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CHINA EVERBRIGHT ENVIRONMENT GROUP LIMITED

中國光大環境(集團)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 257)

ANNOUNCEMENT

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

HIGHLIGHTS

- Revenue decreased by 4% to HK\$15,612,133,000 (2023: HK\$16,297,167,000)
- EBITDA decreased by 11% to HK\$6,550,295,000 (2023: HK\$7,376,488,000)
- Profit before tax decreased by 14% to HK\$3,883,226,000 (2023: HK\$4,505,649,000)
- Profit attributable to equity holders of the Company decreased by 12% to HK\$2,453,917,000 (2023: HK\$2,784,923,000)
- Interim dividend of HK14.0 cents per share (2023: HK14.0 cents per share)

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of China Everbright Environment Group Limited (the “Company” or “Everbright Environment”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024. The interim financial results are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, “Review of interim financial information performed by the independent auditor of the entity”, issued by the Hong Kong Institute of Certified Public Accountants, whose report on review of interim financial information is included in the interim report to be published.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024 – unaudited

		For the six months ended 30 June	
		2024	2023
	Notes	HK\$'000	HK\$'000
REVENUE	4	15,612,133	16,297,167
Direct costs and operating expenses		<u>(9,566,108)</u>	<u>(9,103,734)</u>
Gross profit		6,046,025	7,193,433
Other revenue		526,335	542,504
Other income and gains/(losses), net		(26,733)	(203,372)
Administrative expenses		<u>(1,103,817)</u>	<u>(1,340,565)</u>
PROFIT FROM OPERATING ACTIVITIES		5,441,810	6,192,000
Finance costs	6	(1,547,317)	(1,739,255)
Share of (losses)/profits of joint ventures		(12,199)	47,000
Share of profits of associates		932	5,904
PROFIT BEFORE TAX	5	3,883,226	4,505,649
Income tax	7	<u>(881,009)</u>	<u>(1,114,018)</u>
PROFIT FOR THE PERIOD		3,002,217	3,391,631
ATTRIBUTABLE TO:			
Equity holders of the Company		2,453,917	2,784,923
Holder of perpetual capital instruments		134,071	110,013
Non-controlling interests		<u>414,229</u>	<u>496,695</u>
		3,002,217	3,391,631
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	9		
– Basic and diluted		<u>HK39.95 cents</u>	<u>HK45.34 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	3,002,217	3,391,631
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	(826,694)	(1,396,660)
Debt instrument at fair value through other comprehensive income:		
Changes in fair value	<u>154,017</u>	<u>(89,506)</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(672,677)</u>	<u>(1,486,166)</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>(672,677)</u>	<u>(1,486,166)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,329,540</u>	<u>1,905,465</u>
ATTRIBUTABLE TO:		
Equity holders of the Company	1,867,081	1,580,722
Holders of perpetual capital instruments	134,071	110,013
Non-controlling interests	<u>328,388</u>	<u>214,730</u>
	<u>2,329,540</u>	<u>1,905,465</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024 – unaudited

		30 June	31 December
		2024	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties		168,621	169,940
Property, plant and equipment		8,749,145	8,772,807
Right-of-use assets		776,930	807,201
		<u>9,694,696</u>	<u>9,749,948</u>
Goodwill		1,521,478	1,535,542
Intangible assets		30,739,659	30,975,754
Interests in joint ventures		1,047,208	1,055,810
Interests in associates		568,860	598,650
Contract assets	<i>10</i>	94,405,487	94,892,432
Finance lease receivables		11,750	12,263
Other financial assets		147,634	150,164
Other receivables, deposits and prepayments	<i>11</i>	2,243,208	2,445,301
Deferred tax assets		583,458	613,814
Total non-current assets		<u>140,963,438</u>	<u>142,029,678</u>
CURRENT ASSETS			
Inventories		1,019,189	894,628
Contract assets	<i>10</i>	13,726,677	13,078,653
Finance lease receivables		787	771
Other financial assets		33,145	121,148
Debtors, other receivables, deposits and prepayments	<i>11</i>	25,421,952	24,419,721
Tax recoverable		13,759	5,485
Pledged bank deposits		82,036	176,680
Deposits with banks with maturity period over three months		24,033	22,844
Cash and cash equivalents		8,167,978	8,433,216
Total current assets		<u>48,489,556</u>	<u>47,153,146</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

30 June 2024 – unaudited

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	12	15,552,655	17,527,132
Interest-bearing borrowings			
– Secured		3,658,267	3,716,573
– Unsecured		14,539,806	19,401,845
		18,198,073	23,118,418
Tax payable		674,138	539,330
Total current liabilities		34,424,866	41,184,880
NET CURRENT ASSETS		14,064,690	5,968,266
TOTAL ASSETS LESS CURRENT LIABILITIES		155,028,128	147,997,944
NON-CURRENT LIABILITIES			
Other payables	12	737,268	468,945
Interest-bearing borrowings			
– Secured		36,004,874	36,609,182
– Unsecured		39,971,524	34,896,544
		75,976,398	71,505,726
Deferred tax liabilities		10,628,171	10,500,052
Total non-current liabilities		87,341,837	82,474,723
NET ASSETS		67,686,291	65,523,221
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		17,329,537	17,329,537
Reserves		32,678,432	30,811,351
		50,007,969	48,140,888
Non-controlling interests		11,967,597	11,673,720
Perpetual capital instruments		5,710,725	5,708,613
TOTAL EQUITY		67,686,291	65,523,221

NOTES:

1. BASIS OF PREPARATION

The unaudited interim financial information for the six months ended 30 June 2024 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 D2 to the Rules (“Listing Rules”) Governing the Listing of Securities 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 2023 except for the adoption of 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 2023 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 2023.

The financial information relating to the year ended 31 December 2023 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 2023 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 former auditor has reported on the financial statements for the year ended 31 December 2023. 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

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

Amendments to HKAS 1	Presentation of financial Statements – Classification of liabilities as current or non-current
Amendments to HKAS 1	Presentation of financial statements – Non-current liabilities with covenants
Amendments to HKFRS 16	Leases – Lease liability in a sale and leaseback
Amendments to HKAS 7 and HKFRS 7	Statement of cash flows, Financial instruments: Disclosures – Supplier finance arrangement

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

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, food and kitchen waste treatment projects, sludge treatment and disposal projects, leachate treatment projects, methane-to-energy plants, fecal treatment projects, fly ash landfill projects, medical waste treatment projects and solid waste treatment projects, and provision of waste sorting, renewable resources utilisation, and sanitation operation 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 treatment and disposal projects, 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.

