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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 2019

HIGHLIGHTS

- Revenue increased by 38% to HK$16,225,718,000 (2018: HK$11,784,390,000)
- EBITDA increased by 25% to HK$5,500,987,000 (2018: HK$4,414,814,000)
- Profit before tax increased by 23% to HK$4,297,013,000 (2018: HK$3,496,964,000)
- Profit attributable to equity holders of the Company increased by 20% to HK$2,630,366,000 (2018: HK$2,200,900,000)
- Interim dividend of HK13.0 cents per share (2018: HK12.0 cents per share)

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") of China Everbright International Limited (the "Company" or "Everbright International") announces the unaudited interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2019. The interim financial results are unaudited, but have been reviewed by Ernst & Young ("EY"), in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), whose report on review of interim financial information is included in the interim report to be sent to the shareholders of the Company (the "Shareholders"). The interim financial results have also been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*4*	**16,225,718**	11,784,390
Direct costs and operating expenses		**(10,572,459)**	(7,300,582)
Gross profit		**5,653,259**	4,483,808
Other revenue		**408,931**	345,379
Other income and gains/(losses), net		**(23,447)**	(2,884)
Administrative expenses		**(1,008,402)**	(756,194)
PROFIT FROM OPERATING ACTIVITIES		**5,030,341**	4,070,109
Finance costs	*6*	**(828,778)**	(618,705)
Share of profits of joint ventures		**84,846**	43,889
Share of profits of associates		**10,604**	1,671
PROFIT BEFORE TAX	*5*	**4,297,013**	3,496,964
Income tax	*7*	**(1,046,525)**	(856,599)
PROFIT FOR THE PERIOD		**3,250,488**	2,640,365
ATTRIBUTABLE TO:			
Equity holders of the Company		**2,630,366**	2,200,900
Non-controlling interests		**620,122**	439,465
		3,250,488	2,640,365
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*9*		(Restated)
– Basic and diluted		**HK42.82 cents**	HK47.78 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**3,250,488**	2,640,365
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(383,937)**	992,556
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**(383,937)**	992,556
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Other financial assets measured at fair value through other comprehensive income:		
Changes in fair value	**(2,163)**	1,316
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(2,163)**	1,316
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(386,100)**	993,872
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**2,864,388**	3,634,237
ATTRIBUTABLE TO:		
Equity holders of the Company	**2,324,317**	3,044,485
Non-controlling interests	**540,071**	589,752
	2,864,388	3,634,237

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2019

	Notes	**30 June 2019 (Unaudited)** *HK$'000*	31 December 2018 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Investment properties		**158,776**	159,310
Property, plant and equipment		**4,512,456**	4,410,100
Right-of-use assets		**376,078**	–
Prepaid land lease payments		**–**	213,082
		5,047,310	4,782,492
Goodwill		**1,932,633**	1,753,737
Intangible assets		**15,376,205**	12,642,951
Interests in joint ventures		**756,173**	679,246
Interests in associates		**363,504**	334,679
Contract assets	*10*	**49,172,729**	43,540,152
Finance lease receivables		**16,036**	16,435
Other financial assets		**480,347**	42,570
Debtors, other receivables, deposits and prepayments	*11*	**2,111,557**	1,572,127
Deferred tax assets		**167,686**	92,875
Total non-current assets		**75,424,180**	65,457,264
CURRENT ASSETS			
Inventories		**1,079,876**	658,759
Contract assets	*10*	**8,634,730**	7,536,954
Finance lease receivables		**598**	567
Debtors, other receivables, deposits and prepayments	*11*	**7,340,438**	5,492,094
Tax recoverable		**74**	1,519
Pledged bank deposits		**758,605**	1,115,382
Deposits with banks with maturity period over three months		**37,326**	2,722,719
Cash and cash equivalents		**12,037,686**	12,136,379
Total current assets		**29,889,333**	29,664,373

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2019

	Notes	**30 June 2019 (Unaudited) *HK$'000***	31 December 2018 (Audited) *HK$'000*
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	*12*	**11,093,052**	10,167,760
Interest-bearing borrowings			
– Secured		**2,755,057**	2,846,064
– Unsecured		**3,225,181**	2,088,871
		5,980,238	4,934,935
Tax payable		**194,675**	131,692
Total current liabilities		**17,267,965**	15,234,387
NET CURRENT ASSETS		**12,621,368**	14,429,986
TOTAL ASSETS LESS CURRENT LIABILITIES		**88,045,548**	79,887,250
NON-CURRENT LIABILITIES			
Other payables	*12*	**343,131**	299,269
Interest-bearing borrowings			
– Secured		**15,599,698**	13,537,237
– Unsecured		**22,718,121**	20,053,995
		38,317,819	33,591,232
Deferred tax liabilities		**6,074,442**	5,301,410
Total non-current liabilities		**44,735,392**	39,191,911
NET ASSETS		**43,310,156**	40,695,339
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*13*	**17,329,537**	17,329,537
Reserves		**18,191,855**	16,596,570
		35,521,392	33,926,107
Non-controlling interests		**7,788,764**	6,769,232
TOTAL EQUITY		**43,310,156**	40,695,339

Notes:

1. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "*Interim Financial Reporting*" issued by the Hong Kong Institute of Certified Public Accountants (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 2018 except for the changes in accounting policies made thereafter in adopting the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA, which became effective for the first time for the current period's financial information, as further detailed in note 2 below. The unaudited interim financial information is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

The financial information relating to the year ended 31 December 2018 that is included in this unaudited interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those 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 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on the financial statements for the year ended 31 December 2018. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements 2015-2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 *Leases*, the adoption of the new and revised HKFRSs has had no material impact on the unaudited interim financial information of the Group. The principal effects for adopting HKFRS 16 are as follows:

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases - Incentives* and HK(SIC)-Int 27 *Evaluating the Substances of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or financing leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained profits as at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

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

HKFRS 16 Leases *(continued)*

New definition of a lease *(continued)*

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components as a single lease component.

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, machinery, vehicles and other equipment. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases for low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) lease of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing borrowings.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of HK$55,910,000 that were reclassified from property, plant and equipment and the lease assets recognised previously under operating leases of HK$213,082,000 that were reclassified from prepaid land lease payments.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

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

HKFRS 16 Leases *(continued)*

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition (continued)

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) (Unaudited) *HK$'000*
Assets	
Right-of-use assets	284,022
Property, plant and equipment	(55,910)
Prepaid land lease payments	(213,082)
Total assets	15,030
Liabilities	
Interest-bearing borrowings – Unsecured (current portion)	2,523
Interest-bearing borrowings – Unsecured (non-current portion)	12,507
Total liabilities	15,030

3. OPERATING SEGMENT INFORMATION

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented four reportable segments.

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

- Greentech project construction and operation: this segment engages in the construction and operation of integrated biomass utilisation projects, hazardous and solid waste treatment projects, solar energy projects and wind power projects, and provision of environmental remediation services, 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, water supply, reusable water treatment plants, sludge harmless treatment, sponge city construction, river-basin ecological restoration, waste water source heat pump projects, leachate treatment, research and development of water environment technologies and engineering projects, to generate revenue from construction services, revenue from operation services as well as finance income.

- Others: this segment engages in the conduct of environmental protection technology research and development, the provision of environmental-related technological services, design of environmental protection projects, the provision of environmental protection project equipment construction and installation services and sales of related equipment, waste sorting, environmental and sanitary services, renewable resources utilisation, waste treatment and operation of landfill, from which it generates revenue.

3. OPERATING SEGMENT INFORMATION *(continued)*

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

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

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

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

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

3. OPERATING SEGMENT INFORMATION *(continued)*

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

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

For the six months ended 30 June

	Environmental energy project construction and operation		Greentech project construction and operation		Environmental water project construction and operation		Others		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue from external customers	**9,054,074**	5,912,652	**4,241,313**	3,150,890	**2,485,366**	2,309,551	**444,965**	411,297	**16,225,718**	11,784,390
Inter-segment revenue	**-**	-	**12**	2,017	**-**	50,924	**334,522**	757,197	**334,534**	810,138
Reportable segment revenue	**9,054,074**	5,912,652	**4,241,325**	3,152,907	**2,485,366**	2,360,475	**779,487**	1,168,494	**16,560,252**	12,594,528
Reconciliation:										
Elimination of inter-segment revenue									**(334,534)**	(810,138)
Reportable segment revenue derived from the Group's external customers									**16,225,718**	11,784,390
Segment results:										
Reportable segment profit (EBITDA)	**3,430,724**	2,644,042	**1,372,635**	1,030,591	**832,378**	782,598	**44,931**	383,312	**5,680,668**	4,840,543
Elimination of inter-segment profits									**(167,083)**	(365,285)
Reportable segment profit derived from the Group's external customers									**5,513,585**	4,475,258
Finance costs									**(828,778)**	(618,705)
Depreciation and amortisation, including unallocated portion									**(375,196)**	(299,145)
Unallocated head office and corporate income									**64,849**	8,667
Unallocated head office and corporate expenses									**(77,447)**	(69,111)
Consolidated profit before tax									**4,297,013**	3,496,964
Other segment information:										
Depreciation and amortisation	**76,820**	46,331	**172,888**	136,128	**48,336**	44,655	**68,114**	62,544	**366,158**	289,658
Impairment of debtors	**-**	-	**-**	-	**1,997**	2,865	**18,292**	-	**20,289**	2,865
Additions to property, plant and equipment and right-of-use assets/prepayment of land lease during the period	**74,806**	191,776	**260,061**	216,370	**14,005**	5,092	**58,416**	68,849	**407,288**	482,087
Additions to intangible assets and non-current portion of prepayments during the period	**1,433,665**	731,864	**2,062,454**	1,272,273	**134,844**	126,507	**12,415**	2,067	**3,643,378**	2,132,711
Additions to non-current portion of contract assets during the period	**6,012,372**	3,972,941	**550,131**	687,934	**1,625,401**	1,484,438	**-**	-	**8,187,904**	6,145,313

3. OPERATING SEGMENT INFORMATION *(continued)*

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

	Environmental energy project construction and operation		Greentech project construction and operation		Environmental water project construction and operation		Others		Total	
	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
Reportable segment assets	**50,266,650**	43,099,343	**22,564,462**	18,573,215	**20,976,573**	19,298,504	**4,495,059**	4,226,974	**98,302,744**	85,198,036
Unallocated head office and corporate assets									**7,010,769**	9,923,601
Consolidated total assets									**105,313,513**	95,121,637
Reportable segment liabilities	**20,936,652**	17,773,496	**12,509,814**	9,168,525	**11,907,396**	10,921,723	**2,469,267**	2,501,133	**47,823,129**	40,364,877
Unallocated head office and corporate liabilities									**14,180,228**	14,061,421
Consolidated total liabilities									**62,003,357**	54,426,298

(ii) Information about a major customer

For the six months ended 30 June 2019 and 2018, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenues.

