month but within 2 months	**176,876**	122,894
More than 2 months but within 4 months	**194,689**	159,994
More than 4 months but within 7 months	**206,560**	193,757
More than 7 months but within 13 months	**271,587**	138,160
More than 13 months	**262,246**	136,024
	1,504,571	1,237,155

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

Included in "Debtors, other receivables, deposits and prepayments" of the Group are debtors of HK$1,504,571,000 (31 December 2015: HK$1,237,155,000) of which HK$28,643,000 (31 December 2015: HK$13,312,000) and HK$13,238,000 (31 December 2015: HK$8,628,000) are due from non-controlling shareholders and a related company, respectively. Debtors represent revenue from the provision of operation services for environmental energy projects, environmental water projects and greentech projects. There was no recent history of default in respect of the Group's debtors. Since most of the debtors are local government authorities in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognised by the Group at 30 June 2016 (31 December 2015: Nil).

"Debtors, other receivables, deposits and prepayments" include balances totalling HK$6,167,179,000 (31 December 2015: HK$5,946,927,000) which bear interest at rates ranging from 4.90% to 7.83% (31 December 2015: 5.65% to 7.83%) per annum and relate to the Group's service concession arrangements, among which HK$202,120,000 (31 December 2015: HK$202,523,000) and HK$483,652,000 (31 December 2015: HK$489,322,000) are due from a non-controlling shareholder and a related company, respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the service concession arrangements. No impairment loss was recognised by the Group at 30 June 2016 (31 December 2015: Nil).

Included in "Other receivables, deposits and prepayments" at 30 June 2016 are advances made to local government authorities in relation to service concession arrangements amounting to HK$93,946,000 (31 December 2015: HK$35,882,000), of which HK$39,028,000 (31 December 2015: HK$35,882,000) is unsecured, interest-bearing at rates announced by the People's Bank of China and will be settled by instalment until 2017 and HK$54,918,000 (31 December 2015: Nil) is unsecured, interest-bearing at 10% over rates announced by the People's Bank of China and will be settled by instalment until 2026.

Included in "Other receivables, deposits and prepayments" at 30 June 2016 is prepayments of HK$35,385,000 (31 December 2015: HK$7,644,000) to a non-controlling shareholder for construction works.

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

12. CASH AND CASH EQUIVALENTS

	At 30 June 2016 (Unaudited) *HK$'000*	At 31 December 2015 (Audited) *HK$'000*
Deposits with banks	**451,982**	901,813
Cash at bank and in hand	**5,562,244**	5,051,668
	6,014,226	5,953,481

Included in "Cash and cash equivalents" of the Group at 30 June 2016 are deposits of HK$762,526,000 (31 December 2015: HK$545,233,000) which are placed with a related party bank.

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2016 (Unaudited) *HK$'000*	At 31 December 2015 (Audited) *HK$'000*
Creditors	**2,181,053**	1,618,057
Other payables and accrued expenses	**1,018,519**	1,173,993
Deferred income - government grants	**53,514**	45,771
	3,253,086	2,837,821
Less: Non-current portion		
- deferred income - government grants	**(41,584)**	(43,365)
Current portion	**3,211,502**	2,794,456

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

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

	At 30 June 2016 (Unaudited) ***HK$'000***	At 31 December 2015 (Audited) *HK$'000*
Within 6 months	**1,948,023**	1,324,332
Over 6 months	**233,030**	293,725
	2,181,053	1,618,057

Creditors totalling HK$2,039,116,000 (31 December 2015: HK$1,507,603,000) represent construction payables for the Group's BT, BOT and certain BOO arrangements, among which HK$590,000 (31 December 2015: HK$1,196,000) is due to a non-controlling shareholder. The construction payables are not yet due for payment.

14. SHARE CAPITAL

	At 30 June 2016 (Unaudited) ***HK$'000***	At 31 December 2015 (Audited) *HK$'000*
Issued and fully paid:		
4,482,712,000 ordinary shares (31 December 2015: 4,483,712,000 ordinary shares)	**7,405,414**	7,405,414

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

15. BUSINESS COMBINATION

On 7 April 2016, the Group acquired 100% equity interest in 江蘇省節能工程設計研究院有限公司 ("Jiangsu Design & Research Institute") from an independent third party. Jiangsu Design & Research Institute is engaged in the provision of construction services, design of renewable energy construction projects and research and development of environmental protection equipment. The acquisition was made as part of the Group's strategy to expand its market share of the "Envirotech" segment. The total purchase consideration of HK$53,636,000 for the acquisition was in the form of cash, with HK$11,959,000 paid in February 2016 and the remaining HK$41,677,000 paid in March 2016.

15. BUSINESS COMBINATION *(continued)*

The fair values of the identifiable assets and liabilities of Jiangsu Design & Research Institute as at the date of acquisition were as follows:

	Fair value recognised on acquisition *HK$'000*
Property, plant and equipment	**715**
Prepaid land lease payments	**670**
Intangible assets	**20,032**
Debtors, other receivables, deposits and prepayments	**10,711**
Cash and cash equivalents	**28,112**
Creditors, other payables and accrued expenses	**(1,026)**
Tax payable	**(570)**
Deferred tax liabilities	**(5,008)**
Total identifiable net assets at fair value	**53,636**
Satisfied by cash	**53,636**

The fair values of the debtors and other receivables as at the date of acquisition amounted to HK$10,711,000. The gross contractual amounts of debtors and other receivables was HK$10,711,000, none of which are expected to be uncollectible.

The Group incurred transaction costs of HK$110,000 for this acquisition. These transaction costs have been expensed and are included in "Administrative expenses" in the consolidated income statement.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	HK$'000
Cash consideration	**(53,636)**
Cash and cash equivalents acquired	**28,112**
Net outflow of cash and cash equivalents included in cash flows from investing activities	**(25,524)**
Transaction costs of the acquisition included in cash flows from operating activities	**(110)**
	(25,634)

Since the acquisition, Jiangsu Design & Research Institute contributed HK$1,746,000 to the Group's revenue and a loss of HK$2,442,000 to the consolidated profit for the period ended 30 June 2016.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the period would have been HK$5,425,987,000 and HK$1,299,062,000, respectively.

16. COMPARATIVE AMOUNTS

As set out in note 3, certain comparative amounts have been reclassified to conform with the current period's presentation and disclosures. In the opinion of the directors of the Company, this presentation would better reflect the financial performance of the Group.

BUSINESS REVIEW AND PROSPECTS

Operating Results

The year 2016 marks the beginning of China's 13th Five-year Plan. In response to the challenges that lie ahead as the country transforms to a new normal economy, the government has set out five development principles, namely innovation, coordination, green development, opening-up and sharing. Among them, green development, a new theme in the government's plan, focuses on promoting ecological civilization and environmentally friendly manufacturing methods. This is further proof of the Chinese government giving priority to environmental issues and also indicates the direction of the future development of China's environmental industry.