3. OPERATING SEGMENT INFORMATION *(continued)*

- 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.
- Others: this segment engages in the conduct of environmental protection technology research and development, provision of environmental-related technological services, design of environmental protection projects, provision of environmental protection project equipment construction and installation services and sales of related equipment from which it generates revenue.

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, tax recoverable, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets. Segment liabilities include tax payable, 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 and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. 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" ("Adjusted EBITDA"). To arrive at Adjusted 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 segment results, 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) Segment results, assets and liabilities

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

For the six months ended 30 June

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:										
Revenue from external customers	8,487,864	9,130,530	3,352,595	3,082,000	3,504,102	3,818,651	267,572	265,986	15,612,133	16,297,167
Inter-segment revenue	3,059	49,406	-	-	1,475	1,293	150,398	308,587	154,932	359,286
Reportable segment revenue	8,490,923	9,179,936	3,352,595	3,082,000	3,505,577	3,819,944	417,970	574,573	15,767,065	16,656,453
<i>Reconciliation:</i>										
Elimination of inter-segment revenue									(154,932)	(359,286)
Reportable segment revenue derived from the Group's external customers									15,612,133	16,297,167

3. OPERATING SEGMENT INFORMATION *(continued)*

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

For the six months ended 30 June

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment results:										
Reportable segment profit (Adjusted EBITDA)	4,015,260	4,726,705	1,199,661	1,289,680	1,108,460	1,281,035	35,656	77,627	6,359,037	7,375,047
Elimination of inter-segment profits									(54,358)	(84,776)
Reportable segment profit derived from the Group's external customers									6,304,679	7,290,271
Finance costs									(1,547,317)	(1,739,255)
Depreciation and amortisation, including unallocated portion									(1,119,752)	(1,131,584)
Unallocated head office and corporate income									336,507	206,095
Unallocated head office and corporate expenses									(90,891)	(119,878)
Consolidated profit before tax									3,883,226	4,505,649

3. OPERATING SEGMENT INFORMATION *(continued)*

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

For the six months ended 30 June

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Other segment information:										
Depreciation and amortisation	487,623	489,967	103,717	108,153	482,837	482,845	38,358	49,349	1,112,535	1,130,314
(Write-back of impairment)/ impairment of debtors	(14,575)	56,563	34,715	123,398	-	6,284	-	-	20,140	186,245
Impairment/(write-back of impairment) of other receivables, net	-	-	2,418	(2,768)	-	-	-	-	2,418	(2,768)
Impairment/(write-back of impairment) of contract assets, net	10,991	(2,153)	913	445	-	438	-	-	11,904	(1,270)
Additions to property, plant and equipment and right-of-use assets during the period	89,344	341,536	58,793	23,529	208,448	192,039	3,112	15,898	359,697	573,002
Additions to intangible assets and non-current portion of prepayments during the period	640,897	906,370	-	171	162,621	541,826	315	8,102	803,833	1,456,469
Additions to non-current portion of contract assets during the period	3,009,136	2,817,176	1,952,848	1,401,791	195,653	179,809	-	-	5,157,637	4,398,776

3. OPERATING SEGMENT INFORMATION *(continued)*

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

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	At	At	At	At	At	At	At	At	At	At
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	<u>106,797,320</u>	<u>107,527,318</u>	<u>34,934,174</u>	<u>33,995,027</u>	<u>38,762,687</u>	<u>39,719,911</u>	<u>2,690,971</u>	<u>2,842,975</u>	<u>183,185,152</u>	<u>184,085,231</u>
Unallocated head office and corporate assets									<u>6,267,842</u>	<u>5,097,593</u>
Consolidated total assets									<u>189,452,994</u>	<u>189,182,824</u>
Reportable segment liabilities	<u>46,233,810</u>	<u>52,011,184</u>	<u>21,417,633</u>	<u>20,768,085</u>	<u>26,259,919</u>	<u>27,344,533</u>	<u>1,966,683</u>	<u>2,097,945</u>	<u>95,878,045</u>	<u>102,221,747</u>
Unallocated head office and corporate liabilities									<u>25,888,658</u>	<u>21,437,856</u>
Consolidated total liabilities									<u>121,766,703</u>	<u>123,659,603</u>

(ii) Information about a major customer

For the six months ended 30 June 2024 and 2023, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
<i>Revenue from contracts with customers</i>		
Revenue from environmental energy project construction services	1,790,227	2,656,834
Revenue from environmental water project construction services	1,487,009	950,232
Revenue from greentech project construction services	178,507	463,148
Revenue from environmental energy project operation services	4,860,974	4,539,897
Revenue from environmental water project operation services	1,301,259	1,557,186
Revenue from greentech project operation services	3,157,512	3,175,693
Others	267,572	265,986
	<hr/>	<hr/>
Total revenue from contracts with customers	13,043,060	13,608,976
Finance income from service concession arrangements	2,569,073	2,688,191
	<hr/>	<hr/>
Total revenue	15,612,133	16,297,167
	<hr/>	<hr/>

The aggregated revenues from environmental energy project construction and operation services, environmental water project construction and operation services, greentech project construction and operation services and finance income derived from the local government authorities in the People's Republic of China ("PRC") amounted to HK\$13,338,500,000 (six months ended 30 June 2023: HK\$13,681,661,000) for the six months ended 30 June 2024. The revenues are included in "Environmental energy project construction and operation", "Environmental water project construction and operation" and "Greentech project construction and operation" segments as disclosed in note 3.

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Depreciation		
– property, plant and equipment	347,007	335,137
– right-of-use assets	32,868	37,035
Amortisation of intangible assets	739,877	759,412
Dividend income	–	(857)
Interest income	(46,520)	(64,855)
Government grants*	(36,008)	(72,630)
Value-added tax refund**	(208,618)	(204,507)
Impairment of debtors, net	20,140	186,245
Impairment/(write-back of impairment) of other receivables, net	2,418	(2,768)
Impairment/(write-back of impairment) of contract assets, net	11,904	(1,270)
Fair value (gains)/losses, net:		
Other financial assets – unlisted equity investment	(456)	2,098
Other financial assets – unlisted investments	(7,036)	22,659
Employee benefit expense:		
Wages, salaries, allowances and benefits in kind	1,596,381	1,854,552
Retirement scheme contributions	118,122	126,773
	1,714,503	1,981,325

* Government grants were granted during the six months ended 30 June 2024 mainly to subsidise certain environmental energy, environmental water and greentech 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 was received/receivable during the six months ended 30 June 2024 in relation to certain environmental energy, environmental water and greentech project operations of the Group in the PRC. There are no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

6. FINANCE COSTS

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Interest on bank and other loans	1,217,407	1,509,945
Interest on corporate bond, asset-backed securities (“ABS”), medium-term notes (“MTNs”) and super and short-term commercial papers (“SCPs”)	329,914	238,349
Interest on lease liabilities	2,592	2,963
Less: Interest expenses capitalised into construction in progress*	(2,596)	(12,002)
Total	<u>1,547,317</u>	<u>1,739,255</u>

* The borrowing costs have been capitalised at rates ranging from 2.65% to 4.48% (six months ended 30 June 2023: 3.30% to 3.50%) per annum during the six months ended 30 June 2024.