4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
		(Restated)
Revenue from contracts with customers		
Revenue from environmental energy project construction services	**6,477,245**	3,920,125
Revenue from greentech project construction services	**2,234,898**	1,871,126
Revenue from environmental water project construction services	**1,381,311**	1,310,350
Revenue from environmental energy project operation services	**1,552,701**	1,144,107
Revenue from greentech project operation services	**1,916,386**	1,218,500
Revenue from environmental water project operation services	**712,232**	616,479
Revenue from equipment construction and installation services and sales	**197,039**	173,693
Others	**247,926**	237,604
Total revenue from contracts with customers	**14,719,738**	10,491,984
Finance income from service concession arrangements	**1,505,980**	1,292,406
Total revenue	**16,225,718**	11,784,390

The aggregated revenues from environmental energy project construction and operation services, greentech project construction and operation services, environmental water project construction and operation services and finance income derived from the local government authorities in the PRC amounted to HK$14,710,818,000 (six months ended 30 June 2018: HK$10,763,177,000) for the six months ended 30 June 2019. The revenues are included in "Environmental energy project construction and operation", "Greentech project construction and operation" and "Environmental water project construction and operation" segments as disclosed in note 3 to this unaudited interim financial information.

5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation		
– property, plant and equipment	**151,410**	135,692
– right-of-use assets	**13,016**	–
Amortisation		
– prepaid land lease payments	**–**	2,635
– intangible assets	**210,770**	160,818
Dividend income	**(181)**	(122)
Interest income	**(97,643)**	(51,834)
Government grants*	**(56,012)**	(34,230)
Value-added tax refund**	**(172,924)**	(191,578)
Impairment of debtors	**20,289**	2,865
Fair value losses/(gains), net:		
Other financial assets – unlisted equity investment	**(358)**	–
Other financial assets – unlisted investments	**3,814**	–
Contingent consideration receivable	**(727)**	–
Employee benefit expense:		
Wages, salaries, allowances and benefits in kind	**822,386**	630,342
Retirement scheme contributions	**187,020**	137,408
	1,009,406	767,750

* Government grants of HK$56,012,000 (six months ended 30 June 2018: HK$34,230,000) were granted during the six months ended 30 June 2019 mainly to subsidise certain environmental energy, greentech and environmental water projects of the Group in the PRC and Poland. 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 grants in the future.

** Value-added tax refund of HK$172,924,000 (six months ended 30 June 2018: HK$191,578,000) was received/receivable during the six months ended 30 June 2019 in relation to certain environmental energy, greentech and environmental water 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	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans and other loans	**774,818**	594,441
Interest on corporate bond	**60,726**	27,665
Interest on lease liabilities/finance leases	**1,940**	1,166
Others	**3,732**	–
Less: Interest expenses capitalised into construction in progress*	**(12,438)**	(4,567)
	828,778	618,705

* The borrowing costs have been capitalised at rates ranging from 4.90% to 5.39% (six months ended 30 June 2018: 4.66% to 4.90%) per annum during the six months ended 30 June 2019.

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 2019 (six months ended 30 June 2018: 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	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Elsewhere:		
Charge for the period	**324,201**	267,733
Underprovision/(overprovision) in prior periods	**(10,052)**	17,488
Deferred	**732,376**	571,378
Total tax expense for the period	**1,046,525**	856,599

8. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Dividend attributable to the period:		
Interim – HK13.0 cents		
(six months ended 30 June 2018: HK12.0 cents) per ordinary share	**798,587**	537,925
Final dividend in respect of the previous financial year paid		
during the period: – HK12.0 cents		
(six months ended 30 June 2018: HK12.0 cents) per ordinary share	**737,157**	537,925

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 2019 is based on the profit for the period attributable to equity holders of the Company of HK$2,630,366,000 (six months ended 30 June 2018: HK$2,200,900,000) and 6,142,975,292 (six months ended 30 June 2018: 4,606,078,797, as restated) ordinary shares in issue during the period.

The number of ordinary shares adopted in the calculation of basic earnings per share for the six months ended 30 June 2018 has been adjusted to reflect the bonus element of the rights issue during the year ended 31 December 2018.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2019 and 2018.

10. CONTRACT ASSETS

	Notes	At 30 June 2019 (Unaudited) HK$'000	At 31 December 2018 (Audited) HK$'000
Non-current			
Service concession assets	*(a)*	**49,172,729**	43,540,152
Current			
Service concession assets	*(a)*	**5,545,811**	5,112,965
Unbilled renewable energy tariff subsidy	*(b)*	**2,633,352**	1,835,849
Other contract assets	*(c)*	**455,567**	588,140
		8,634,730	7,536,954
Total		**57,807,459**	51,077,106
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in "intangible assets"		**5,198,285**	4,151,924

Notes:

(a) Included in "Service concession assets" are amounts of HK$566,366,000 (31 December 2018: HK$582,215,000) and HK$682,164,000 (31 December 2018: HK$603,995,000) which are related to the construction service under Build-Operate-Transfer ("BOT") and certain Build-Operate-Own ("BOO") arrangements or upgrade services under Transfer-Operate-Transfer ("TOT") arrangements rendered by the Group to a non-controlling shareholder of a non wholly-owned subsidiary and a related company, respectively.

"Service concession assets" arose from the Group's revenue from construction under BOT and certain BOO arrangements or upgrade services under TOT arrangements and bear interest at rates ranging from 4.90% to 7.83% (31 December 2018: 4.90% to 7.83%) per annum. Among the total of HK$54,718,540,000 (31 December 2018: HK$48,653,117,000), HK$33,669,140,000 (31 December 2018: HK$27,558,726,000) relates to BOT, TOT and BOO arrangements with operations commenced.

Pursuant to the BOT, TOT and BOO arrangements, the Group receives no payment from the grantors during the construction period and receives service fees when relevant services are rendered during the operating periods. The service concession assets are not yet due for payment and will be settled by service fees to be received during the operating periods of the service concession arrangements. Amounts billed will be transferred to debtors (note 11).

All of the current portion of service concession assets are expected to be recovered within one year.

10. CONTRACT ASSETS *(continued)*

Notes: (continued)

(b) The balance represented government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.

(c) The balance as at 30 June 2019 comprised contract assets of HK$263,316,000 (31 December 2018: HK$67,025,000) arising from performance under environmental remediation service contracts, HK$113,282,000 (31 December 2018: HK$251,466,000) arising from performance under construction management service contracts, and HK$78,969,000 (31 December 2018: HK$269,649,000) arising from performance under equipment construction and installation service contracts.

Such contracts include payment schedules which require stage payments over the service periods once milestones are reached.

Included in "Other contract assets" of the Group are amounts of HK$56,394,000 (31 December 2018: HK$235,309,000) and HK$11,452,000 (31 December 2018: HK$17,039,000) which are related to the construction management service rendered by the Group to joint ventures and the equipment construction and installation service rendered by the Group to an associate, respectively.

11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2019 (Unaudited) *HK$'000*	At 31 December 2018 (Audited) *HK$'000*
Non-current		
Debtors	**26,546**	50,216
Other receivables, deposits and prepayments	**2,085,011**	1,519,756
	2,111,557	1,569,972
Contingent consideration receivable	**–**	2,155
	2,111,557	1,572,127
Current		
Debtors	**3,299,978**	2,511,537
Less: Impairment	**(107,529)**	(87,980)
	3,192,449	2,423,557
Other receivables, deposits and prepayments	**4,138,771**	3,062,151
	7,331,220	5,485,708
Contingent consideration receivable	**9,218**	6,386
	7,340,438	5,492,094
Total	**9,451,995**	7,064,221

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

The movements in the loss allowance for impairment of debtors are as follows:

	HK$'000
As at 1 January 2018	35,669
Impairment losses, net	56,454
Exchange realignment	(4,143)
As at 31 December 2018 and 1 January 2019	87,980
Impairment losses, net *(note 5)*	20,289
Exchange realignment	(740)
As at 30 June 2019 (unaudited)	107,529

Included in "Debtors, other receivables, deposits and prepayments" are debtors, that were not individually nor collectively considered to be impaired, with the following ageing analysis as at the end of the reporting period:

	At 30 June 2019 (Unaudited) ***HK$'000***	At 31 December 2018 (Audited) *HK$'000*
Current	**2,258,333**	1,773,812
Within 1 month past due	**275,653**	161,750
More than 1 month but within 3 months past due	**121,026**	120,415
More than 3 months but within 6 months past due	**287,914**	243,686
More than 6 months but within 12 months past due	**129,307**	93,537
More than 12 months past due	**146,762**	80,573
Amounts past due	**960,662**	699,961
	3,218,995	2,473,773

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) and net of loss allowance, as at the end of the reporting period is as follows:

	At 30 June 2019 (Unaudited) ***HK$'000***	At 31 December 2018 (Audited) *HK$'000*
Within 1 month	**1,295,916**	1,391,980
More than 1 month but within 2 months	**329,364**	231,078
More than 2 months but within 4 months	**392,971**	287,053
More than 4 months but within 7 months	**642,579**	290,313
More than 7 months but within 13 months	**318,259**	110,917
More than 13 months	**239,906**	162,432
	3,218,995	2,473,773

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$3,218,995,000 (31 December 2018: HK$2,473,773,000), of which HK$36,264,000 (31 December 2018: HK$213,357,000), HK$146,127,000 (31 December 2018: HK$119,146,000), HK$81,431,000 (31 December 2018: HK$148,663,000) and HK$11,434,000 (31 December 2018: HK$10,612,000) are due from the Group's joint ventures, associates, a non-controlling shareholder of a non wholly-owned subsidiary and a related company, respectively. Debtors mainly represent revenue from the provision of operation services for environmental energy projects, greentech projects, environmental water projects and the provision of environmental protection project equipment construction and installation services and sales of related equipment and the billed amounts of the service concession assets.