The implementation on 1 January 2015 of the revised Environmental Protection Law, which is considered the most stringent in China's history, and the subsequent promulgation of the Water Pollution Prevention and Control Plan ("Clean Water Action Plan"), the Air Pollution Prevention and Control Plan ("Clean Air Action Plan") and the Soil Pollution Prevention and Control Plan ("Clean Soil Action Plan") have opened up immense growth opportunities for the entire energy conservation and environmental protection industry. China continues to prioritize ecological civilization and makes every effort to push forward comprehensive environmental management. These environmental policies have driven the development of environmental protection sectors including the harmless treatment and integrated recycling of urban and rural waste; the integrated treatment and recycling of water resources; the safe treatment of industrial hazardous waste; and soil remediation.

2016 also marks the first year of the Group's next level of growth. In the first half of 2016, the Group continued to benefit from the Chinese government's policy support of the environmental protection industry. Adhering to its approach of leveraging talent, technology, innovation and responsibility, the Group successfully navigated strong market competition and further implemented its strategy of "Expanding from Coastal Areas to Inland Cities, from Cities to Rural Areas, and from Domestic to Overseas Markets", which allowed its business segments to grow even more and achieve a satisfactory set of results.

During the period under review, the Group completed the restructuring of its management by dividing its businesses into four segments, namely envirotech, environmental energy, environmental water and greentech. Going forward, these four segments will commensurate with each other to drive the development of the Group, creating better growth prospects.

In terms of business development, the Group secured 18 new projects, with a total investment of approximately RMB9.456 billion. New projects included 7 environmental energy projects, 4 environmental water projects, 6 greentech projects and 1 overseas project. The Group also developed in new regions and new business sectors in China, setting new records in terms of the number of projects secured and investment contributed. Internationally, as part of China's "One Belt One Road" initiative, the Group in earlier this year set up an international business arm which serve as its overseas investment platform. In addition, it focused on entering the South East Asian, Southern Asian, Western Asian and Northern Asian markets, which delivered solid results.

During the period under review, the Group has entered into a preliminary sales and purchase agreement to acquire Novago sp. z o.o. ("NOVAGO"), Poland's leading solid waste treatment company. The transaction came after Chinese president Xi Jinping's visit to Poland which saw the two countries strengthening cooperation in the environmental and renewable energy fields. As a groundbreaking transaction and the largest acquisition in the environmental industry in Central and Eastern Europe by a Chinese company, the acquisition has laid a solid strategic foundation for its future expansion in the European markets. In addition, the Group has won the bid for Vietnam's Can Tho Waste-to-energy

Project and has tapped into the solid waste integrated treatment market in Southeast Asia in July 2016. The Group will build Vietnam's first waste-to-energy project which will implement technologies for the harmless treatment, reduction and reuse of household waste.

In the first half of 2016, the Group saw the highest number of projects commencing construction and under construction, with another batches of high-quality projects completed construction and commenced operations. Projects under construction or in the preparatory stage also made steady progress, further consolidating the Group's leading position in the industry. 27 projects were under construction (12 waste-to-energy projects, 1 food waste treatment project, 2 waste water treatment projects, 1 reusable water project, 2 hazardous waste treatment projects, 3 biomass direct combustion projects, 2 biomass cogeneration projects, 4 integrated biomass and waste-to-energy projects) commanding a total investment of approximately RMB10.298 billion. Of which, 14 projects commenced construction (6 waste-to-energy projects, 2 waste water treatment projects, 1 reusable water project, 1 biomass direct combustion project, 4 integrated biomass and waste-to-energy projects) with a total investment amounting to approximately HK$4.219 billion. During the period under review, 8 projects completed construction (2 waste-to-energy projects, 4 waste water treatment projects, 1 hazardous waste treatment project, 1 urban and rural integrated biomass and waste-to-energy project (waste-to-energy)) with a total investment amounting to approximately RMB1.532 billion. This laid a solid foundation for the Group to move on to the next stage of development.

In terms of management, in the pursuit of fast and steady development, the Group is committed to strengthen its internal management and ensure risk management effectiveness. During the period under review, the Group established and implemented a more professional environmental, safety, health and social responsibility ("ESHS") management system and risk management system. The implementation of the two systems, designed to disclose information, has strengthened management capabilities during day-to-day operations and controlled risks by setting up a complete system that integrates pre-identification and assessment processes with inspections and reviews, as well as post-appraisals and evaluation. In addition, the Group has fully implemented centralized management by regions, further enhanced the management of its talent pool and launched a new compensation and benefits system during the period under review. The Group has actively acquired both local and overseas management and technical professionals, especially in construction, operation management and technical positions, to enrich its talent pool. Meanwhile, the Group also completed an adjustment across the entire compensation and benefits system, which helped to retain and attract talent effectively.

As for social responsibility, since August 2015, the Group has been leading in disclosing the emission standards and environmental management information of all its operating waste-to-energy projects, and started to disclose its operating projects' monthly emission standards afterwards. The Group moved ahead of schedule in disclosing daily emission levels of its operating waste-to-energy projects in May this year, to lead and promote information disclosure of the industry. In addition, the Group was invited by United Nations Economic Commission for Europe International PPP Centre of Excellence to lead the development of the United Nations' PPP standards on waste-to-energy projects, which will showcase to the rest of the developing countries the Group's successful experience in implementing the PPP model in the environmental industry in developing countries and support the United Nation's sustainable development goals. This will enhance the Group's influence internationally and within the industry, further highlighting the Group's commitment to corporate social responsibilities.

Environmental issues are hot topics in the society and waste management attracts the most attentions. The Group insists to speak with its own projects through enhancing the transparency of its operation, disclosing information and technical standards, and building projects of world-class quality. Its waste-to-energy plants integrate ecology and environment in order to fulfill its responsibility for educating people about environmental protection. During the period under review, the Group's various environmental protection projects received over 1,660 visits with 28,800 domestic and foreign visitors. We believe that seeing is believing, and the public's concerns were resolved after visiting our projects. Furthermore, since June this year, the Group has opened its operating projects to the public during the first weekend of each month. The general public can make reservations to visit the plants by phone or by email. Through this initiative, the Group aims at joining hands with members of the public to help develop ecological awareness.