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 2024 (six months ended 30 June 2023: 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.

	For the six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current – Elsewhere:		
Charge for the period	645,306	582,572
(Over)/under-provision in prior periods	(18,490)	18,985
Deferred	<u>254,193</u>	<u>512,461</u>
Total tax expense for the period	<u>881,009</u>	<u>1,114,018</u>

8. DIVIDENDS

	For the six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividend attributable to the period:		
Interim – HK14.0 cents (six months ended 30 June 2023: HK14.0 cents) per ordinary share	860,017	860,017
Final dividend in respect of the previous financial year paid during the period – HK8.0 cents (six months ended 30 June 2023: HK9.0 cents) per ordinary share	491,438	552,868

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 2024 is based on the profit for the period attributable to equity holders of the Company of HK\$2,453,917,000 (six months ended 30 June 2023: HK\$2,784,923,000) and 6,142,975,292 (six months ended 30 June 2023: 6,142,975,292) ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

10. CONTRACT ASSETS

		At 30 June 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current			
Service concession assets	<i>(a)</i>	94,330,354	94,814,016
Other contract assets	<i>(c)</i>	153,166	154,601
Less: Impairment		<u>(78,033)</u>	<u>(76,185)</u>
		94,405,487	94,892,432
Current			
Service concession assets	<i>(a)</i>	8,443,007	8,408,839
Unbilled renewable energy tariff subsidy	<i>(b)</i>	4,909,508	4,258,130
Other contract assets	<i>(c)</i>	437,419	466,171
Less: Impairment		<u>(63,257)</u>	<u>(54,487)</u>
		13,726,677	13,078,653
Total		108,132,164	107,971,085
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in “Intangible assets”			
		866,805	1,902,843

Notes:

- (a) Included in “Service concession assets” are amounts of HK\$1,249,806,000 (31 December 2023: HK\$769,354,000) and HK\$855,294,000 (31 December 2023: HK\$731,752,000) which are related to the construction services under Build-Operate-Transfer (“BOT”), Build-Operate-Own (“BOO”) and Transfer-Operate-Transfer (“TOT”) arrangements rendered by the Group to a non-controlling shareholder of a non wholly-owned subsidiary and a related company of a non wholly-owned subsidiary, respectively.

“Service concession assets” arose from the Group’s revenue from construction services under BOT, BOO and TOT arrangements and bear interest at rates ranging from 3.95% to 7.83% (31 December 2023: 4.20% to 7.83%) per annum. Among the total of HK\$102,773,361,000 (31 December 2023: HK\$103,222,855,000), HK\$90,349,449,000 (31 December 2023: HK\$91,485,026,000) relates to BOT, BOO and TOT arrangements with operations commenced.

10. CONTRACT ASSETS (continued)

Notes: (continued)

(a) (continued)

Pursuant to the BOT, BOO and TOT 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.

(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 2024 comprised contract assets of HK\$391,046,000 (31 December 2023: HK\$416,237,000) arising from performance under environmental remediation service contracts, and HK\$199,539,000 (31 December 2023: HK\$204,535,000) arising from performance under construction management service contracts.

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

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

	<i>HK\$'000</i>
As at 1 January 2023	225,052
Write-back of impairment losses, net	(91,022)
Exchange realignment	<u>(3,358)</u>
As at 31 December 2023 and 1 January 2024	130,672
Impairment losses, net (note 5)	11,904
Exchange realignment	<u>(1,286)</u>
As at 30 June 2024	<u>141,290</u>

11. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Non-current		
Other receivables, deposits and prepayments	2,252,717	2,455,083
Less: Impairment – other receivables	<u>(9,509)</u>	<u>(9,782)</u>
	<u>2,243,208</u>	<u>2,445,301</u>
Current		
Debtors	22,785,984	21,388,229
Less: Impairment	<u>(1,383,895)</u>	<u>(1,407,907)</u>
	21,402,089	19,980,322
Other receivables, deposits and prepayments	4,139,295	4,557,340
Less: Impairment – other receivables	<u>(119,432)</u>	<u>(117,941)</u>
	<u>4,019,863</u>	<u>4,439,399</u>
	<u>25,421,952</u>	<u>24,419,721</u>
Total	<u>27,665,160</u>	<u>26,865,022</u>

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

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 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Within 1 month	3,117,633	2,997,233
More than 1 month but within 2 months	1,188,225	1,120,944
More than 2 months but within 4 months	1,846,985	1,754,371
More than 4 months but within 7 months	2,637,251	2,141,012
More than 7 months but within 13 months	3,108,405	3,016,494
More than 13 months	9,503,590	8,950,268
	21,402,089	19,980,322

Included in “Debtors, other receivables, deposits and prepayments” are debtors of HK\$7,723,121,000 (31 December 2023: HK\$7,248,873,000, which were measured at fair value through other comprehensive income as these debtors are managed within a business model with the objective of both holding to collect contractual cash flows and selling for working capital management and the contractual terms of these receivables give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The movements in the loss allowance for impairment of debtors measured at amortised cost are as follows:

	<i>HK\$'000</i>
As at 1 January 2023	937,452
Impairment losses, net	506,313
Exchange realignment	(35,858)
As at 31 December 2023 and 1 January 2024	1,407,907
Write-back of impairment losses, net	(11,007)
Exchange realignment	(13,005)
As at 30 June 2024	1,383,895

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

The movements in the loss allowance for impairment of debtors measured at fair value through other comprehensive income are as follows:

	<i>HK\$'000</i>
As at 1 January 2023	150,576
Impairment losses, net	65,859
Exchange realignment	<u>(3,655)</u>
As at 31 December 2023 and 1 January 2024	212,780
Impairment losses, net	31,147
Exchange realignment	<u>(2,165)</u>
As at 30 June 2024	<u>241,762</u>

12. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	At 30 June 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Creditors	11,651,021	12,261,759
Other payables, accrued expenses and deferred income – government grants	<u>4,638,902</u>	<u>5,734,318</u>
Total	16,289,923	17,996,077
Less: Non-current portion – other payables, accrued expenses and deferred income – government grants	<u>(737,268)</u>	<u>(468,945)</u>
Current portion	<u>15,552,655</u>	<u>17,527,132</u>

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 2024 <i>HK\$'000</i>	At 31 December 2023 <i>HK\$'000</i>
Within 6 months	9,904,679	9,660,223
Over 6 months	<u>1,746,342</u>	<u>2,601,536</u>
Total	<u>11,651,021</u>	<u>12,261,759</u>

BUSINESS REVIEW AND PROSPECTS

OPERATING RESULTS

Business Overview

In the first half of 2024, the Company adhered to the principle of “Making Progress with Stability and Promoting Stability through Progress” and focused on its major businesses and responsibilities to advance high-quality development with solid efforts. As a result, the Group realised stable operating results, continuously solidifying its industry-leading position.