Included in "Debtors, other receivables, deposits and prepayments" at 30 June 2019 are advances made to local government authorities in relation to service concession arrangements amounting to HK$23,578,000 (31 December 2018: HK$65,151,000) which are unsecured, interest-bearing at rates ranging from the rates announced by the People's Bank of China to 110% of the rates announced by the People's Bank of China, and will be settled by instalments from 2019 to 2026.

Included in "Debtors, other receivables, deposits and prepayments" under non-current assets at 30 June 2019 is an advance of HK$8,143,000 (31 December 2018: HK$4,029,000) to the Group's associate for daily operation, which is unsecured, interest-bearing at a rate of 4.75% per annum and repayable in 2020.

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

Included in "Debtors, other receivables, deposits and prepayments" at 30 June 2019 is contingent consideration receivable of HK$9,218,000 (31 December 2018: HK$8,541,000) in relation to the acquisition of a subsidiary, Xuzhou Engineering Design Institute Co., Ltd. during the year ended 31 December 2018. The contingent consideration receivable constitutes a derivative within the scope of HKFRS 9, and is recognised at its fair value as asset on initial recognition and is subsequently remeasured at fair value with changes in fair value recognised in profit or loss.

	At 30 June 2019 (Unaudited)	At 31 December 2018 (Audited)
	HK$'000	*HK$'000*
Contingent consideration receivable	**9,218**	8,541
Portion classified as current assets	**(9,218)**	(6,386)
Non-current portion	**–**	2,155

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

12. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2019 (Unaudited)	At 31 December 2018 (Audited)
	HK$'000	*HK$'000*
Creditors	**8,715,299**	7,829,514
Other payables, accrued expenses and deferred income – government grants	**2,720,884**	2,637,515
	11,436,183	10,467,029
Less: Non-current portion – other payables, accrued expenses and deferred income – government grants	**(343,131)**	(299,269)
Current portion	**11,093,052**	10,167,760

12. 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 2019 (Unaudited) ***HK$'000***	At 31 December 2018 (Audited) *HK$'000*
Within 6 months	**7,785,884**	6,688,659
Over 6 months	**929,415**	1,140,855
	8,715,299	7,829,514

Creditors totalling HK$6,667,804,000 (31 December 2018: HK$5,986,034,000) represent construction payables for the Group's BOT and certain BOO arrangements, of which HK$1,697,000 (31 December 2018: HK$1,136,000) is due to a non-controlling shareholder of a non wholly-owned subsidiary. The construction payables are not yet due for payment.

Included in "Creditors, other payables and accrued expenses" are creditors of HK$8,464,000 (31 December 2018: HK$6,940,000) due to the Group's associate, which are unsecured, interest-free and repayable on credit terms similar to those offered by the associate to its major customers.

Included in "Other payables, accrued expenses and deferred income - government grants" at 30 June 2019 are other payables of HK$77,382,000 (31 December 2018: Nil) and nil (31 December 2018: HK$28,583,000) due to the Group's associate and a non-controlling shareholder of a non wholly-owned subsidiary, respectively, which are unsecured, interest-free and repayable on demand. Included in "Other payables, accrued expenses and deferred income – government grants" at 30 June 2019 is other payable of HK$16,967,000 (31 December 2018: Nil) due to a non-controlling shareholder of a non wholly-owned subsidiary, which is unsecured, interest-bearing at the rates announced by the People's Bank of China and repayable within one year.

13. SHARE CAPITAL

	At 30 June 2019 (Unaudited) ***HK$'000***	At 31 December 2018 (Audited) *HK$'000*
Issued and fully paid:		
6,142,975,292 (31 December 2018: 6,142,975,292) ordinary shares	**17,329,537**	17,329,537

During the year ended 31 December 2018, on 14 August 2018, the Company announced a rights issue on the basis of 10 rights shares for every 27 existing shares held by the shareholders of the Company at a subscription price of HK$6.00 per rights share. The rights issue was completed and 1,660,263,592 ordinary shares were issued on 21 September 2018. After deducting the expenses in connection with the rights issue of HK$37,459,000, the net proceeds from issuance were HK$9,924,123,000. Details of the rights issue were disclosed in the Company's announcements dated 14 August 2018, 14 September 2018 and 20 September 2018, and prospectus dated 30 August 2018.

BUSINESS REVIEW AND PROSPECTS

OPERATING RESULTS

In the first half of 2019, the macro landscape at home and abroad remained complex and challenging. Notwithstanding various external threats, China's macro economy continued demonstrating resilience and dynamism, maintaining a steady pace of growth which was driven by policies that seek stabilities in six major areas and a series of reforms. During the first half of 2019 ("period under review"), thanks to numerous relevant policies and regulatory measures introduced over the last few years, China's environmental protection industry generally developed a fundamental policy system and regulatory framework relating to major areas, such as water environment, soil, solid waste and air, etc. Tackling serious environmental problems, improving environmental quality, as well as driving high-quality and sustainable economic growth remained at the top of the Chinese government's agenda.

The General Office of the State Council of the People's Republic of China (the "PRC") put forth the concept of "Zero-Waste Cities" for the first time in the Plan for Pilot Development of "Zero-Waste Cities", which was issued earlier this year. The plan aims to promote green development and a green lifestyle, and encourage the reduction of solid waste at the source as well as recycling and reuse of waste materials, in order to minimise landfill waste and mitigate the impact of solid waste on the environment. Following Chinese President Xi Jinping's call for efforts to promote waste sorting in early June of 2019, a draft amendment to the Law on the Prevention and Control of Environmental Pollution by Solid Waste was submitted for deliberation by the Standing Committee of the National People's Congress, which proposed the implementation of household waste sorting across the country. These policies have not only provided a clearer blueprint for the country's drive on ecological conservation, but also set a higher business standard and development goal for the environmental protection industry, creating greater growth potential for industry players.

As a leading enterprise in China's environmental protection industry, as well as a world-renowned ecological and environmental group, the Company is devoted to its corporate mission of being "Devoted to Ecology and Environment for a Beautiful China" and aspires to its corporate pursuit of "Creating Better Investment Value and Undertaking More Social Responsibility." It accomplished steady growth in various aspects. The traditional environmental protection business sectors of the Group remained the mainstay of and made outstanding contributions to the overall business, while the new business sectors were on the rise, indicating all business sectors of the Group proceeded smoothly.

In the first half of 2019, all staff of the Group worked closely together with a strong sense of responsibility, making solid efforts to extend sound momentum for business development. Thanks to the continued acceleration of construction progress, the number of projects under construction hit an all-time high, driving continual growth in construction service revenue. Additionally, the Group also saw significant growth in revenue from operation services, as it continued reducing costs, expanding income streams and enhancing efficiency, in addition to the continued growth seen in the number of operating projects.

During the period under review, the Group's consolidated revenue amounted to HK$16,225,718,000, an increase of 38% over HK$11,784,390,000 in the same period last year. EBITDA amounted to HK$5,500,987,000, an increase of 25% over HK$4,414,814,000 in the same period last year. Profit attributable to equity holders of the Company was HK$2,630,366,000, 20% more than HK$2,200,900,000 recorded in the same period last year. Basic earnings per share for the first half of 2019 was HK42.82 cents, a decrease of HK4.96 cents from the restated amount of HK47.78 cents in the same period last year. The decrease in basic earnings per share was due to the dilution impact of the HK$10 billion rights issue completed in September last year. The Group has ready access to financing channels, with abundant capital, a reasonable gearing ratio and a healthy financial position. It also performed well across all financial indicators. These have laid a solid foundation for the Group to advance to its next stage of development, and to become a global leader in ecological and environmental management.

The Group remains dedicated to creating value for the Shareholders. To reward the Shareholders for their support and to take into account the Group's long-term sustainable development, the Board has declared to pay an interim dividend of HK13.0 cents per share for the six months ended 30 June 2019 to the Shareholders (2018: HK12.0 cents per share).

In terms of market expansion, during the period under review, the Group secured a total of 38 new projects and signed 3 supplementary agreements for existing projects; the Group also completed the acquisition of 2 environmental protection companies to get a number of environmental protection projects, and secured 90% equity interest of a technology enterprise that focuses on waste sorting business through a capital injection, with a total investment of approximately RMB15.830 billion.

The new projects included 15 environmental energy projects and 1 supplementary agreement for existing environmental energy project, 10 greentech projects and 1 supplementary agreement for existing greentech project, 11 environmental water projects and 1 supplementary agreement for existing environmental water project, and 2 eco-recycling projects.

In addition, during the period under review, the Group secured 2 envirotech engineering procurement construction ("EPC") projects, 2 environmental water EPC projects and 1 environmental water operations and maintenance ("O&M") project, with a total contract value of approximately RMB471 million; 4 environmental remediation services, with a total contract value of approximately RMB37.71 million.