The Group has gained recognition from local governments, the investment community and society for its excellence and achievements in project quality, operation philosophy, corporate governance, risk control, management quality and social responsibility, etc. In the first half of 2016, the Group obtained a total of RMB174 million under the "Central Budgetary Investment Plan" for its high quality construction work. The inclusion of China Everbright Water Limited ("Everbright Water"), a non-wholly-owned subsidiary of the Group, as a constituent stock of the MSCI China Small Cap Index, is a testimony of the market's recognition of and interest in Everbright Water's business development and outlook. The Group also continued to receive a number of awards, including Best Social Responsibility Brand Award, Best CEO and Best CSR Award, etc. In the first half of 2016, the Group continued its role as lead sponsor of Earth Hour Hong Kong, organized by the WWF-HK, to help increase public awareness about environmental protection and energy conservation through a lights-off event.

In terms of business operations, the Group continued to encourage the independent operations of its four business segments in the first half of 2016 with outstanding performance. The Group's revenue, profits before tax and profit attributable to equity holders of the Company all experienced satisfactory growth. The Group's construction service revenue hits a record high, as the management of projects at the preparatory stage was strengthened and construction works were carried out steadily. The Group also saw continuous growth in revenue from operation services as it continued to reduce costs, expand its income streams and enhance efficiency. During the period under review, the Group's consolidated revenue amounted to HK$5,420,698,000, an increase of 44% over HK$3,769,079,000 in the first half of 2015. The EBITDA amounted to HK$2,198,118,000, an increase of 24% over HK$1,778,791,000 in the first half of 2015. Profit attributable to equity holders of the Company for the first half of 2016 was HK$1,208,912,000, 21% more than HK$1,000,155,000 recorded in the same period of last year. Excluding the gain on sale of listed securities of HK$92,904,000 in the first half of 2015, profit attributable to equity holders recorded an increase of 33%. Basic earnings per share for the first half of 2016 were HK26.96 cents, HK4.65 cents more than HK22.31 cents in the last corresponding period. The Group has ready access to financing channels, with an abundance of cash on hand which continues to rise, and it performed well in all financial indicators.

The Group remains dedicated to enhancing value for its shareholders (the "Shareholders"). To reward Shareholders for their support and for considering the Group's need to achieve long-term sustainable development, the Board declared to pay an interim dividend of HK7.5 cents per share to Shareholders (2015: HK6.5 cents per share).

Environmental Protection Business

To cope with the rapid development of the environmental protection industry, the Group has actively expanded its environmental protection business. As at 30 June 2016, the Group had secured 187 environmental protection projects with a total investment of approximately RMB48.568 billion, of which RMB21.457 billion are for completed projects and RMB10.298 billion relate to projects that were under construction; RMB16.813 billion were earmarked for projects in the preparatory stage.

During the period under review, the environmental energy, environmental water and greentech segments generated a total revenue of HK$5,377,232,000, of which construction service revenue increased by 62% to HK$3,333,862,000 and operation service revenue increased by 16% to HK$1,271,994,000 as compared with the same period in 2015. The proportions of the revenue are as follows: construction service revenue 62%, operation service revenue 24% and finance income 14%.

Major financial data from the environmental protection business in the first half of 2016 is summarised in the table below:

	For the six months ended 30 June 2016				For the six months ended 30 June 2015 (Restated)			
	Environmental Energy Projects	**Environmental Water Projects**	**Greentech Projects**	**Total**	Environmental Energy Projects	Environmental Water Projects	Greentech Projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
- Construction services	**1,808,704**	**699,300**	**825,858**	**3,333,862**	1,683,300	338,910	40,338	2,062,548
- Operation services	**522,868**	**356,391**	**392,735**	**1,271,994**	434,657	383,520	274,834	1,093,011
- Finance income	**485,266**	**270,046**	**16,064**	**771,376**	377,547	223,714	6,680	607,941
	2,816,838	**1,325,737**	**1,234,657**	**5,377,232**	2,495,504	946,144	321,852	3,763,500
EBITDA	**1,345,807**	**432,339**	**474,993**	**2,253,139**	1,199,355	411,143	147,295	1,757,793

In terms of energy conservation and emission reduction, during the period under review, the Group processed 4,227,000 tonnes of household waste and 39,000 tonnes of hazardous waste, 246,000 tonnes of agricultural waste and generated 1,710,956,000 kWh of green electricity. This output can support the annual electricity consumption of 1,416,000 households and is equivalent to saving 680,000 tonnes of standard coal and reducing carbon dioxide (CO_2) emissions by 1,409,000 tonnes. In addition, the Group treated 538,112,000 m^3 of waste water, 746,000 m^3 of leachate from waste-to-energy plants and reduced COD emissions by 165,000 tonnes. Since the Group's first environmental protection project commenced operation in 2005, it has processed an accumulated 32,388,000 tonnes of household and 392,000 tonnes of hazardous waste, 1,968,000 tonnes of agricultural waste and generated 11,610,046,000 kWh of green electricity, enough to provide the annual electricity consumption of 9,665,000 households and saves the equivalent of 4,639,000 tonnes of standard coal, reducing CO_2 emissions by 13,004,000 tonnes and preventing 1,509,306,000 trees from being cut down. The Group has treated 5,201,661,000 m^3 of waste water, 5,911,000 m^3 of leachate from waste-to-energy plants and reduced COD emissions by 1,900,000 tonnes.

I. Envirotech

An innovative company has the foresight to look into the future rather than being satisfied with its current achievement; and must constantly wish to innovate and not to bound to rules. The Group, which has always attached a high priority to technology and has been leveraging technology for development, believes technological innovation is the core competency of a corporation.

In the first half of 2016, the Group established the envirotech as a business segment leading its next round of development. The Group has implemented a broad restructuring program and was in the process of launching a series of major initiatives, including in the envirotech business. These included the acquisition of Jiangsu Design & Research Institute and the Nanjing Science and Technology Building, the establishment of Everbright Envirotech (China) Limited, the comprehensive cooperation with Zhejiang University, the setting up of the Environmental Energy Research Center, and active engagement in international technological exchange and cooperation. Through organizational restructuring, the envirotech business now comprises of 3 research institutes in the fields of incineration technology, environmental technology and electrical control technology, plus an information control center and a technical standards analysis and testing center. The set-up of the envirotech business has laid a solid foundation for the establishment of the Group's technology R&D platform.

In terms of equipment manufacturing, the Group has made progress by forming a distinct model that covers the entire waste-to-energy industry chain, and receiving the European Union's CE Mark for its self-developed grate furnace, which is among the first batch of grate furnace products to receive such recognition in China, helping the Group to accelerate its expansion into international markets. During the period under review, in accordance with the pace of construction for the Group's projects, the Group completed the production and commissioning of 6 sets of incinerators, 6 sets of gas purification systems and 5 sets of leachate treatment systems. In the first half of 2016, the external sales of waste incinerators, gas purification system and leachate treatment equipment attracted a total contract value of approximately RMB120 million.