In terms of operating results, during the period under review, major businesses and responsibilities of the Group progressed with stability, diversified its asset-light and asset-heavy businesses, and steadily expanded new businesses and models, enhancing its efforts to develop the “One Body and Two Wings” development path*. With various measures being adopted to control costs, increase revenue, and enhance quality and efficiency, and a stable momentum for the financial and business indicators, the Group’s operational development quality was further improved. As the relevant management systems continued to optimise, ongoing efforts were made to tackle accounts receivable recovery, and safety measures were constantly enhanced, the Group’s management efficiency was accelerated. With the technology research and development (“R&D”) empowering the development of all business sectors, as well as the acceleration of the digitalisation of management, the commercialisation of the technology research results continued to make progress. Additionally, the Group was invited to attend a dialogue between the Prime Minister of Vietnam and Chinese companies that run business in Vietnam, the 2024 Annual Meeting of Beautiful China Forum 100 and the Green Development Forum of Shanghai Cooperation Organisation Countries, leading to an ongoing expansion of its industry influence.

* *A “One Body and Two Wings” development path: focusing on domestic business with an emphasis on operation as one body, and exploring overseas business and pursuing development that is driven by innovation as two engines.*

Major operating indicators in the first half of 2024 are summarised in the table below:

	For the six months ended 30 June 2024 HK\$'000	For the six months ended 30 June 2023 HK\$'000	Percentage change
Revenue	15,612,133	16,297,167	(4)%
Earnings before interest, taxes, depreciation and amortisation (“EBITDA”)	6,550,295	7,376,488	(11)%
Profit attributable to equity holders of the Company	2,453,917	2,784,923	(12)%
Basic earnings per share (HK cents)	39.95	45.34	(12)%

During the period under review, the Group recorded a total revenue of HK\$15,612,133,000, of which revenue from operation services was similar as the first half of 2023 to HK\$9,458,613,000, and revenue from construction services decreased by 13% from the first half of 2023 to HK\$3,584,447,000. The revenue from operation services, construction services and finance income accounted for 61%, 23% and 16% of the total revenue, respectively.

During the period under review, the Group continuously expanded its financing channels and optimised its portfolio of financing instruments. In particular, by closely monitoring market conditions, the Group made steady progress in issuing in due course different types of bonds, including MTNs and ABS, through the Company and its listed subsidiaries, keeping the comprehensive capital cost at a comparatively low level. The Group also strengthened its domestic and overseas credit line reserves and foreign debt management. In the first half of 2024, the Group obtained various domestic subsidies amounting to approximately RMB48 million. As at 30 June 2024, the Group had cash on hand amounting to HK\$8.274 billion, with a reasonable gearing level and a healthy financial position.

The Group's major financing arrangements in the first half of 2024 are summarised in the table below:

Issue date	Financing arrangements and uses of proceeds	Issue size (RMB)
May 2024	China Everbright Greentech Limited (“Everbright Greentech”) completed the issuance of the 2024 first tranche of the green MTNs in the PRC for the repayment of interest-bearing debts of Everbright Greentech and its subsidiaries, replenishment of their working capital and/or investment in and construction of their environmental protection projects and for other business development purposes.	1 billion
May 2024	The Company completed the issuance of the 2024 MTNs (Series 2) in the PRC for the repayment of MTNs of the Company issued in the PRC.	2 billion
April 2024	China Everbright Water Limited (“Everbright Water”) completed the issuance of the 2024 ABS in China for the repayment of the loans borrowed by Everbright Water and its subsidiaries and replenishment of their working capital.	2 billion
March 2024	The Company completed the issuance of the 2024 MTNs (Series 1) in the PRC for the repayment of the interest-bearing debts of the Group.	2 billion
January 2024	Everbright Water completed the issuance of the 2024 first tranche MTNs in China for the replenishment of working capital of Everbright Water's subsidiaries and repayment of the interest-bearing debts of Everbright Water or its subsidiaries.	1.5 billion

The Group remains dedicated to sharing development and operation returns with the shareholders of the Company (the “Shareholders”). To reward the Shareholders for their support and take consideration of the Group’s business development and strategic planning, the Board has declared to pay an interim dividend of HK14.0 cents per share for the six months ended 30 June 2024 to the Shareholders (2023: HK14.0 cents per share). The dividend payout ratio was 35%, an increase of 4 percentage points as compared with the first half of 2023.

As at 30 June 2024, the Group had a business presence in 227 cities, counties and districts across 26 provinces, municipalities, autonomous regions and special administrative region in China, with overseas business markets in Germany, Poland, Vietnam and Mauritius. The Group invested in and secured a total of 600 environmental protection projects, with an aggregate investment of approximately RMB162.272 billion. It also undertook various asset-light projects and services, such as environmental remediation, waste sorting, design consulting, equipment supply and technical services. The Group had a total of 191 waste-to-energy projects (including operation and management (“O&M”) projects) under its environmental energy and greentech sectors, with a designed daily household waste processing capacity of 158,900 tonnes.

In terms of market expansion, during the period under review, with a focus on the three major areas of solid waste, water-related business and clean energy, the Group solidified its advantages in core business areas, enhanced industrial chain extension, proactively expanded synergistic businesses, and nurtured the balanced development of asset-light and asset-heavy businesses. In the first half of 2024, the Group entered the markets in Anyang, Henan Province, and Guangzhou, Guangdong Province, securing a municipal waste water treatment project and the Group’s first energy storage project, respectively, continuing to solidify its business deployment in China’s major strategic regions like the Yellow River Basin and the Guangdong-Hong Kong-Macau Greater Bay Area. Leveraging its existing experience in developing zero-carbon industrial parks, the Group signed 3 new projects for the construction of zero-carbon industrial parks. The expansion of asset-light businesses across all business sectors of the Group progressed smoothly, with new businesses covering environmental remediation, technical consulting, engineering consulting, equipment supply, battery recycling and reuse and other categories. In active pursuit of opportunities in country markets along the “Belt and Road” route, the Group won the bids for asset-light projects relating to equipment supply in Malaysia and India. Additionally, based on the principle of “Openness, Sharing and Win-win Cooperation”, the Group actively participated in industry exchange activities such as domestic and international exhibitions. These activities facilitated the Group’s deeper communication and cooperation with government departments, businesses, and research institutions at home and abroad, which helped to unveil collaboration potential and jointly promote development. In the first half of 2024, the Group invested in and secured a total of 8 new projects, with a total investment of approximately RMB1.611 billion. These new projects involve waste water treatment, biomass integrated utilisation, construction of zero-carbon industrial parks and energy storage, among others. The Group also signed various new asset-light businesses, with a total contract value of approximately RMB392 million.