The new projects contributed to an increase of household waste processing capacity by 12,000 tonnes/day; an increase of water treatment capacity by 1,090,000 m^3/day; an increase of biomass treatment capacity by 120,000 tonnes/year; and hazardous waste and solid waste treatment capacity by 675,000 tonnes/year.

Regarding project construction, during the period under review, the Group's project construction work progressed smoothly, continuously driving stable growth in construction service revenue. In the first half of 2019, the number of construction sites had since reached 82, in which 25 projects commenced operation, while 26 projects commenced construction. During the period under review, for the environmental remediation services, there were 15 service items underway and 1 service item in preparation stage; in addition, the Group completed and delivered 5 such services. As at the end of June 2019, a total of 8 environmental remediation services have been completed and delivered.

Regarding operations management, the Group succeeded in keeping operational costs well under control and made smooth progress on tariff hikes for its projects. In the meantime, it continued promoting the full-fledged implementation of the environmental, safety, health and social responsibility ("ESHS") management system ("ESHS Management System") and risk management system across the Group. The Group also paid great attention to safety and environmental management, by improving a series of relevant regulations and rules, launch themed lectures and training, and developing an environmental management system that integrates four major levels of the Group, namely Everbright International, all business sectors, regional centres and project companies. This has helped to promote the standardisation of the procedures of project investment, construction and operational management. As a result, the overall operational quality, efficiency and proficiency have been enhanced.

The Group firmly believes that effective environmental management, together with timely disclosure of environmental information, is the driving force for businesses to fulfil their responsibilities of pollution prevention and control. This is also in line with people's basic rights to pursue a quality living environment. Starting this year, the Group has continued fostering activities relating to the opening-up of environmental protection facilities of all business sectors of the Group for public visit, making improvements to standardise the opening-up activities and turn them into normal practices. Moreover, by facilitating large environmental protection promotional initiatives, such as the "World Environment Day on 5 June", the projects of the Group could better spread the awareness on various issues relating to science popularisation relating to environmental protection, ecological and environmental protection, and circular economy. During the period under review, the Group's environmental protection projects received more than 86,000 domestic and foreign visitors from all social circles.

During the period under review, Everbright International Environmental Protection Charitable Foundation of the Group continued proactively supporting and participating in different kinds of charity activities, including environmental protection education, energy-saving, ecological conservation and community care. It was the lead sponsor of Earth Hour Hong Kong organised by World Wide Fund For Nature Hong Kong for the sixth consecutive year. It also supported Heifer International Hong Kong branch's "Read to Feed" fundraising program for the third consecutive semester. Separately, the staff of the Group's project companies continued organising various activities relating to environmental protection promotion and charity activities, which has helped to strengthen the ties and mutual support between the project companies and local residents.

As a result of the concerted efforts, dedication to its original aspirations and persistence, the Group continued to achieve improvements in various aspects, such as business expansion, sustainable development, corporate governance and social responsibility, and therefore attained accolades from home and abroad, as well as recognitions from various social circles. During the main event of the Global Celebrations for World Environment Day 2019, Everbright International was awarded the "Advanced Group on Ecological Civilization in China" granted by the Ministry of Ecology and Environment of the PRC (the "MEE"); in the meantime, the Group's initiative of opening-up its environmental protection facilities, which was themed with "I am the Enabler for a Beautiful China", was recognised as one of the "Top Ten Case Studies on Public Participation 2019" granted by the MEE. These two awards well recognised Everbright International's proactive contribution to China's ecological conservation and environmental protection. The Group also ranked the top in the "2019 Top 50 Environmental

Enterprises in China", which was issued by China Environment Chamber of Commerce, with China Everbright Greentech Limited ("Everbright Greentech") and China Everbright Water Limited ("Everbright Water") ranking the 16th and 21st in the list respectively. On the same day when the Top 50 list was announced, Everbright International was also ranked the top in the "2019 China's Biomass Power Generation Industry Ranking Report", with the Group's waste processing capacity and power generation capacity both surpassing the combined capacities of enterprises that ranked the 2nd and 3rd places for either of the two categories. Separately, Mr. Wang Tianyi, Chief Executive Officer of Everbright International, was awarded "Asia's Best CEO" for the second consecutive year by Corporate Governance Asia, a renowned and professional trade publication in corporate governance, in the Ninth Asian Excellence Awards 2019, in recognition of his excellent managerial talents and the Group's continuous operational achievements.

During the period under review, the Group continued participating in communications and collaborations with both domestic and foreign peers. This did not only enable the Group to share its experience in business development, operations management, and technological research and development ("R&D"), but also allow the Group to take reference from and learn from its peers' precious experience. Among others, as a committee member of China Council for International Cooperation on Environment and Development ("CCICED") and a member of the Advisory Committee of the Belt and Road International Alliance for Green Development, Mr. Wang Tianyi was invited to participate in many important meetings domestically and internationally, including the "Belt and Road" Forum, the annual general meeting of CCICED, Innovative Talk at Xiong'an New Area, Future China Global Forum in Singapore, etc. During those events, Mr. Wang delivered remarkable speeches on a number of key issues, such as the green development along with the "Belt and Road" route, zero-waste cities and the Public-private Partnership ("PPP") model.

As at 30 June 2019, the Group's business footprint expanded to more than 170 locations across 22 provinces and municipalities in China. The Group had secured 363 projects in total, commanding a total investment of over RMB110 billion. The Group also undertook 24 environmental remediation services, 10 EPC projects and 3 O&M projects.

As Asia's largest waste-to-energy investor and operator, up to 30 June 2019, the Group's environmental energy sector and greentech sector signed 126 waste-to-energy projects in total (including 2 O&M projects), with a total designed daily household waste processing capacity of 108,550 tonnes. Of which, the Group had 71 waste-to-energy projects in operation, with a designed daily household waste processing capacity of 55,200 tonnes; 27 waste-to-energy projects under construction, with a designed daily household waste processing capacity of 30,200 tonnes; and 28 waste-to-energy projects in preparation stages, with a designed daily household waste processing capacity of 23,150 tonnes.

During the period under review, the Group's environmental energy, greentech and environmental water projects generated a total revenue of HK$15,780,753,000, of which construction service revenue increased by 42% to HK$10,093,454,000 and operation service revenue increased by 40% to HK$4,181,319,000, as compared with the same period of 2018. The proportions of revenue are as follows: construction service revenue 64%, operation service revenue 26% and finance income 10%.

Major financial data relating to the 3 major environmental protection business sectors in the first half of 2019 are summarised in the table below:

	For the six months ended 30 June 2019				For the six months ended 30 June 2018			
	Environmental Energy Projects	**Greentech Projects**	**Environmental Water Projects**	**Total**	Environmental Energy Projects	Greentech Projects	Environmental Water Projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000* (Restated)	*HK$'000*	*HK$'000* (Restated)	*HK$'000* (Restated)
Revenue								
– Construction services	**6,477,245**	**2,234,898**	**1,381,311**	**10,093,454**	3,920,125	1,871,126	1,310,350	7,101,601
– Operation services	**1,552,701**	**1,916,386**	**712,232**	**4,181,319**	1,144,107	1,218,500	616,479	2,979,086
– Finance income	**1,024,128**	**90,029**	**391,823**	**1,505,980**	848,420	61,264	382,722	1,292,406
	9,054,074	**4,241,313**	**2,485,366**	**15,780,753**	5,912,652	3,150,890	2,309,551	11,373,093
EBITDA	**3,430,724**	**1,372,635**	**832,378**	**5,635,737**	2,644,042	1,030,591	782,598	4,457,231

The Group has placed equal emphasis on generating social and economic benefits, which involves its commitment to adhering to environmental protection and social responsibility. The Group has been proactively promoting energy conservation and emissions reduction, which has generated significant results. During the period under review, the Group processed 11,709,000 tonnes of household waste, 82,000 tonnes of hazardous waste, 2,020,000 tonnes of agricultural and forestry waste, and generated 5,232,771,000 kWh of green electricity. This output can support the annual electricity consumption needs of 4,361,000 households, which was equivalent to saving 2,093,000 tonnes of standard coal while reducing carbon dioxide (CO_2) emissions by 7,561,000 tonnes. Meanwhile, the Group also treated 673,051,000 m^3 of waste water, 2,179,000 m^3 of leachate produced from waste-to-energy plants, and reduced COD (Chemical Oxygen Demand) emissions by 279,000 tonnes. Since the Group's first environmental protection project commenced operation in 2005, it has processed an accumulated 80,930,000 tonnes of household waste, 773,000 tonnes of hazardous waste and 9,315,000 tonnes of agricultural and forestry waste, and generated 34,334,572,000 kWh of green electricity. This fulfilled the annual electricity consumption needs of 28,613,000 households, which was equivalent to saving 13,734,000 tonnes of standard coal while reducing CO_2 emissions by 39,445,000 tonnes, and preventing 4,463,494,000 trees from being cut down. The Group has treated an accumulated 8,943,742,000 m^3 of waste water and 16,112,000 m^3 of leachate produced from waste-to-energy plants, and reduced COD emissions by 3,399,000 tonnes.

I. Environmental Energy

As a core business sector of Everbright International that has the largest business scale and makes up the highest portion of the Group's overall business, during the period under review, environmental energy continued its strong development momentum in 2018. As at 30 June 2019, environmental energy had signed 106 waste-to-energy projects (including 2 O&M projects), 13 food waste treatment projects, 3 leachate treatment projects, 2 methane-to-energy projects, 3 sludge treatment projects, 1 fecal treatment project and 1 fly ash landfill project, with a total investment of approximately RMB58.209 billion. These projects have a total designed annual household waste processing capacity of approximately 36,208,000 tonnes, which can generate approximately 11,682,850,200 kWh of on-grid electricity annually. The total designed annual sludge treatment capacity is approximately 73,000 tonnes, and the total designed annual food waste treatment capacity is approximately 695,325 tonnes.