The Group's acquisition of Jiangsu Design & Research Institute early this year allowed the Group to offer turnkey design solutions, a qualification which the Group previously lacked. Through the acquisition, the Group will be able to promote its development by leveraging both its light and heavy assets. In the first half of this year, the Jiangsu Design & Research Institute has completed the feasibility reports and construction drawing designs for its internal projects and secured several external project designs and engineering consultancies contracts with a total contract value of approximately RMB5.6 million.

During the period under review, the Group made good progress in R&D across various subjects and was granted 15 patents, of which 6 were invention patents and 9 were utility invention patents. The Group will continue to strengthen its efforts in advancing R&D to develop its business, fueling its capability, market expansion and sustainability.

With the implementation of China's "One Belt One Road" initiative and the opportunities presented by policies in relation to high-end equipment manufacturing, the Group will be able to introduce its environmental technologies and equipment abroad.

II. Environmental Energy

A. Environmental Energy

As of 30 June 2016, the Group had 53 waste-to-energy projects, 2 methane-to-energy projects, 1 sludge treatment and disposal project and 2 food waste treatment projects, commanding a total investment of around RMB25.066 billion. These facilities are designed with an annual household waste processing capacity of approximately 16,681,000 tonnes, which is able to generate an annual on-grid electricity of 5,067,220,000 kWh. The annual sludge treatment capacity is approximately 18,000 tonnes, while the annual food waste treatment capacity is approximately 73,000 tonnes.

In the first half of 2016, the Group secured 7 household waste-to-energy projects, with an increased designed daily household waste processing capacity of 7,800 tonnes, boosting the total daily waste processing capacity to 45,700 tonnes. Among them, the Dismantling, Redevelopment and Upgrading Project of the Suzhou Waste-to-energy Project represents another milestone of the Group. Upon completion, the plant's annual pollutant emissions will be lower than the approved standard of the project's previous environmental impact assessment by more than 10%.

Our successful market expansion was driven by the stability of existing projects in operation, which not only comply with discharge standards, but are also regarded as pioneers when it comes to standards for industrial and construction techniques. The Group continues to shoulder the responsibility for setting industry standards. With the successful application of grate furnaces, gas emission purification and the third generation leachate treatment technologies, newly completed waste-to-energy projects have significant enhancement in terms of operation standards and efficiency.

Regarding operation management, all environmental projects of the Group comply with the industry's highest construction and operations standards. The gas emissions of the Group's waste-to-energy projects have been gradually upgraded to fully comply with the Euro 2010 Standard, and the leachate treatment has reached the national grade I emission standard. All the project companies, through intercompany competitions, have optimized maintenance plans, energy-intensive leachate treatment and the management of induced draft fans, circulating pumps and feed water pumps, which resulted in a continuous increase in aggregated average electricity generation per tonne of waste and a decline in the comprehensive auxiliary power consumption rate. Such an organic growth means the environmental protection business has an enormous room to grow.

The Group also made progress with its projects both under construction and in the preparatory stage. During the period under review, Hainan Sanya Waste-to-energy Project ("Sanya Project") Phase II and Hunan Yiyang Waste-to-energy Project ("Yiyang Project") were completed and commenced operations. Yiyang Project is the Group's first environmental project in Hunan Province while Sanya Project Phase II was able to commence operation 104 days ahead of schedule while at the same time ensuring construction safety on the premises and maintaining the ongoing operation of Sanya Project Phase I, making itself another role model in terms of construction duration. The Group had 1 food waste treatment project and 12 waste-to-energy projects under construction with a total designed daily waste processing capacity of 100 tonnes and 12,600 tonnes respectively, including Shandong Xintai Waste-to-Energy Project which just commenced construction during the period under review.

In July 2016, the Group also secured Shandong Fei County Waste-to-energy Project and Shandong Weifang Waste-to-energy Project Phase II, with a total investment amounting to RMB515 million and an increased daily household waste processing capacity of about 1,100 tonnes.

During the period under review, the Group's environmental energy projects processed a total of 4,196,000 tonnes household waste and generated a total on-grid electricity of 1,175,098,000 kWh, an increase of 29% and 33% respectively as compared with the same period last year. Environmental energy projects contributed an EBITDA of HK$1,345,807,000, an increase of 12% as compared with the same period last year. Environmental energy projects contributed segment net profit of HK$867,730,000, an increase of 18% as compared with the same period last year. The increase in profit was mainly due to the recognition of construction service revenue and costs saved on construction projects, as well as an increase in the operation service revenue due to continued growth in operating projects' processing volumes during the period under review.

Major operating and financial data of the environmental energy business in the first half of 2016 is summarised in the table below:

	2016	2015 (Restated)
Waste-to-energy Projects		
Waste processing volume (tonne)	**4,196,000**	3,260,000
On-grid electricity (MWh)	**1,175,098**	881,561
EBITDA (HK$'000)	**1,345,807**	1,199,355
Segment net profit (HK$'000)	**867,730**	735,704

B. Environmental Protection Industrial Parks

The Group actively encourages environmental protection. Under the principle of "Implementing Projects with One Success Followed by Another", the Group works closely with relevant local government authorities to design and build environmental protection industrial parks, making full use of local resources within the park, sharing infrastructure and optimizing available land resources for planning of various kind of environmental protection projects. The goal of this exercise is to make the recycling of solid waste as efficient as possible, enhance energy conservation and reduce emissions efficiently, so as to make it easier for the government and enterprises to implement a centralized management system and ultimately achieve Nil Discharge in pollution. The parks are established as modern environmental protection industrial parks and educational hubs for environmental protection.

As at 30 June 2016, the Group had 10 environmental protection industrial parks in Xinyi, Suzhou, Changzhou, Suqian, Zhenjiang New District, Yixing, Lianyungang Xuwei New District, Nanjing of Jiangsu Province, Weifang of Shandong Province and Ganzhou of Jiangxi Province.

III. Environmental Water

As at 30 June 2016, Everbright Water, of which the Group owns 74.71% and is listed on the Mainboard of the Singapore Exchange Securities Trading Limited, has 64 waste water treatment projects, 5 reusable water projects and 2 waste water source heat pump projects, commanding a total investment of RMB10.634 billion. These projects are designed to have an annual waste water treatment capacity of approximately 1,564,025,000 m^3, to provide a total annual reusable water volume of 29,634,000 m^3, and to offer heating and cooling services to an area of 312,000 m^2 via waste water source heat pump projects.

In the first half of 2016, following a series of acquisitions and restructuring, Everbright Water's daily waste water treatment volume increased over 12% as compared to the end of last year. With the scale of operations taken to a whole new level, and its market reach and business scope continuously expanding as a result, Everbright Water has successfully integrated and transformed the projects it acquired.