The major designed treatment and supply capacities of the new projects secured in the first half of 2024 are summarised as below:

Project Category	Designed Treatment/Supply Capacity
Waste water treatment	200,000 m ³ /day
Biomass raw materials	70,000 tonnes/year
Heat and steam supply	260,000 tonnes/year
Solar power and energy storage installed capacity	39.66 megawatt (“MW”)

During the period under review, the Group continued to carry out works related to “Cost Control and Efficiency Enhancement”. In terms of financial management, the Group actively took advantage of the favourable window of opportunity in China’s bond market, where interest rates were relatively low, to complete several bond issuances, thereby further reducing its capital costs. It also replaced high-interest loans abroad and adopted other means to save interest expenses. In terms of tendering and procurement management, the Group further moderately promoted the centralised management of tendering and procurement to leverage centralised procurement advantages. As a result, the procurement costs were constantly reduced. In terms of information technology management, the Group continued to develop its intelligent management platform to strengthen the digitalisation level of financial, capital and document management platforms. This enhanced data collaboration and integration within the Group, leading to greater overall management efficiency.

In terms of safety and environmental management, during the period under review, the Group sharpened its focus on identifying and rectifying potential safety hazards and managing and controlling hazardous operations. These steps helped the Group to shift its production safety management model to proactive prevention, ensuring stable operations with a solid safety and environmental foundation. Notably, the Group prioritised safety precautions and risk identification during critical periods, including winter production periods, long public holidays, and rainy and flood seasons, to prevent the occurrence of major safety-related accidents. Additionally, the Group organised various safety-related activities across all business units and projects to enhance the safety awareness and professional competence among all employees in conjunction with China’s 23rd Safety Production Month.

In terms of operations management, during the period under review, the Group established a dedicated task force for operational efficiency enhancement with a focus on the goal of “Enhancing Operational Efficiency, Controlling Cost and Boosting Revenue”, and tailored work targets, plans and specific measures based on project conditions. As a result, the operation and management of such projects were enhanced and the potential for increasing revenue and reducing expenses across these projects were further unveiled. In particular, the environmental energy sector focused on increasing waste intake and improving the efficiency of slag management to enhance operational efficiency and revenue. The environmental water sector strengthened the cleaning and maintenance of critical operating equipment at waste water treatment projects, resulting in improved treatment efficiency and reduced operating costs. The greentech sector enhanced the management and control of the front-end collection and transportation systems for biomass, and hazardous and solid waste projects, ensuring robust and positive operational data.

In terms of project construction, during the period under review, the Group adhered to a refined and dynamic management model, focusing on strengthening the comprehensive monitoring and control of safety risk factors to ensure the safe and orderly progress of all project construction works. Notably, the Group, as a party participating in construction, was invited to attend the launching ceremony of the Boao near-zero carbon demonstration zone in Hainan Province, and the Prime Minister of Vietnam attended the completion ceremony of the Group’s Hue Waste-to-energy Project (“Hue Project”) in Vietnam, demonstrating the local government’s full acknowledgement to the Group’s capability in project engineering construction. In the first half of 2024, 17 projects completed construction and commenced operation, and 1 project completed construction. 3 environmental remediation services were completed and delivered. Additionally, 12 projects commenced construction and 2 environmental remediation services began execution.

In terms of environmental contributions, the Group proactively fosters the simultaneous improvement of social, economic and environmental benefits, by promoting energy conservation and the reduction of pollution and carbon emissions. The Group's major environmental contributions during the period under review are summarised as below:

	Treatment Capacity	Environmental Contributions
Household waste processed	28,035,000 tonnes	Generating green electricity of 13,634,000,000 kWh. This output could support the annual electricity consumption needs of 11,361,000 households, equivalent to saving 5,453,000 tonnes of standard coal, while avoiding Carbon Dioxide ("CO ₂ ") emissions by 14,646,000 tonnes.
Hazardous and solid waste processed	247,000 tonnes	
Agricultural and forestry waste processed	3,883,000 tonnes	
Waste water treated	835,360,000 m ³	Reducing chemical oxygen demand ("COD") discharge of 416,000 tonnes.
Waste-to-energy plants' leachate treated	6,219,000 m ³	

Since the Group's first environmental protection project commenced operation in 2005, its aggregate major environmental contributions are summarised as below:

	Treatment Capacity	Environmental Contributions
Household waste processed	298,400,000 tonnes	Generating green electricity of 144,985,000,000 kWh. This output could support the annual electricity consumption needs of 120,820,000 households, equivalent to saving 57,993,000 tonnes of standard coal, while avoiding CO ₂ emissions by 127,661,000 tonnes.
Hazardous and solid waste processed	2,467,000 tonnes	
Agricultural and forestry waste processed	46,517,000 tonnes	
Waste water treated	17,316,922,000 m ³	Reducing COD discharge of 7,042,000 tonnes.
Waste-to-energy plants' leachate treated	66,019,000 m ³	

During the period under review, the Group fulfilled its corporate citizenship responsibilities by providing comprehensive high-quality environmental management services to protect the natural and human living environment. It also actively participated in public welfare and charitable activities to advocate for ecological environmental protection and sustainable development. In the first half of 2024, the Group organised a series of environmental education activities around themes like the World Water Day and World Environment Day. It also organised activities, such as public open days and knowledge competitions to strengthen the interaction among government, enterprises and the public, serving as a platform for promoting environmental protection and sustainable development at the grassroots level. As at 30 June 2024, the Group had implemented a total of 220 projects participating in public visit, receiving approximately 9,500 visitors across all sectors from home and abroad for the offline activities and approximately 80,000 viewers and participants for the online activities.