In terms of market expansion, during the period under review, environmental energy secured a total of 15 new projects and signed 1 supplementary agreement for existing project, which in aggregate commanded a total investment of RMB8.290 billion. Among these projects, there were 13 new waste-to-energy projects and signed 1 supplementary agreement, commanding a total investment of approximately RMB8.097 billion and marking an increase in the designed daily household waste processing capacity by 12,000 tonnes, up by 16% year-on-year. The total designed daily household waste processing capacity of 99,200 tonnes has further consolidated the Group's leading position in the domestic environmental protection industry.

In terms of operations management, during the period under review, all projects under environmental energy were in strict compliance with relevant emission standards and operated efficiently. In the meantime, these projects participated in safety and environmental management training, so as to enrich project teams' professional knowledge, provide advanced management philosophies and improve their awareness of risk management. These have laid a solid foundation for the further optimisation and improvement of project operations management systems. Separately, gas emissions of all waste-to-energy projects fully comply with relevant national standards, with the daily average level of online monitored gas emissions superior to the EU Industrial Emissions Directive 2010/75/EU ("Euro 2010 Standard"). The operational power consumption of waste-to-energy plants continued to reduce, and the electricity generated per tonne of waste continued to increase. The average electricity generated by waste incinerated has surpassed 400 kWh per tonne on average, with integrated power consumption ratio of approximately 15%.

Regarding project construction, during the period under review, in environmental energy sector, 8 waste-to-energy projects completed construction and commenced operation, with a total designed daily household waste processing capacity of 5,700 tonnes; 10 waste-to-energy projects commenced construction, with a total designed daily household waste processing capacity of 9,100 tonnes.

In the first half of 2019, the Group's environmental energy sector obtained various subsidies of approximately RMB97 million in total.

During the period under review, the Group's environmental energy projects processed a total of 10,688,000 tonnes of household waste, an increase of 24% compared with the first half of 2018. All projects generated 3,105,243,000 kWh of on-grid electricity in total, an increase of 23% compared with the first half of 2018. Environmental energy projects contributed an EBITDA of HK$3,430,724,000, an increase of 30% compared with the first half of 2018. Environmental energy projects contributed a net profit attributable to the Group of HK$2,153,214,000, an increase of 24% compared with the first half of 2018. The increase in profit was mainly attributable to the significant growth in construction activities, driving increase in construction services revenue. In addition, operating services revenue increased due to the continuing increase in the aggregate processing capacity of the operating projects.

Major operating and financial data relating to environmental energy projects during the first half of 2019 are summarised in the table below.

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Environmental energy projects		
Household waste processing volume (tonnes)	**10,688,000**	8,586,000
On-grid electricity (MWh)	**3,105,243**	2,519,605
EBITDA (HK$'000)	**3,430,724**	2,644,042

As at 30 June 2019, the environmental energy had 64 waste-to-energy projects (including 2 O&M projects) that commenced operations, with a total investment of approximately RMB26.622 billion and a total designed daily household waste processing capacity of 52,400 tonnes. In addition, it had 23 waste-to-energy projects under construction, with a total investment of approximately RMB17.847 billion and a total designed daily household waste processing capacity of 28,050 tonnes; and 19 waste-to-energy projects in the preparatory stage, with a total investment of approximately RMB11.966 billion and a total designed daily household waste processing capacity of 18,750 tonnes.

II. Greentech

As at 30 June 2019, the Group had a 69.7% stake in Everbright Greentech. Everbright Greentech is a major business sector of Everbright International, focusing on integrated biomass utilisation, hazardous waste and solid waste treatment, and environmental remediation. Everbright Greentech was listed on the Main Board of the Stock Exchange.

As at the end of June 2019, Everbright Greentech had secured 107 projects, with 52 biomass integrated utilisation projects, 45 hazardous waste and solid waste treatment projects, 7 solar energy projects and 2 wind power projects and acquisition of 1 environmental remediation services company, which in aggregate commanded a total investment of RMB28.305 billion. The designed annual processing capacity of biomass raw materials was 8,819,800 tonnes, the household waste processing capacity was 3,412,750 tonnes, and the annual hazardous waste and solid waste treatment capacity was approximately 1,839,130 tonnes. There was a total of approximately 7,164,859,100 kWh of on-grid electricity and annual heat supply amounted to approximately 2,712,000 tonnes. The Group also undertook 24 environmental remediation services, with an aggregate contract value of approximately RMB656 million.

Regarding market expansion, during the period under review, Everbright Greentech secured 10 new projects, signed 1 supplementary agreement for existing project, and completed the acquisition of 2 environmental protection companies to get a number of environmental protection projects which commanded an investment of RMB3.640 billion. In addition, the Group undertook 4 environmental remediation services, with a total contract value of approximately RMB37.71 million. The newly designed power generation installed capacity is 7 MW and biomass design processing capacity is around 120,000 tonnes annually, and the new steam supply capacity is about 775,000 tonnes annually. The new hazardous waste and solid waste design processing capacity is about 675,000 tonnes per year.

Regarding project construction, during the period under review, 4 projects of Everbright Greentech completed construction (3 of them commenced operation), and 3 projects commenced construction. Aside from that, 4 environmental remediation services started the remediation work, 5 were completed and delivered, during the period under review.

During the first half of 2019, Everbright Greentech obtained various subsidies exceeding RMB74.67 million in total.

During the period under review, greentech projects provided approximately 1,792,258,000 kWh of on-grid electricity in total, an increase of 43% compared with the corresponding period in 2018. Greentech projects contributed an EBITDA of HK$1,372,635,000, a 33% increase compared with the corresponding period in 2018. The net profit attributable to the Group was HK$570,308,000, a 26% increase compared with the corresponding period in 2018. The increase in profit was mainly due to the significant increase in both construction and operation service revenues compared with the corresponding period last year.

Major operating and financial data relating to greentech projects during the first half of 2019 are summarised in the table below:

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Greentech projects		
Waste processing volume (tonnes)	**632,000**	344,000
Biomass raw materials processing volume (tonnes)	**2,020,000**	1,310,000
Hazardous waste processing volume (tonnes)	**82,000**	69,000
On-grid electricity (MWh)	**1,792,258**	1,257,400
EBITDA (HK$'000)	**1,372,635**	1,030,591

III. Environmental Water

As at 30 June 2019, the Group had a 72.57% stake in Everbright Water. Everbright Water is a major business sector of Everbright International, focusing on water environment management. On 8 May 2019, Everbright Water was listed on the Main Board of the Stock Exchange, achieving dual listing status in Singapore and Hong Kong. Such a dual listing status will help Everbright Water attract different investors, broaden its shareholder base, and contribute to its long-term growth.

As at the end of June in 2019, Everbright Water secured 91 municipal waste water treatment projects, 10 industrial waste water treatment projects, 1 leachate treatment project, 6 water environment treatment projects, 4 water supply projects, 7 reusable water projects and 2 waste water source heat pump projects, all of which commanded a total investment of approximately RMB22.416 billion; it also secured 2 EPC projects and 1 O&M project, with a total contract value of approximately RMB146 million. These projects also have a designed annual waste water treatment capacity of approximately 1,785,215,000 m^3, a designed annual reusable water supply capacity of approximately 75,409,000 m^3. The waste water source heat pump projects provide heating and cooling services to an area of 295,000 m^2. Additionally, the water supply projects have a designed annual water supply capacity of 310,250,000 m^3.

In terms of market expansion, during the period under review, Everbright Water secured a total of 11 environmental protection projects and signed 1 supplementary agreement for the existing project, which command a total investment of approximately RMB3.674 billion. It also secured 2 EPC projects and 1 O&M project, with a total contract value of approximately RMB146 million. These projects contributed to the increases of a daily waste water treatment capacity by 405,000 m^3, a daily reusable water supply capacity by 85,000 m^3; and a daily water supply capacity by 600,000 m^3.

During the period under review, Everbright Water made steady progress in project construction, with 3 projects commenced construction and 9 projects completed construction and commenced operation.

In terms of operations management, 8 waste water treatment plants under Everbright Water were approved for tariff hikes during the period under review, ranging from 4% to 56%.

In the first half of 2019, the Group's environmental water sector was granted various subsidies totaling approximately RMB8.54 million.

During the period under review, environmental water projects treated 673,051,000 m^3 of waste water, an increase of 10% compared with the first half of 2018. Environmental water projects contributed an EBITDA of HK$832,378,000, an increase of 6% compared with the first half of 2018. Environmental water projects contributed a net profit attributable to the Group of HK$313,547,000, an increase of 12% compared with the first half of 2018. The increase of net profit was mainly due to growth in revenue through the expansion of business.

Major operating and financial data relating to the Group's environmental water projects in the first half of 2019 are summarised in the table below:

	For the six months ended 30 June 2019	For the six months ended 30 June 2018
Environmental water projects		
Waste water treatment volume (m^3)	**673,051,000**	612,498,000
EBITDA (HK$'000)	**832,378**	782,598

IV. Equipment Manufacturing

In the first half of 2019, the equipment manufacturing sector closely followed the national policy trends and continued to tap new opportunities. Through the implementation of key initiatives, such as the introduction of talent, improvement of technological capacity, launch of new products, enhancement of productivity and offering of excellent services, equipment manufacturing sector saw the continued improvement of its overall competitiveness.

In terms of market development, the equipment manufacturing sector signed 14 external sales contracts and sold 23 sets of equipment to the external markets, including 11 sets of grate furnaces, 8 sets of gas purification systems and 4 sets of leachate systems. During the first half of 2019, the sector has secured external contract sales of equipment amounting to RMB439 million.

In terms of equipment supply and services, during the period under review, equipment manufacturing sector commenced a total of 21 service items, spanning across 9 provinces in China, including 1 EPC project. In the first half of 2019, the equipment manufacturing sector provided 30 grate furnaces to projects of the Group, an increase in capacity of 173% compared with the first half of 2018. The designed daily waste processing capacity of these grate furnaces reached 14,600 tonnes, an increase of 163% compared with the first half of 2018. Moreover, the equipment manufacturing sector sold 19 sets of grate furnaces, 11 sets of gas purification systems and 18 sets of leachate treatment systems.