During the period under review, Everbright Water secured 4 new waste water treatment projects, which increased the Group's daily waste water treatment capacity by 455,000 m^3. In addition, Everbright Water won the tender for a public-private partnership ("PPP") project to construct the "sponge city" of Zhenjiang ("Zhenjiang Sponge City PPP Project") during the period under review. The Zhenjiang Sponge City PPP Project is one of 16 "sponge city" pilot projects which will receive financial support from the Central Government of the PRC, as jointly announced by the Ministry of Finance, the Ministry of Housing and Urban-Rural Development and the Ministry of Water Resources of the PRC. It also serves as an example of a PPP project that is used by the Ministry of Finance of the PRC. These achievements mark Everbright Water's successful entry into a new business area.

As for projects under construction, during the period under review, 4 waste water treatment projects have completed construction and 2 projects have commenced construction, including Liaoning Pulandian Waste Water Treatment Project Phase II and Nanjing Pukou Reusable Water Project.

In July 2016, Everbright Water secured Shandong Ju County Shudong Waste Water Treatment Project, which has a designed daily waste water treatment capacity of 20,000 m^3 with a total investment of approximately RMB50 million.

During the period under review, environmental water projects treated 538,112,000 m^3 of waste water, an increase of 32% compared with the last corresponding period. The environmental water projects contributed an EBITDA of HK$432,339,000, 5% more than the last corresponding period. Environmental water projects contributed segment net profit of HK$140,102,000, a decrease of 17% as compared with the same period last year. The decrease was mainly due to the recognition of an exchange loss of HK$38,388,000 arising from borrowings pegged to USD drawn for acquisition of Dongda Project as RMB depreciated against USD. Moreover, additional tax expenses (including corporate income tax and deferred tax) of approximately HK$13,000,000 in total was provided as a result of changes in tax calculation of a project pursuant to the requirements of local tax bureau. Excluding these factors, segment net profit increased 1% as compared with the same period last year.

Major operating and financial data of the environmental water business in the first half of 2016 is summarised in the table below:

	2016	2015
Environmental Water Projects		
Waste water treatment volume ('000m^3)	**538,112**	406,455
EBITDA (HK$'000)	**432,339**	411,143
Segment net profit (HK$'000)	**140,102**	169,299

IV. Greentech

As at 30 June 2016, the Group had a total of 51 greentech projects, including 26 biomass projects, 16 hazardous waste treatment projects, 7 solar energy projects and 2 wind power projects, commanding a total investment of approximately RMB11.535 billion. The aggregate power generation design capacity was 663.9 MW, the annual processing capacity of biomass raw material was approximately 4,870,000 tonnes, the annual designed processing capacity of household waste was approximately 1,278,000 tonnes, and the annual designed processing capacity of hazardous waste was approximately 383,000 tonnes.

The greentech business, driven by innovation, has risen and captured market share by expanding into various areas, from biomass direct combustion power generation projects to cogeneration projects as well as constructing urban and rural integrated projects; from hazardous waste landfill projects to hazardous waste diversified treatment projects. The Group ranked third in terms of aggregate power generation designed capacity of biomass projects in operation, under construction and at the planning stage among all biomass companies in China, while maintaining high efficiency in operations. The scale of the Group's hazardous waste disposal designed capacity ranked first in eastern China and third in the country.

Both the number of new projects secured and the number of projects under construction reached record highs in the first half of 2016. During the period under review, the Group secured 3 biomass projects and 3 hazardous waste treatment projects. The increased annual biomass material processing design capacity was approximately 900,000 tonnes per annum and the increased annual hazardous waste processing capacity was approximately 90,000 tonnes per annum, commanding a total investment of RMB1.874 billion.

During the period under review, the Group had 11 greentech projects under construction, two of which completed construction, including Guanyun Hazardous Waste Landfill Project Phase I in Jiangsu Province and Anhui Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy). Meanwhile, 5 projects commenced construction during the period under review, including Anhui Lingbi Integrated Biomass and Waste-to-Energy Project (Biomass); Lingbi Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy); Anhui Xiao County Integrated Biomass and Waste-to-Energy Project (Biomass); Xiao County Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy); and Anhui Nanqiao Biomass Direct Combustion Project. All projects under construction are progressing well and are expected to be completed in the second half of 2016 and 2017. Fueled by strong performance and growth, the Greentech business has entered into a new stage of development.

The Group secured Shandong Linyi Linshu Integrated Industrial Waste Treatment Project Phase I in July 2016, which has a hazardous waste incineration capacity of 20,000 tonnes per annum with a total investment amount of approximately RMB260 million.

During the period under review, the Group's greentech projects provided a total on-grid electricity of 376,117,000 kWh, an increase of 64% as compared with the same period last year. The greentech business contributed an EBITDA of HK$474,993,000, an increase of 222% as compared with the same period last year. The greentech business contributed the segment net profit of HK$314,848,000, an increase of 252% as compared with the same period last year. The increase in profit was mainly due to the significant increase in both the construction service revenue and the operation service revenue as compared with the same period last year.

Major operating and financial data of the greentech business in the first half of 2016 is summarised in the table below:

	2016	2015 (Restated)
Greentech Projects		
On-grid electricity (MWh)	**376,117**	229,236
Biomass raw materials processing volume (tonne)	**247,000**	280,000
Hazardous waste processing volume (tonne)	**39,000**	30,000
EBITDA (HK$'000)	**474,993**	147,295
Segment net profit (HK$'000)	**314,848**	89,324

In relation to the proposed spin-off and separate listing of its greentech business, the Group submitted a listing application form (Form A1) to the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in June 2016 for listing and permission to deal in the shares of China Everbright Greentech Limited ("CEGL") on the Main Board of the Stock Exchange. The spin-off listing will help unlock the potential value of CEGL and it is anticipated that this value will translate into a substantial enhancement to the existing value of the Company. The spin-off will also increase the operational and financial transparency of CEGL. The Group will carry out the separate listing in a timely and steady manner in accordance with the changes in market conditions so as to maximize benefits for the shareholders of the Company and CEGL.

Business Prospects

This year is the first year of China's 13th Five-Year Plan, and a crucial year for the environmental protection and new energy sector as many new policies are set to be announced which will benefit the industry. Premier Li Keqiang emphasized the importance of environmental protection in the Report on the Work of the Government in March, which mentioned that green energy and environmental protection are the main sectors that will underpin the development of China's new economy, with green development becoming the main theme for future development. Internationally, the 21st yearly session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) held at the end of 2015 saw the signing of the Paris Agreement, which established the long-term goal globally to cope with climate change. The agreement reflected a growing demand for environmental protection from many countries.

The environmental protection sector has strong prospects and huge potential. As one of the leading enterprises in China's environmental protection industry with the support of various favourable national policies, the Group will continue to demonstrate its all-round strength in building, operating and managing projects to a high standard. The development and implementation of new technologies will be the main theme running through the Group's innovations, and to this end, the Group will also on pushing forward R&D, importing technology and extending collaborations with institutions and research institutes.