In the first half of 2024, the Group received many honours from home and abroad in recognition of its fulfillment of its responsibility and continued efforts in various aspects, such as business operation, sustainability and social responsibility. The major awards and honours are summarised as below:

Category	Award/Recognition	Awarding Organisation(s)
Operation and Management	Everbright Water was shortlisted in the Top 10 Influential Enterprises in China’s Water Industry (the seventh consecutive year)	E20 Environmental Platform
	The Group’s Jiangxi Yingtang Waste-to-energy Project (“Yingtang Project”) was recognised as “National Workers’ Pioneer”	All-China Federation of Trade Unions

Category	Award/Recognition	Awarding Organisation(s)
Operation and Management	The Group’s Henan Nanyang Waste-to-energy Project (“Nanyang Project”), Heilongjiang Harbin Waste-to-energy Project and Zhejiang Ninghai Waste-to-energy Project were recognised as “National AAA-level Municipal Solid Waste Incineration Plants”	China Association of Urban Environmental Sanitation
Project Construction	The Group’s Xiongan Waste Integrated Treatment Project garnered the “2024 Hebei Province Construction Engineering Anji Cup Award” (quality construction project at provincial level)	Hebei Construction Industry Association
Sustainable Development	Inclusion in the Sustainability Yearbook (the seventh time)	S&P Global
	The Group’s Gansu Wuwei Waste-to-energy Project (“Wuwei Project”) successfully registered as an International Verified Carbon Standard (“VCS”) Project	VERRA*
	Hue Project garnered the “Environmental Protection Contribution Award”	Government of Thua Thien Hue Province, Vietnam

* *VERRA is a non-profit organisation established in 2005 by the Climate Group (CG), the International Emissions Trading Association (IETA) and the World Economic Forum (WEF).*

Category	Award/Recognition	Awarding Organisation(s)
Social Responsibility	The Group’s Hubei Tianmen Waste-to-energy Project garnered the “Hubei Environmental Protection Government Award”	Government of Hubei Province
	Yingtian Project garnered the “Science Education Base in Jiangxi Province” award	Jiangxi Association For Science and Technology
	The Group’s Hainan Sanya Waste-to-energy Project was shortlisted in “The Third Batch of Science Education Bases in Hainan Province 2021-2025”	Hainan Association For Science and Technology, Department of Science and Technology of Hainan Province
	The Group’s Henan Xinyang Waste-to-energy Project and Nanyang Project garnered the “Excellent Science Education Base for Classification of Domestic Waste in Henan Province for the Year 2023” award	Department of Housing and Urban-Rural Development of Henan Province
	The Group’s Liaoning Shenyang Waste-to-energy Project was accredited as one of the “First Batch of Provincial Tourism Technology Demonstration Parks in Liaoning Province”	Department of Culture and Tourism of Liaoning Provincial

I. ENVIRONMENTAL ENERGY

Environmental energy is a core business sector of the Group, with the largest scale and biggest business portion, covering waste-to-energy, food and kitchen waste treatment, leachate treatment, fly ash treatment, methane-to-energy, sludge treatment and disposal, construction and decoration waste treatment, development of environmental protection industrial parks, integrated urban services, waste sorting, resource utilisation and recycling, as well as technical consultancy and engineering design relating to environmental protection. During the period under review, with a focus on the area of solid waste, environmental energy continued improving the deployment of the Group's waste-to-energy industry chain, solidifying its industry-leading position.

As of 30 June 2024, environmental energy had invested in and held 281 projects, with a total investment of approximately RMB98.324 billion, and undertook 2 O&M projects, 2 engineering design, procurement, construction and operation (“EPCO”) projects, and other types of asset-light businesses. These projects (including processing capacity under the O&M model) are designed to have an annual household waste processing capacity of 53,782,750 tonnes, an annual on-grid electricity of 18,324,620,700 kWh, an annual food and kitchen waste processing capacity of 3,169,295 tonnes, and an annual steam supply capacity of 1,910,832 tonnes.

The major service and treatment capacities as of 30 June 2024 are summarised as below:

Project Status	Number of Projects	Designed Processing Capacity (tonnes/annum)
In operation*	153	50,370,000
Under construction	6	2,080,500

* including O&M project(s)

As of 30 June 2024, environmental energy's waste-to-energy synergistic projects* are summarised as follows:

Project Status	Number of Projects	Designed Processing Capacity (tonnes/annum)
In operation [#]	87	4,629,485
Under construction	13	587,650

* *including various waste-to-energy synergistic projects such as food and kitchen waste treatment, sludge treatment and disposal, and medical waste treatment, etc*

[#] *including O&M project(s)*

In terms of market development, during the period under review, facing further reduction in the increment of market opportunities and intensified competition, environmental energy leveraged on its strength and advantages in the field of waste-to-energy to further strengthen synergistic business development. It also made more effort to expand various asset-light businesses, such as engineering, consulting and design, to further optimise the portfolio of its asset-light and asset-heavy businesses. In the first half of 2024, environmental energy undertook several new asset-light businesses, covering waste sorting, environmental sanitation integration, heat and steam supply, which command a total contract value of approximately RMB268 million.

In terms of operations management, during the period under review, environmental energy further tapped into the potential of its operating projects. By carrying out tasks such as enhancing waste storage pit management, boosting slag utilisation efficiency, expanding biogas purification and refining business, and conducting operation-related researches, environmental energy strived to boost the operating efficiency and proficiency of its projects. In particular, the ash cleaning robots were put in trial run for further optimisation at the Group's waste-to-energy projects in Nanjing and Suqian, Jiangsu Province, effectively controlling related operating risks and improving work efficiency. In the first half of 2024, the average electricity generated per tonne of waste incinerated at environmental energy's waste-to-energy projects was approximately 446 kWh, with an integrated power consumption ratio of approximately 15%. 2 waste-to-energy projects were approved to increase waste treatment fees.

In terms of project construction, during the period under review, environmental energy effectively kept engineering construction costs under control and was committed to developing high-quality projects. In the first half of 2024, 5 projects commenced construction, with a total designed daily household waste processing capacity of 1,000 tonnes, and a designed daily food waste processing capacity of 375 tonnes. 11 projects completed construction and commenced operation, with a total designed daily household waste processing capacity of 3,700 tonnes, and a designed daily food and kitchen waste processing capacity of 425 tonnes.

During the period under review, environmental energy contributed an EBITDA of HK\$4,015,260,000, a decrease of 15% as compared with the first half of 2023. Environmental energy contributed a net profit attributable to the Group of HK\$2,300,608,000, a decrease of 16% as compared with the first half of 2023. The decrease in profit was mainly due to the decrease in number of construction projects leading to lower construction service profits compared to the same period of last year.