In terms of after-sales services, the after-sales market for the equipment manufacturing sector increased substantially compared with the first half of 2018. Of which, the number of the external after-sales service contracts reached 32, with a total value of RMB12.38 million. During the period under review, the number of after-sales service items was 91 in total, recording an increase of 47% compared with the first half of 2018. These services items include 64 for the internal projects and 27 for the external projects.

In addition, phase III of the Group's equipment manufacturing centre in Changzhou City completed construction during the period under review. It expanded the equipment manufacturing capacity of the Group and provided a robust safeguard in terms of infrastructure for the rapid development of equipment manufacturing.

V. Envirotech

Adhering to technology and innovation to enhance internal motivation and core competitiveness is the target pursued by Everbright International. Additionally, investment in innovative technology requires persistence. In the first half of 2019, the Group conducted substantial reforms in relation to technological innovation. A technology management center and a technology committee were established at the headquarters of Everbright International, which further confirmed the importance of technological innovation on the development of the Company. The Group also prepared for the establishment of green technology innovation and research institute, a zero-waste city research institute and an ecological and environmental planning and design institute. The Group proactively supported the industrial-academic collaborations within the Guangdong-Hong Kong-Macau Greater Bay Area. It proactively experimented with innovative technology and business models relating to zero-waste cities and enhanced the recruitment of leading talent. It also created values by promoting integrated development. Meanwhile, it made the best of unique advanced recourses in technology, industry and policies from different cities, riding on the synergistic effects to promote the Group's technology R&D and innovation.

During the period under review, the Group continued focusing on solving technical challenges related to environmental protection technologies and techniques, with the aims of aligning with international standards and transforming the outcome of technology research and development results. The Group achieved substantial progress in multiple technological areas, including the development of synergetic waste incineration disposal, plasma melting technology for the treatment of fly ash, no-staff intelligent power station, ultra low emission technology, anaerobic fermentation of kitchen waste, and biomass power station coupling active carbon.

During the period under review, Everbright Eco-environment Design Institute under Envirotech proactively sought opportunities in various design consulting service projects and signed 2 EPC projects, and was responsible for the projects' design, equipment procurement, infrastructure management, completion and handover. In addition, Everbright Analysis and Testing Center achieved breakthroughs during the period under review, as it conducted testing on various fields such as gas, fly ash, bottom ash, leachate, air and groundwater, etc. The total amount of internal and external testing service contracts achieved over RMB2.4 million.

During the period under review, the Group established a zero-waste city research team and commenced initial liaison with zero-waste city pilot areas to provide an infrastructure plan and explore the "Zero-Waste Cities" construction model. At the same time, the Group will continue to implement the industrial-academic research collaboration model, and collaborate with Tsinghua University, Zhejiang University, Qingdao Technological University and several universities in Hong Kong on solid waste management, speedy detection of dioxin, and ultra-low emission technology in the Greater Bay Area, in facilitating exchange programmes and cooperation on environmental issues.

In the first half of 2019, the Group's envirotech sector obtained various subsidies of RMB5.67 million in total.

The approved investment in R&D amounts to RMB200 million in 2019. Total 59 R&D projects were implemented as planned, achieving outstanding scientific and technological achievements, and a total of 75 patents were granted during the period under review, including 5 invention patents, 66 utility model patents and 4 appearance patents. And 11 important essays were published in core journals and international conferences.

As at the first half of 2019, the Group had been granted 667 patents in total, including 99 invention patents, 530 utility model patents, 4 appearance patents, and 34 software copyright licenses.

VI. Eco-recycling

During the period under review, as a new business sector of the Group, eco-recycling actively explored business opportunities in waste sorting, environmental and sanitary services, and renewable resources utilisation, with satisfactory results. The Group is determined to follow Chinese President Xi Jinping's directive for waste sorting and is carefully taking action to implement the directive in order to build a full industry chain for waste sorting, which will lay the foundation for long term development and lead the industry development through innovation. From various operation centers, including waste sorting, transportation, selection and renewable resources utilisation, appropriate and mature technologies and industries have been actively explored to speed up the development of a replicable and extendable business model and characteristic and vigorous core competitiveness.

During the period under review, through investing RMB45 million to obtain a 90% equity interest in Shandong QuXiang Information Technology Company Limited ("Shandong QuXiang"), the Group has officially entered into the waste sorting and resource recycling business sectors. Located in Ji'nan City of Shandong Province, Shandong QuXiang is a technology enterprise that focuses on the waste sorting business. Its main business covers R&D, manufacturing and the sale of smart waste recycling machines, as well as sorting, collecting and transporting waste and reusing resources through the "Internet +" model. Riding on its "Dian Recycling" brand, Shandong QuXiang has launched waste sorting programs in cities such as Beijing, Ji'nan, Suzhou and Chengdu. These programs have served more than one million people and are able to sort and recycle nearly 10,000 tonnes of renewable resources annually. The investment is of great significance for the Group in establishing a full-chain business system that ranges from the waste collection at the source to disposal at the end.

In addition, the eco-recycling sector also secured Hubei Zhongxiang Environmental Sanitation Integration Project ("Zhongxiang Integration Project") in Hubei Province and Yunnan Yuxi Environmental Sanitation Integration Project ("Yuxi Integration Project"). Zhongxiang Integration project includes the establishment of a waste collection and transportation system, as well as an intelligent sanitation management system. As a pilot project for the marketisation of a full-chain and whole-process household waste collection and transportation system in the city, the project serves a population of approximately 270,000, and clear and transport approximately 200 tonnes of household waste daily. Yuxi Integration Project marks Everbright International's first environmental protection project in Yunnan Province. It has a designed daily waste collection, and transportation capacity of 800 tonnes, and is able to cover the needs for waste collection and transportation of the Hongta District of Yuxi City.

VII. International Business

In the first half of 2019, the Group continued closely following the Chinese government's overseas strategies such as the "Belt and Road" initiative. Accordingly, it fully leveraged its strengths in investment, operation, management, technology and equipment, among others, to exchange and cooperate with its global peers with an open, cooperative and win-win attitude, in an effort to increase the proportion of its overseas business in its overall business.

As of 30 June 2019, the Group had 3 overseas environmental protection projects, which are located in Germany, Poland and Vietnam respectively. During the period under review, the Group's German Ground Solar Energy Project operated smoothly, providing long-term and stable support for the local electricity supply. NOVAGO Sp. z o.o. is the Group's first overseas M&A project in Poland. During the first half of 2019, the project proactively dealt with the challenges in environmental regulation changes in Poland, focused on compliance and operational optimization, and processed over 305,000 tonnes of municipal wastes. Since its completion and commencement of operation in 2018, the Vietnam Can Tho Waste-to-energy Project ("Can Tho Project") has experienced stable operations and met emission standards. In the first half of 2019, the project processed approximately 84,000 tonnes of local domestic waste, accounting for approximately 60% the same period of total waste clearance and transportation in Can Tho City, providing green electricity of approximately 23,440,000 kWh. The Group will use the Can Tho Project as a first step to explore further opportunities in the environmental protection business in Vietnam and Southeast Asia.

POST-RESULTS EVENTS

The Group signed 5 waste-to-energy projects in July 2019, with a total investment of approximately RMB4.386 billion and contributing a designed daily waste processing capacity of 5,250 tonnes. These projects include Harbin Yuquan Waste-to-energy Project in Heilongjiang Province, Nanyang Waste-to-energy Project Phase I in Henan Province, Jiangshan Waste-to-energy Project Phase I in Zhejiang Province, Meizhou Wuhua Waste-to-energy Project Phase I in Guangdong Province, and Tengzhou Waste-to-energy Project Phase II in Shandong Province.

BUSINESS PROSPECTS

Striving to transform and upgrade its business in 2019, Everbright International achieved significant progress and results during the first half of the year. Looking forward, the Group will continue leveraging its strengths in traditional business sectors, such as waste incineration, waste water treatment and hazardous waste treatment, in order to promote the synergistic development of all its business sectors. On the other hand, the Group was devoted to the development of a full industry chain relating to solid waste treatment, ranging from project investment, construction and operation to equipment manufacturing, as well as from disposal at the back end to waste sorting at the front end in a bid to boost synergy between different industries and enhance efficiency.

As an advanced urban management philosophy, "Zero-Waste Cities" is considered as an urban development model that is driven by new development concepts and aims to minimise landfill waste and environmental impact brought by solid waste, through the promotion of green development and green lifestyle, continued effort in promoting the reduction of waste from its source, and reuse of waste. Now, Everbright International has established a systematic development model with the development of "Zero-Waste Cities" as its core mission. The Group is a green state-owned enterprise ("SOE") that is capable of engaging in and facilitating the development of "Zero-Waste Cities". It is devoted to becoming the largest service provider for "Zero-Waste Cities", and is currently exploring a unique model relating to the development of "Zero-Waste Cities" that covers waste sorting, reduction of waste from its source, recycling, harmless treatment at the back end, among others.

Broadly speaking, the Central Committee of the Communist Party of China, with President Xi Jinping as the core, has attached great importance to environmental protection and management in recent years. Having listed pollution control as one of the three major tough battles, the Central Committee has continuously strengthened the effort to protect ecology, and to explore a new path for high-quality development that prioritise the ecological environment and green development, a reflection that China is moving towards a new era of ecological conservation. In the face of the development needs and environment in the new era, Everbright International will actively pursue new development philosophies. It will broaden its horizon and improve passion, improve quality and efficiency, as well as to highly integrate its dual-identities as an SOE and foreign enterprise and its markets at home and abroad. The Group will also pay more attention to motivating individuals during its development, developing proper systems to safeguard its development, encouraging innovation to drive its development, raising vigilance through risks, and enhancing corporate culture to unite staff.