In line with China's overall development strategy, the Group will adhere to the "three strategies" to promote the development and innovations of its four business segments. The three strategies include the "One Belt One Road" initiative, the Beijing-Tianjin-Hebei region coordinated development strategy and the Yangtze River Economic Belt development strategy with our four business segments focusing on envirotech, environmental energy, environmental water and greentech.

In addition, the Group will leverage its existing advantages in technology and equipment, seize the opportunity presented by the development of the United Nations' PPP standards on waste-to-energy projects and focus on the development of alternative energy under the "One Belt One Road" initiative in order to explore new business opportunities and promote another round of growth for the Group. This growth will be driven by our talent and technology through different channels, methods and models including BOT (Build-Operate-Transfer), TOT (Transfer-Operate-Transfer), BOO (Build-Operate-Own) models, acquisitions and reorganization.

As one of the leading enterprises in the environmental protection sector, the Group will continue adhere to its core value of "An enterprise is not only the Creator of Wealth but also the Safeguard of Environmental and Social Responsibility" and to manage and operate its environmental protection business through market-oriented and commercial practices, while at the same time upholding its social responsibility to help solve environment problems in China and the rest of the world. In doing so, it will improve urban environment and make a significant contribution to environmental management.

The Group will benefit from the support of the national policies and the environmental sector's broad prospects. Moreover, with strong support from China Everbright Group Ltd. and the well-rounded strength and resources of the Group, the management has full confidence in the Group's future development.

Financial Position

As at 30 June 2016, the Group's total assets amounted to HK$44,555,055,000 with net assets amounting to HK$19,893,960,000. Net asset value per share attributable to equity holders of the Company was HK$3.917 per share, representing an increase of 2% as compared to HK$3.835 per share as at the end of 2015. As at 30 June 2016, gearing ratio (total liabilities over total assets) of the Group was 55%, an increase of 3 percentage points as compared to that of 52% as at the end of 2015.

Financial Resources

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and low cost funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks and its holding companies. As at 30 June 2016, the Group had cash and bank balances of HK$6,861,043,000, representing an increase of HK$187,631,000 as compared to HK$6,673,412,000 at the end of 2015. Currently, most of the Group's cash, representing 88%, is denominated in Hong Kong dollars and Renminbi.

Borrowing

The Group is dedicated to improving banking facilities to reserve capital to support its environmental protection business development. As at 30 June 2016, the Group had outstanding borrowings of HK$18,610,397,000, representing an increase of HK$2,789,731,000 as compared to HK$15,820,666,000 at the end of 2015. The borrowings included secured interest-bearing borrowings of HK$10,285,344,000 and unsecured interest-bearing borrowings of HK$8,325,053,000. The borrowings are mainly denominated in Renminbi, representing about 50% of the total, and the remainder is denominated in US dollars and Hong Kong dollars. Most of the borrowings are at floating rates. As at 30 June 2016, the Group had banking facilities of HK$26,078,655,000 of which HK$7,468,258,000 have not been utilised. The banking facilities are of 1 year to 10 years terms.

Foreign Exchange Risks
The Company's financial statements are denominated in Hong Kong dollars, which is the functional currency of the Company. The Group's investments made outside Hong Kong (including mainland China) can incur foreign exchange risks. The Group's operations are predominantly based in mainland China, which makes up over 90% of its total investments and revenue. The Group's assets, borrowings and major transactions are mainly denominated in Renminbi, and as such, it forms a natural hedging effect. With this in mind, the Group also pursues an optimal allocation of borrowings in Hong Kong dollars, Renminbi and US dollars while setting appropriate levels of borrowing in non-base currencies, and closely monitoring foreign exchange risk. The Group will regularly review its business development, assets and liabilities, and adopt proper financial instruments to manage foreign exchange risk.

Pledge of Assets
Certain banking facilities at the Group were secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages on fixed assets and equity interests of certain subsidiaries of the Company. As at 30 June 2016, the aggregate net book value of assets and equity interests in subsidiaries pledged amounted to approximately HK$20,783,777,000.

Commitments
As at 30 June 2016, the Group had purchase commitments of HK$2,958,133,000 outstanding in connection to construction contracts.

During the period under review, the Group entered into a preliminary sale and purchase agreement (the "Preliminary Agreement") with certain independent third parties (the "Sellers") to acquire 100% equity interests in two companies incorporated in the Republic of Cyprus and the Republic of Poland (the "Target Companies"), at a total consideration of approximately Euro119,458,000 or Polish zloty 525,087,000 (equivalent to approximately HK$1,049,289,000), subject to terms and conditions as specified in the Preliminary Agreement, including the conclusion of final share purchase agreement and fulfillment of requirements under the applicable laws and regulations in the Republic of Poland (the "Poland Acquisition"). The principal activities of the Target Companies and their subsidiaries involve the provision of waste treatment service in the Republic of Poland. The above acquisition has not been completed as at 30 June 2016 and the date of this announcement. As at 30 June 2016, the Group has outstanding capital commitment for the purchase consideration of the Target Companies not provided for in the unaudited interim financial information of HK$1,049,289,000.

Contingent Liabilities
As at 30 June 2016, the Company issued financial guarantees to 4 wholly-owned subsidiaries. The Board does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 30 June 2016 for the provision of the guarantees was HK$1,203,232,000.

For the purpose of the Poland Acquisition, the Company irrevocably and unconditionally guarantees the obligation of a subsidiary to pay a contractual penalty under certain clauses stated in the Preliminary Agreement to the Sellers, jointly and severally with the subsidiary (the "Guarantee"). As at 30 June 2016, the total contingent liability of the Company in respect of the Guarantee is limited to Polish zloty 40,000,000 (equivalent to approximately HK$79,933,000). Such contingent liability will be expired at the earlier of (i) 23 January 2017 or (ii) completion of the Poland Acquisition.

Internal Management
Strengthening management and risk control have always been important duties during the business development of a corporation. The Group adheres diligently to the management principle of People-oriented, Pragmatism, Creativity and Systematic Management and is committed to building a comprehensive risk management culture. With the efforts of the Risk Management Advisory Committee

for investment projects, the Engineering and Technology Management Committee and the Budget Management Committee, the Group has formulated strict regulations on investment in, and the construction and operation of environmental protection projects.

During the period under review, the Group held management committee meetings on a monthly basis to review all projects under construction and operation. Also during this period, the Group's Internal Audit Department conducted internal audits and ensured strict enforcement of various management systems to enhance internal management. Since the beginning of this year, the Group has been focused on carrying out projects which are currently under construction or at the preparatory stage, and went through formalities to ensure that all projects meet their legal obligations during construction and operation. During the period under review, the Group issued "Management Rules for Projects in the Preparatory Stage" and "Management Rules for Projects Under Construction" so that future projects can make reference to appropriate management guidelines. Through standardized management practices, the Group intends to improve its own overall operation procedures and management, and even influence those of the entire environmental protection industry, in the most efficient possible way.