Major operating data relating to environmental energy during the first half of 2024 are summarised in the table below:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Percentage change
Waste processing volume (tonnes)	25,978,000	23,865,000	9%
Food and kitchen waste, sludge and other waste processing volume (tonnes)	1,652,000	1,262,000	31%
On-grid electricity (MWh)	8,395,422	7,893,385	6%

II. ENVIRONMENTAL WATER

As of 30 June 2024, the Group held a 72.87% stake in Everbright Water, the environmental water sector of the Group, which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and the Main Board of Stock Exchange. As a first-class water environment management service provider in China, Everbright Water focuses on the “water-related” business areas. It has developed a fully-fledged business coverage, which includes raw water protection, water supply, municipal waste water treatment, industrial waste water treatment, reusable water, river-basin ecological restoration, sludge treatment and disposal, etc. It has also formed a full industry chain in the water business, including project investment, planning and design, technology R&D and related services, engineering and construction, operations management and integrated diagnosis, among others. Everbright Water is proactively creating value to industries through various water businesses.

As of 30 June 2024, Everbright Water had invested in and held 169 projects, with a total investment of approximately RMB32.151 billion. It also undertook 7 O&M projects, 3 EPCO projects and other types of asset-light businesses. These projects (including treatment capacity under the O&M model) are designed to have an annual waste water treatment capacity of 2,373,412,500 m³, an annual reusable water supply capacity of 115,194,000 m³, an annual water supply capacity of 310,250,000 m³, an annual sludge treatment capacity of 793,875 tonnes, and an annual livestock and poultry manure treatment capacity of 109,500 tonnes.

As of 30 June 2024, Everbright Water’s water projects are summarised as follows:

Project Status	Number of Projects	Designed Treatment Capacity (m³/annum)
In operation*	148	2,228,726,500
Under construction [#]	15	386,535,000

* *including O&M project(s)*

[#] *including EPCO project(s)*

In terms of market development, during the period under review, Everbright Water adhered to the “water-related” business concept, fostered the concurrent development of traditional and emerging businesses, and nurtured synergistic development of both asset-light and asset-heavy businesses, among which, securing Anyang Municipal Waste Water Treatment Centre Phase I Project in Henan Province marks Everbright Water’s significant business breakthrough in Henan’s water market, following its securing of Sanmenxia Waste Water Treatment Project. Signing multiple asset-light business contracts relating to industrial waste water treatment indicates that Everbright Water’s deployment of the relevant business has gradually expanded from the end disposal services to comprehensive industrial waste water treatment for industrial parks covering technical services and consulting. In the first half of 2024, Everbright Water invested in and secured 3 new projects, with a total investment of approximately RMB1.371 billion, and newly undertook various asset-light businesses, with a total contract value of approximately RMB30.25 million. The newly-secured projects are designed to have a daily waste water treatment capacity of 200,000 m³.

In terms of operations management, during the period under review, Everbright Water paid attention to improve its operations management proficiency and efficiency, through refined and intelligent management measures. It carried out cleaning work on key operating equipment, namely aerators, across its waste water treatment projects. This resulted in reduced failure rates, leading to savings in operating costs like energy consumption and maintenance expenses, and improved waste water treatment efficiency. Additionally, it searched for carbon source alternatives and implemented precise dosing and precise aeration control systems in multiple projects. Since the “In-plant Solar Power” project was initiated in 2021, as of 30 June 2024, the in-plant solar power facilities at 6 projects were put into operation, which have a total installed capacity of 10.76 MWp and are able to generate approximately 12 million kWh green electricity per annum. In the first half of 2024, 2 waste water treatment plants of Everbright Water received regulatory approval for tariff hikes, ranging from 11% to 31%.

In terms of project construction, during the period under review, 3 projects commenced construction, with a designed daily reusable water supply of 9,000 m³ and a designed daily livestock and poultry manure treatment capacity of 300 tonnes; 1 project completed construction; and 2 projects completed construction and commenced operation, with a designed daily water treatment capacity of 25,000 m³.

During the period under review, the Group’s environmental water sector contributed an EBITDA of HK\$1,199,661,000, a decrease of 7% compared with the first half of 2023. Environmental water contributed a net profit attributable to the Group of HK\$426,657,000, a decrease of 7% compared with the first half of 2023. The decrease in profit was mainly due to the recognition of one-off lump sum operation income related to the tariff hikes applied retrospectively in the first half of 2023, however no such income incurred in the first half of 2024.

Major operating data relating to environmental water during the first half of 2024 are summarised in the table below:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Percentage change
Waste water treatment volume (’000 m ³)	835,360	845,823	(1)%

III. GREENTECH

As of 30 June 2024, the Group held a 69.70% stake in Everbright Greentech, the greentech sector of the Group, which is listed on the Main Board of the Stock Exchange. Everbright Greentech focuses on clean energy business deployment and develops zero-carbon parks. With business mainly covering integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation and new energy, Everbright Greentech positions itself as a leading intelligent energy supplier dedicated to carbon neutrality in China.

As of 30 June 2024, Everbright Greentech had invested in and held 145 projects, with a total investment of approximately RMB31.176 billion. These projects are designed to have an annual biomass raw material processing capacity of 8,209,800 tonnes, an annual household waste processing capacity of 4,215,750 tonnes, an annual hazardous and solid waste processing capacity of 2,466,376 tonnes, an annual on-grid electricity of 7,088,574,985 kWh, an annual steam supply of 6,306,663 tonnes, and solar power, wind power and energy storage installed capacity of 276.05 MW. In addition, Everbright Greentech undertook 17 environmental remediation services (excluding services that had been completed and delivered).

As of 30 June 2024, Everbright Greentech's solar power projects are summarised as follows:

Project Status	Number of Projects	Designed Installed Capacity (MWp)
In operation	24	46.41
Under construction	7	93.98

In terms of market expansion, during the period under review, Everbright Greentech deepened its effort to expand the heat and steam supply market and fostered the concurrent development of asset-light and asset-heavy businesses. It also actively leveraged on its “zero-carbon” business to explore electricity trading and virtual power plant businesses, having developed a “zero-carbon park + virtual power plant + power trading” business model that will be further promoted. Leveraging on its experience in developing the Jiangsu King’s Luck Brewery Zero-carbon Park Project, Everbright Greentech expanded such business model to Changzhou City and Huai’an City in Jiangsu Province, securing new zero-carbon park projects, enriching the relevant business expansion experience, and facilitating the deployment relating to electricity trading business. Additionally, Everbright Greentech secured Guangdong Guangbao Distributed Energy Storage Project, marking not only its first energy storage project but also the Group’s first project in the Guangzhou market. Everbright Greentech implemented the first biomass gasification project in Xiao County, Anhui Province, increasing its biomass utilisation channels. In the first half of 2024, Everbright Greentech secured 5 new projects, with a total investment of approximately RMB240 million. It also newly undertook 2 environmental remediation services, with a total contract value of approximately RMB33 million. The new projects are designed to have an annual biomass raw material processing capacity of 70,000 tonnes and a solar power and energy storage installed capacity of 39.66 MW.