In terms of its strategy, the Group will establish a "1+2+4+10" development framework. The number "1" refers to Everbright International as a whole, a Hong Kong-listed enterprise that strives to grow from a domestic industry leader into a world-leading ecological and environmental group; the number "2" represents Everbright Water and Everbright Greentech, 2 listed companies under the Group; the number "4" stands for 4 listed stocks; and the number "10" refers to the 10 major business areas that Everbright International is set to build in the future. These areas include: (1) environmental energy, which includes waste-to-energy and integrated waste treatment; (2) greentech, which focuses on biomass power generation, industrial hazardous waste treatment and soil remediation; (3) environmental water, which includes municipal waste water treatment and water environment treatment; (4) eco-recycling, which focuses on waste sorting and recycling of resources; (5) greenergy, which aims at energy conservation industry, including energy-saving lighting for urban streets; (6) equipment manufacturing, which is devoted to expanding types of equipment products and seeking synergetic development with other business sectors of the Group; (7) international business, which will proactively and steadily expand international business along the "Belt and Road" route; (8) the ecological and environmental planning and design institute, which targets to become a national first-class planning and design institute through acquisition and restructure; (9) green technological innovation and research institute, which will have presence in 4 cities, namely Hong Kong, Shenzhen, Nanjing and Qingdao, with an aim of becoming a world-class center that is specialised in green technological innovation and commercialisation of research results; (10) zero-waste city research institute, which will focuses on exploring proper technologies and business models for the development of "Zero-Waste cities". On the back of the robust and synergistic development of these ten business areas, the Group is set to achieve high-quality and sustainable development.

The Group believes that, supported by the strategies and resources of China Everbright Group, as well as the trust and recognition from all sectors of the community, it will be able to develop into a world-leading ecological and environmental group within 5 to 10 years, by continuing its steadfast working style and sparing no effort to advance.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

As at 30 June 2019, the Group's total assets amounted to approximately HK$105,313,513,000 with net assets amounting to HK$43,310,156,000. Net asset value per share attributable to equity holders of the Company was HK$5.782 per share, representing an increase of 5% as compared to HK$5.523 per share as at the end of 2018. As at 30 June 2019, gearing ratio (total liabilities over total assets) of the Group was 59%, representing an increase of 2 percentage points as compared to 57% as at the end of 2018.

FINANCIAL RESOURCES

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and low cost of funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 30 June 2019, the Group had cash and bank balances of HK$12,833,617,000, representing a decrease of HK$3,140,863,000 as compared to HK$15,974,480,000 at the end of 2018. Most of the Group's cash and bank balance, representing approximately 97%, was denominated in Hong Kong dollars and Renminbi.

BORROWINGS

The Group is dedicated to improving banking facilities to reserve funding to support the development of the environmental protection business. As at 30 June 2019, the Group had outstanding borrowings of HK$44,298,057,000, representing an increase of HK$5,771,890,000 as compared to HK$38,526,167,000 as at the end of 2018. The borrowings included secured interest-bearing borrowings of HK$18,354,755,000 and unsecured interest-bearing borrowings of HK$25,943,302,000. The borrowings are mainly denominated in Renminbi, representing approximately 56% of the total, and the remainder is denominated in Hong Kong dollars, US dollars and Polish zloty. Most of the borrowings are at floating rates. As at 30 June 2019, the Group had banking facilities of HK$58,721,334,000, of which HK$18,491,747,000 have not been utilized. The banking facilities are of 1 to 19 years terms.

FOREIGN EXCHANGE RISKS

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

PLEDGE OF ASSETS

Certain banking facilities of the Group were secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plants and equipment, right-of-use assets and the equity interests of certain subsidiaries of the Company. As at 30 June 2019, the aggregate net book value of pledged assets and equity interests in subsidiaries amounted to HK$37,912,407,000.

COMMITMENTS

As at 30 June 2019, the Group had purchase commitments of HK$6,999,729,000 outstanding in connection with the construction contracts.

CONTINGENT LIABILITIES

As at 30 June 2019, the Company issued financial guarantees to 1 subsidiary. 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 2019 for the provision of the guarantees was HK$383,988,000.

USE OF PROCEEDS FROM THE COMPANY'S RIGHTS ISSUE

On 14 August 2018, the Company proposed to raise fund of approximately HK$9,962 million before expenses, by way of issuing 1,660,263,592 rights shares to the qualifying Shareholders on the basis of 10 rights shares for every 27 existing shares of the Company held on the record date (the "Rights Issue") at the subscription price of HK$6.00 per rights share. The Rights Issue was completed in September 2018. The Directors consider that it is prudent to finance the Group's long-term growth by way of the Rights Issue which not only enhances the Group's financial flexibility, but also allows all the qualifying Shareholders the opportunity to participate in the growth and grasp the benefit of the future development of the Group through the Rights Issue.

The actual net proceeds of the Rights Issue were approximately HK$9,924 million. As disclosed in the prospectus of the Rights Issue dated 30 August 2018 (the "Prospectus"), the Group intends to apply the net proceeds from the Rights Issue to: (1) implement its existing and future waste-to-energy projects and other environmental protection projects; (2) pursue other environmental protection businesses including but not limited to technological research and development, equipment manufacturing, waste sorting and management, and atmospheric monitoring and testing services; and (3) general working capital of the Group and repayment of bank loans. Please refer to the Company's announcements dated 14 August 2018, 14 September 2018 and 20 September 2018 and the Prospectus for further details.

During the period under review, details of the use of proceeds of the Rights Issue are as follows:

Net proceeds raised (Appr.)	Intended use of the net proceeds (Appr.) as previously disclosed in the Prospectus	Actual use of net proceeds up to 30 June 2019 (Appr.)	Intended use and expected timeline of the remaining amount of net proceeds (Appr.)
1. HK$5,947,000,000 (about 60% of the net proceeds) to implement existing and future waste-to-energy projects and other environmental protection projects	HK$3,960,000,000 for waste-to-energy projects for the next 12 months. HK$1,987,000,000 for greenfield projects and potential acquisitions of environmental protection projects for the next 12 to 24 months or more.	HK$3,548,830,000 was used for waste-to-energy projects.	The remaining unused amount of HK$2,398,170,000 is intended to be used for waste-to-energy projects in the six months ending 31 December 2019 and the years after.
2. HK$2,478,000,000 (about 25% of the net proceeds) for pursuing other environmental protection businesses including but not limited to technological R&D, equipment manufacturing, waste sorting and management, and atmospheric monitoring and testing services	HK$800,000,000 for development of other environmental protection businesses for the next 12 months. HK$1,678,000,000 to meet the continuous development of other environmental protection businesses in the next 12 to 24 months.	HK$274,440,000 was used in the development of technological R&D, equipment manufacturing, waste sorting and management, and atmospheric monitoring and testing services. HK$30,168,000 was used in the development of food waste treatment projects.	The remaining unused amount of HK$2,173,392,000 is intended to be used for other environmental protection businesses in the six months ending 31 December 2019 and the years after.

Net proceeds raised (Appr.)	Intended use of the net proceeds (Appr.) as previously disclosed in the Prospectus	Actual use of net proceeds up to 30 June 2019 (Appr.)	Intended use and expected timeline of the remaining amount of net proceeds (Appr.)
3. HK$1,499,123,000 (about 15% of the net proceeds) for general working capital of the Group and repayment of bank loans	HK$499,123,000 for general working capital of the Group. HK$1,000,000,000 repayment of bank loans.	HK$1,499,123,000 was used for repayment of bank loans for the financial year ended 31 December 2018.	The amount of the net proceeds for general working capital of the Group and repayment of bank loans had been fully utilised.

The Directors considered that the net proceeds of the Rights Issue were applied in general in accordance with the intention and expected timeframe as previously disclosed in the Prospectus.

INTERNAL MANAGEMENT

The Group adheres to the management principle of "People-oriented, Pragmatism, Creativity and Systematic Management", and has built a comprehensive management structure to maximise efficiency. The Company's management holds Management Decision Committee meeting on a monthly basis to review current operations and management, with a view to ensuring the sustainable development of the Company. The responsibilities of each functional department and business sector of the Company are clear with various comprehensive management systems. Its sound internal control procedures are implemented effectively. The Company's Internal Audit Department performs its internal monitoring functions to ensure that each functional department and business sector could strictly comply with the relevant internal control requirements.

The Group is committed to building a comprehensive risk management culture and develops the risk management model of "Integration of Policy, Procedure and System with Risk-oriented", to comprehensively strengthen risk management and risk control. During the period under review, the Group updated the list of risk factors according to the progress of the implementation of risk management system, with a view to continuously enhancing the systematisation and normalisation level of risk management. In order to further enhance its structure of headquarter, as well as to improve its management efficiency and risk control capability of the headquarter, the Company newly set up the Procurement Management Centre, the Budget Management Centre, the Research and Development Centre, the Technology Management Centre and the Technology Committee, and appointed Project Investment Advisors.

During the period under review, the Group continued to uphold the fundamental principle of "maintaining safe and stable operations while ensuring compliance with relevant emission standards". In terms of safety, environment and occupational health, it proactively carried out routine inspections. Apart from incorporating "Safe Production Month" into its operation, the Group paid close attention to safety management and carried out safety risk assessments to ensure all projects – whether under construction or in operation – strictly comply with all safety policies. These steps secured the stable operation of environmental protection projects including waste-to-energy, integrated biomass utilisation, waste water treatment projects, etc., while enhancing their scale and economic benefits as well. Besides, the Group continued to push forward project construction works while accelerating the finalisation of projects in the preparatory stage. It also went through due formalities to ensure that all project construction works were carried out in compliance with laws and regulations. At the same time, the Group continued to put in more efforts in construction safety management to ensure professional and safe construction.

HUMAN RESOURCES

Human Resources are the key strategy of corporate development which require appropriate personnel to execute this core strategy. The Group highly values its human resources management and puts great emphasis on staff training. It believes that realizing the full potential of its employees is crucial to its long-term growth. The Group continued to improve its human resources through internal training as well as local, overseas, and on-campus recruitment.