Committed to maintaining safe and stable operations in compliance with discharge standards, and with the goal of ensuring no major safety and environmental accidents, the Group encouraged the project companies to compete with each other on conserving, enhancing efficiency, saving energy and controlling costs. The comprehensive auxiliary power consumption rates of waste-to-energy projects, biomass projects and solar energy projects, as well as the unit operating cost of waste water treatment projects continued to decline, contributing to an improvement in project efficiency.

Human Resources

The Group highly values its human resources and puts great emphasis on staff training. It believes that realizing the full potential of its employees is crucial to its long term growth. The Group continued to improve its human resources through internal training as well as local, overseas, and on-campus recruitment. During the period under review, the Group held training sessions on ESHS, risk management and financial management to enhance the overall quality of its staff. To facilitate the integration of newly recruited staff, the Group held its 14th and 15th rounds of job training for more than 530 participants. A total of 36 managers and senior technical staff successfully completed the Tsinghua University CEO Course (the 5th session). To ensure that employees' development meets the objectives of the Group's sustainable development, the Group enriched its management level talent pool for its four core businesses. Through competition and selection processes, staff members were highly motivated, and the sessions allowed those who have passion and vision to grow and unleash their potential in the right job positions.

As at 30 June 2016, the Group had approximately 4,700 employees in Hong Kong and Mainland China. Employees within the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from a discretionary performance bonus, the Group also provides other benefits such as medical insurance and a provident fund scheme to employees in Hong Kong.

Principal Risks and Uncertainties

During the period under review, the Group has been continuously enhancing the risk management system, as well as identifying and analyzing the critical risks faced by the Group, and implementing feasible risk mitigation actions. Key risks to the Group's development in environmental protection business include talent management, environmental and social responsibility, competition, new business investment and development, technology and innovation, change of environmental protection policy and business model, etc.

Talent management risk mainly refers to the risk of failure in recruiting, retaining and developing sufficient talents for continuous business development because of the Group's rapid business development and huge demand for talents while at the same time facing severe competition over environmental protection specialists from the industry. During the period, the Group had completed enhancements over its remuneration system and remuneration structure so as to ensure that staff remuneration can align reasonably with market standard and maintain its competitiveness. The management structure and staff composition of the Group had been enhanced and the talent pool of senior management had been strengthened. Systematic staff training has been further enhanced to increase the overall effectiveness of training.

Environmental and social responsibility risk mainly refers to the risk of negative impacts over the construction and operation of projects, as a result of exceeding environmental emission limit, safety incidents and negative reports from media. The Group had continued to formally disclose the environmental emission data of all waste-to-energy projects during the period and proactively subject to the supervision of the general public. Through the organization of on-site project visits and various environmental protection promotion activities, and increase the public understanding on the technical operation of the projects, it can remove general public's queries and promote the Group's enthusiasm over the execution of environmental and social responsibility. Through the implementation of ESHS system and risk management system, as well as formulating the emergency incidents resolutions, it can thoroughly avoid risks.

Competition risk refers to the risk of the Group's capability in business development and the returns from investment projects being affected, as a result of the severe competition from competitors throughout the industry. The Group had, through continuous enhancement in construction design, upgrade of equipment efficiency, enhancement in project management standard, improved the overall quality of projects and reduced the construction and operation costs. Maintaining good cooperation relationship with government facilitated us to obtain projects with better terms and conditions, and thus increase profitability. Participating in the formulation of PRC waste-to-energy industry standards, so as to raise the industry entrance barrier and build a constructive competitive environment.

New business investment and development risk mainly refers to the risk of failure in developing new business types and locations which affect the Group's profitability. Technology and innovation risk mainly refers to the risk of failure in satisfying business development needs through research and development and the introduction of new technology, which affect the Group's profitability. The Group had set up the International Business Department during the period and introduced new talents in order to strengthen the development of international businesses. The Group had also set up a specialized group for international investment projects in order to thoroughly analyze the relevant investment risks, and implement risk mitigation actions and follow-up works. The previously introduced overseas technologies and the products from research and development had been gradually applied on projects. The annual research and development plan had fully covered the Group's major areas of project development including biomass, urban-rural integration model, hazardous waste treatment, etc.

Change of environmental protection policy and business model risks mean the risks of failure in responding timely and effectively to environmental protection policies and business models respectively, which bring negative impact to the Group's business. The Group has, from time to time, highly concerned with those changes in external factors such as environmental protection policies and business models, and the relevant impacts to the Group's business development. Regular reports and discussions have been organized for those relevant employees to implement the mitigation actions, enhance the internal control and arrange suitable trainings, so as to timely and effectively respond to the external changes and avoid the risks involved.

Environmental and Social Management
The Group established an environmental and social management system following Asian Development Bank's Safeguard Policy Statement 2009 and other internationally recognized practices, which defines concrete procedures to ensure the environmental and social impacts of our activities are within the statutory limits. In order to speed up the process of becoming an outstanding international enterprise, in 2015 the Group established the Environmental, Safety, Health, and Social ("ESHS") Management Committee, which is chaired by our Chief Executive Officer and serves to guide the Environmental Management Department to supplement and enhance the existing system. The new ESHS management system was completed and put into use in the first half of 2016. It is expected that the new system can improve our performance on environmental compliance, occupational safety, employee welfare and community development.

The operating and environmental performance of our projects strictly adheres to relevant standards and the requirements of their respective Environmental Impact Assessment Report. We also take into consideration the expectations of our neighboring communities. The key regulations and standards that are highly relevant to our business include the Environmental Protection Law of the People's Republic of China, Production Safety Law of the People's Republic of China, Labor Law of the People's Republic of China; Standard for Pollution Control on the Municipal Solid Waste Incineration (GB18485-2014) and Directive 2010/75/EU and its relevant Annexes/Amendments (for environmental energy projects), Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) (for biomass power generation projects of greentech), as well as Discharge Standard of Pollutant for Municipal Wastewater Treatment Plant (GB18918-2002) (for environmental water projects). No breach of these regulations and relevant environmental protection standards that has significant loss and impact to the Group was recorded in the first half of 2016.

Conforming to the national environmental management strategy in improving air quality and conserving natural resources, the Group continuously monitors its emission data and resources usage, and publishes key performance indexes on the website, LED display screens outside the plants, and our annual sustainability reports. On 11 May 2016, the Group announced in a press conference in Beijing that it would disclose on a daily basis the emission data of its operating projects, including the daily average level of online monitored flue gas emissions, daily test results of leachate treatment water quality, etc., proactively inviting the public's supervision.