During the period under review, to cope with the need of its business development, the Group established the Ecological Environment Institute to arrange for appropriate training centrally. Training programmes for general managers and construction directors, training courses for safety and environmental management and training courses for public communication staff were also held to enhance management's and staff's professional and general competence through continuous education. All along employees of the Group are provided with a platform for personal development. During the period under review, the Group conducted internal selection and recruitment for vacancies in headquarter. Employees with vision and self-confidence are encouraged to apply for internal transfer so that they can unleash their full potential in their favorite job positions. In order to enhance the efficiency of human resources management and to encourage existing staff to refer suitable candidate(s) to the Group, the Group issued a series of management measures for human resources, which included "Management Measures for Staff Recruitment", "Management Measures for Reserve Cadres", "Requirements on the Selection and Appointment of Senior and Middle Management" and the "Management Measures and Awards for Talent Referral by Internal Staff". In addition to the issuance of the "Measures for the Establishment of Talent Cultivation Base", the Group selected 16 operating projects as talent cultivation bases to provide internship opportunities for its future management and senior technical staff.

As at 30 June 2019, the Group had approximately 11,700 employees. Employees within the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from a discretionary performance bonus, the Group also provides other benefits such as medical insurance and a mandatory provident fund scheme to employees in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

During the period under review, the Group continuously implemented relevant work of the risk management system to effectively control the principal risks faced by the Group, which included policy changing risk, environmental compliance risk, construction project management risk, accounts receivable risk, staff management risk, market competitive risk, not-in-my-backyard risk and cost control risk, the details of which are set out in the 2019 interim report.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group pays close attention to the operational impacts brought to the environment and society. An Environmental and Social Management System ("ESMS") has been established in accordance with the Safeguard Policy Statement of the Asian Development Bank and other international best practices. The ESMS covers the entire cycle of projects from early-stage planning and design till the final-stage operation and management, with specific requirements in place in relation to environmental and social screening and categorisation, resettlement, indigenous peoples, environmental impact assessment, information disclosure, consultation and participation, gender equality, due diligence and review, and monitoring and reporting. The system ensures the Group's activities comply with the up-to-date environmental and social safeguard principles and requirements internationally. To enhance integration effectiveness between system requirements and practical operations, and to manage the entire process of environmental and social management work, the Group fully implemented the ESHS Management System in 2016. The system comprises management standards to provide procedural guidelines on issues identification, auditing, incident investigation and reporting, work injury treatment and contractor ESHS management. Implementation of the system has not only promoted sustainable development within the Group, but also extended its safety culture and policies to the supply chain.

The operating and environmental performance of the Group's projects strictly adheres to the standards and requirements of their respective environmental impact assessment reports. The Group also takes into consideration the expectations of neighbouring communities. The key regulations and standards which are highly relevant to the Group's business include the Environmental Protection Law of the PRC, Law of the PRC on Environmental Impact Assessment, Water Pollution Prevention and Control Law of the PRC, Atmospheric Pollution Prevention and Control Law of the PRC, Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, Production Safety Law of the PRC, Labour Law of the PRC, Hong Kong's Employment Ordinance; the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485-2014) and the Euro 2010 standard (for environmental energy projects), the Emission Standard for Air Pollutants of Thermal Power Plants (GB13223-2011) (for biomass power generation projects under greentech sector), and the Discharge Standard for Pollutants of Municipal Waste Water Treatment Plants (GB18918-2002) (for environmental water projects), etc.

The Group strives to ensure compliant emissions and the five "Firsts": the first to adopt the European Union Waste Incineration Directive 2000/76/EC; the first to connect and share real-time project emission data with local environmental protection departments; the first to disclose online hourly average emission data of all operating waste-to-energy projects; the first to open up its operating waste-to-energy projects to welcome public supervision; and the first to open up environmental protection facilities across all business sectors to the public.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Group strives to maintain a high standard of corporate governance as it believes good corporate governance practices are increasingly important for maintaining and promoting the confidence of the Shareholders. They are crucial for the development of the Group's business and protection of the Shareholders' interests. The Group upholds the management principle of "People-oriented, Pragmatism, Creativity and Systematic Management", and through a set of rules and regulations, has continuously strengthened internal control and risk management system. Furthermore, by full and timely public disclosure of information, the Group has maintained transparency and accountability which also enhanced its corporate values.

The Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 to the Listing Rules have been duly adopted by the Board as the code on corporate governance practices of the Company.

The Company complied with all Code Provisions as set out in the CG Code throughout the six months ended 30 June 2019.

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

Please refer to the Company's 2018 annual report published in April 2019 for more information on our corporate governance practices.

The Board

The Board currently comprises 5 executive Directors and 4 independent non-executive Directors ("INED(s)"). The number of INEDs represents more than one-third of the Board and at least one of whom possess the appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules. The INEDs offer diversified experience and professionalism and serve to advise the Board and on strategic development and provide checks and balances for safeguarding the interest of the Shareholders and the Group as a whole.

Board Committees

As an integral part of good corporate governance, the Board has established the following 5 Board committees with specific written terms of reference which deal clearly with their respective authority and duties:

1. Audit Committee

The Audit Committee, currently comprising 3 INEDs, namely Mr. Mar Selwyn (Chairman), Mr. Fan Yan Hok, Philip and Mr. Zhai Haitao, is primarily responsible for reviewing the Group's financial reporting process, risk management and internal control systems, internal and external audit and such other financial and accounting matters of the Group, etc. Under its terms of reference, the Audit Committee is required to oversee the relationship between the Company and EY, the external auditor of the Company. The terms of reference of the Audit Committee are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

2. Risk Management Committee

The Risk Management Committee currently comprises Mr. Fan Yan Hok, Philip (Chairman), an INED, Mr. Mar Selwyn, an INED, Mr. Suo Xuquan, an INED, Mr. Wong Kam Chung, Raymond, the executive Director and the Chief Financial Officer, Mr. Hu Yanguo, the executive Director and the Deputy General Manager, and Ms. Guo Ying, the General Manager of Internal Audit Department and Risk Management Department of the Company. Its main duties are to provide oversight of the Company's risk management programs, and to review the effectiveness of the management's processes for identifying, assessing, mitigating and monitoring enterprise-wide risks. The terms of reference of the Risk Management Committee had been established in writing.

3. Nomination Committee

The Nomination Committee currently comprises Mr. Cai Yunge (Chairman), an executive Director and the Chairman of the Board, Mr. Wang Tianyi, the executive Director and the Chief Executive Officer, and all the 4 INEDs, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan. Its primary responsibilities include but not limited to reviewing annually the structure, size and composition (including the skills, knowledge and experience) of the Board, reviewing and reporting the Board diversity to the Board, assessing the independence of the INEDs, making recommendations to the Board, by taking into account the Board Diversity Policy and the Nomination Policy, on appointment or re-appointment or re-designation of Directors and assessing the qualifications and competencies of the candidates, so as to ensure that all nominations are fair and transparent. The terms of reference of the Nomination Committee are available on the websites of the Company and HKEx.

4. Remuneration Committee

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

5. Disclosure Committee

The Disclosure Committee currently comprises 4 executive Directors, namely, Mr. Wang Tianyi (Chairman), the Chief Executive Officer, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer, Mr. Hu Yanguo, the Deputy General Manager and Mr. Qian Xiaodong, the Deputy General Manager as well as Mr. An Xuesong, the Deputy General Manager and Ms. Poon Yuen Ling, the Company Secretary. The Board has delegated the day-to-day execution of its continuous disclosure obligations to the Disclosure Committee to ensure the compliance of the Company with its disclosure obligations. The terms of reference of the Disclosure Committee had been established in writing.

Other than the 5 Board committees above, the Management Decision Committee, being chaired by the Chief Executive Officer of the Company, is responsible for handling the day-to-day business activities and making collective decisions on major matters relating to the Group's daily business operations, management and personnel matters, etc. The Management Decision Committee also takes charge of reviewing the investment projects of the Group, after recommended by the Project Advisory Committee, pursuant to the power delegated from the Board to the Chief Executive Officer. For project risk management and project technological risk management, the Group has set up a Project Advisory Committee to monitor and assess risks regularly, boost related management standards and evaluate investment projects as well as assess the technologies used in different investment projects. For project financial control, the Group insists on stringent budget management, and has set up a Budget Approval Management Committee that focuses on monitoring construction budgets. In addition, the Group has also set up Internal Audit Department and Risk Management Department to perform internal audits, and risk management and control functions respectively to bolster the Group's management standards.

Model Code for Securities Transactions by Directors

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for Directors' transactions in securities of the Company. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months ended 30 June 2019.

INTERIM DIVIDEND

The Board has declared payment of an interim dividend of HK13.0 cents per share (2018: HK12.0 cents per share) for the six months ended 30 June 2019, payable to the Shareholders whose names appear on the register of members of the Company (the "Register of Members") on Friday, 13 September 2019. The interim dividend will be paid to the Shareholders on or around Friday, 4 October 2019.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' entitlement to the interim dividend, the Register of Members will be closed from Wednesday, 11 September 2019 to Friday, 13 September 2019, both days inclusive, during which period no transfer of shares will be registered. Shareholders, whose names appear on the Register of Members on the record date, i.e. Friday, 13 September 2019, will be entitled to the interim dividend. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 10 September 2019.

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

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

REVIEW OF INTERIM FINANCIAL INFORMATION

The Audit Committee has reviewed the interim financial information of the Group for the six months ended 30 June 2019 for the Board's approval.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.ebchinaintl.com/en/ir/announcements.php) and HKEx (www.hkexnews.hk). The 2019 interim report containing all the information required by the Listing Rules will be published on the websites of the Company and HKEx and dispatched to the Shareholders in due course.

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

Hong Kong, 14 August 2019

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