Corporate Governance
The Group strives to maintain a high standard of corporate governance as it believes good corporate governance practices are increasingly important for maintaining and promoting the confidence of the Shareholders. They are crucial for the development of the Group's business and protection of the Shareholders' interests. The Group upholds the management principle of "People-oriented, Pragmatism, Creativity and Systematic Management", and through a set of rules and regulations, has continuously strengthened internal controls and risk prevention and management. Furthermore, by full and timely public disclosure of information, the Group has maintained transparency and accountability which also enhanced its corporate values. The Board meets regularly and has currently established six Board committees, namely Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee, Disclosure Committee and Management Committee. Concerning the risks of new project investments, the Group has set up two working committees, namely the Engineering and Technology Management Committee and the Investment Project Risk Advisory Committee, to respectively monitor and assess technological issues and potential risks involved in new investment projects, so as to enhance the technological standard and control the investment risk of new projects. In view of controlling the costs of construction projects, the Group insists stringent construction budget management, and has set up another working committee, the Budget Management Committee that focuses on monitoring construction costs. In addition, the Group has already set up few years ago an Internal Audit Department to perform internal audits to bolster the Group's management standards.

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

The Company has complied with the CG Code for the six months ended 30 June 2016, except that the Chairman of the Board was unable to attend the annual general meeting of the Company held on 17 May 2016 ("2016 AGM") due to other business engagements. This constitutes a deviation from code provision E.1.2 of the CG Code which requires the Chairman of the Board to attend the annual general meeting.

Audit Committee

The Audit Committee, currently comprising all 4 independent non-executive Directors, namely Mr. Mar Selwyn (Chairman), Mr. Fan Yan Hok, Philip, Mr. Li Kwok Sing, Aubrey and Mr. Zhai Haitao, is primarily responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing (if appropriate) the risk management and internal control systems and financial reporting matters of the Group, etc. The terms of reference of the Audit Committee are disclosed on the website of the Company.

The Audit Committee reviewed with the management and the Company's auditors, including but not limited to the accounting principles and practices adopted by the Group, significant audit matters such as significant accounting estimate and judgmental areas, and discussed the Group's risk management and internal control systems and financial reporting matters, including review of the unaudited interim results for the six months ended 30 June 2016 and reports from Internal Audit Department of the Company.

Risk Management Committee

On 1 January 2016, the Company established the Risk Management Committee which currently comprises Mr. Fan Yan Hok, Philip (Chairman), an independent non-executive Director, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer, Mr. Cai Shuguang, an executive Director, Mr. Mar Selwyn, an independent non-executive Director and Ms. Xu Nailing, the Deputy Chief Financial Officer of the Company and the Financial Controller of Everbright Environmental Protection (China) Limited (a wholly-owned subsidiary of the Company). Its main duties are to provide oversight of the Company's risk management programs, and to review the effectiveness of the management's processes for identifying, mitigating and monitoring enterprise-wide risks. The terms of reference for the Risk Management Committee have been established in writing.

During the period under review, the Risk Management Committee reviewed the establishment of a risk management system for the Group, 2016 risk management work plan, the risk management and internal control reporting mechanism, and the relevant disclosures concerning risk management in the annual report.

Nomination Committee

The Nomination Committee currently comprises Mr. Zhai Haitao (Chairman), an independent non-executive Director, Mr. Chen Xiaoping, the Chief Executive Officer, and 3 other independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn and Mr. Li Kwok Sing, Aubrey. Its primary responsibilities include making recommendations to the Board on appointment of directors and assessing the qualifications and competencies of the candidates, so as to ensure that all nominations are fair and transparent. The terms of reference of the Nomination Committee are disclosed on the website of the Company.

Remuneration Committee
The Remuneration Committee currently comprises Mr. Li Kwok Sing, Aubrey (Chairman), an independent non-executive Director, Mr. Liu Jun, the Vice-chairman of the Board, and 3 other independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn and Mr. Zhai Haitao. The terms of reference of the Remuneration Committee, which are disclosed on the website of the Company, set out the duties of the Remuneration Committee, including determining, with delegated responsibilities, the remuneration packages of the individual executive Directors and senior management.

During the period under review, the Remuneration Committee members reviewed the remuneration adjustment proposal for the directors and management of the PRC subsidiaries and four business segments of the Company, as well as the remuneration proposal for the senior management of the Company.

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

Management Committee
The Management Committee comprises Mr. Chen Xiaoping (Chairman), the Chief Executive Officer, Mr. Wang Tianyi, the General Manager, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer, Mr. Cai Shuguang, an executive Director, Mr. Hu Yanguo, Mr. Qian Xiaodong and Mr. An Xuesong. The Management Committee is responsible for the management of daily business operations, formulating and implementing annual work tasks and medium-term development plans for the Group etc. The Management Committee is the decision-making body for day-to-day business activities and makes collective decisions on major matters relating to the Group's daily business operations, management and personnel matters, etc. The terms of reference of the Management Committee have been established in writing.

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

Model Code for Securities Transactions by Directors
The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions by the Directors. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months ended 30 June 2016.

Interim Dividend
The Board declared payment of an interim dividend of HK7.5 cents per share (2015: HK6.5 cents per share) to the Shareholders whose names appear on the register of members of the Company on Thursday, 15 September 2016. The interim dividend cheques will be dispatched to the Shareholders on or about Monday, 3 October 2016.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 13 September 2016 to Thursday, 15 September 2016, both days inclusive, on which no transfer of shares will be effected. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 12 September 2016.

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

During the period under review, the Company bought back 1,000,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK$7,949,990. The aim of the buy-back by the Board was to enhance the value for Shareholders. Details of the buy-back are as follows:

Month/ Year	**Number of shares bought back**	**Highest price paid per share** *HK$*	**Lowest price paid per share** *HK$*	**Aggregate consideration** *HK$*
May 2016	1,000,000	7.99	7.78	7,949,990

All 1,000,000 ordinary shares bought back were cancelled on delivery of the share certificates during the interim period. The aggregation consideration of HK$7,949,990 was paid out from the Company's retained profits.

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the period under review.

By Order of the Board
China Everbright International Limited
Chen Xiaoping
Chief Executive Officer

Hong Kong, 15 August 2016

As at the date of this announcement, the Board comprises: (i) six executive directors, namely Mr. Tang Shuangning (Chairman), Mr. Liu Jun (Vice-chairman), Mr. Chen Xiaoping (Chief Executive Officer), Mr. Wang Tianyi, Mr. Wong Kam Chung, Raymond and Mr. Cai Shuguang; and (ii) four independent non-executive directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Li Kwok Sing, Aubrey and Mr. Zhai Haitao.