In terms of operations management, during the period under review, Everbright Greentech solidified its operations management effectiveness through multiple measures. By further exploring local biomass resources, controlling costs through refined management measures and exploring heat supply business, the integrated biomass utilisation projects in operation managed to control costs and boost efficiency. As for hazardous and solid waste treatment business, Everbright Greentech refined its management in terms of pre-treatment and process control, which increased treatment volume and heat supply volume.

With respect to project construction, during the period under review, 4 projects commenced construction, with a solar power installed capacity of 60.19 MWp and an energy storage installed capacity of 2.20 MWp. 2 environmental remediation services started their respective remediation work in succession. 4 projects that had completed construction and commenced operation, contributing a designed annual biomass raw material processing capacity of 146,000 tonnes, with a solar power installed capacity of 9.59 MWp. 3 environmental remediation services were completed and delivered.

During the period under review, the Group’s greentech sector contributed an EBITDA of HK\$1,108,460,000, a decrease of 13% compared with the first half of 2023. Greentech contributed a net profit attributable to the Group of HK\$107,638,000, a decrease of 45% as compared with the first half of 2023. The decrease in profit was mainly due to the decrease in number of construction projects which resulted in decrease of profit from construction service.

Major operating data relating to greentech during the first half of 2024 are summarised in the table below:

	For the six months ended 30 June 2024	For the six months ended 30 June 2023	Percentage change
Waste processing volume (tonnes)	2,057,000	1,769,000	16%
Biomass raw material processing volume (tonnes)	3,883,000	3,750,000	4%
Hazardous and solid waste processing volume (tonnes)	247,000	186,000	33%
Steam supply volume (tonnes)	1,707,000	1,400,000	22%
On-grid electricity (MWh)	3,335,000	3,237,000	3%

IV. EQUIPMENT MANUFACTURING

With Everbright Environmental Technical Equipment (Changzhou) Limited (“Changzhou Equipment Company”) being the platform, the Group’s equipment manufacturing sector strategically positioned itself as the major entity to implement the Group’s development strategies empowered by intelligent manufacturing. It also persistently developed and upgraded the zero-carbon factories to foster a new development paradigm featured with “Intelligently Made by Everbright”. As a result, equipment manufacturing continued to solidify its industry-leading position.

In terms of market expansion, during the period under review, equipment manufacturing insisted on integrating its professional advantages with market demand, actively participated in domestic and international industry exchanges and discussions, deployed market opportunities at home and abroad, and followed up on multiple projects with good progress. Equipment manufacturing also made orderly progress in the commercialisation of various research results, among which, the sector launched the unmanned decarbonising machine product into the market and provided decarbonising services to internal and external clients for more than 20 times; implemented a demonstration project for waste battery recycling; and developed the “Equipment Cloud Service” intelligent maintenance service platform, expanding digital services for the entire lifecycle of environmental protection equipment.

In the first half of 2024, equipment manufacturing signed 7 external sales contracts and sold 7 sets of equipment to external market, including incinerators, flue gas purification systems, leachate treatment systems and lithiumion battery recycling. The total value of contracts relating to the external sales of complete sets of equipment amounted to RMB60.98 million. With respect to the equipment supply and after-sales services, equipment manufacturing commenced 159 service items, provided 10 sets of grate furnaces to projects of the Group and external clients, and provided 60 sets of equipment for incinerator and membrane system. The sector also signed 69 contracts in relation to external after-sales services, with a total contract value of approximately RMB47.72 million. In the first half of 2024, the sector provided 79 after-sales service projects, of which 50 were internal projects and 29 were external projects.

During the period under review, with a goal of boosting proficiency and efficiency, equipment manufacturing’s major achievements in the R&D on equipment, process and technologies are summarised as follows:

- A project on the R&D and commercialisation of rapid assembly small-scale solid treatment equipment with a treatment capacity of 200 tonnes/day passed relevant assessment and inspection.
- The Group’s complete set of 75 tonnes/day small-scale equipment was installed and entered the commissioning stage at an environmental protection project in Barkam, Sichuan Province.

- Equipment manufacturing partnered with the Group’s envirotech sector to develop sludge filter press, which could further reduce relevant investment cost as compared with similar products in the market.
- The sector developed 1,000 tonne slag extractors, which had been applied at the Group’s Jiangsu Wujiang Waste-to-energy Project (“Wujiang Project”) with positive feedback on its operation data.
- The Group’s high-efficiency sodium bicarbonate acid removal system passed relevant assessment and inspection. The trial run of the system was completed at Wujiang Project, with the performance passed all assessment and inspection.
- A dust capture device was put into trial run at the Group’s Shandong Xiajin Waste-to-energy Project, which will effectively reduce the fly ash generation rate in the flue gas purification process in the future.

V. ENVIROTECH

Being the Group’s engine for technology R&D and innovation, envirotech focused on key research areas such as solid waste treatment and resource utilisation, agricultural and forestry biomass utilisation, water environment management, big data, intelligent control, etc. Aiming at the cutting-edge technologies relating to environmental protection worldwide, the sector is committed to tackling the difficulties of environmental protection processes and technologies. Serving as the Group’s platform for core technological innovation and commercialisation of results, envirotech aims to empower development of all business sectors of the Group.

During the period under review, envirotech took “the Establishment of New Mechanisms, Identification of New Directions and Development of New Platforms” as leverage to continue innovation as a driving force for development, actively implementing technology empowerment for the Group’s major business sectors, fostering core technology advancements, and promoting the commercialisation, replication and application of technology research results.

In terms of technology empowerment, envirotech conducted exchanges and communications with the management districts and projects of the other business sectors across the Group, to grasp more accurately their real needs, better applying scientific research results to project scenarios and effectively solving pinpoint problems. In terms of commercialisation of technology research results, envirotech achieved 13 such commercialisations, covering high-efficiency wet desulfurisation technology, integrated desulfurisation and denitrification technology, anaerobic ammonium oxidation technology, electro dialysis reversal (EDR) technology, automatic combustion control (ACC) technology, dry anaerobic and other fields. In terms of core technology advancement, focusing on areas like fly ash resource utilisation, fly gas purification, livestock and poultry manure resource utilisation, envirotech coordinated policy, commercial, technological and other resources within the Group to foster technology R&D and implement of the relevant projects.

With a goal of enhancing quality and efficiency, during the period under review, envirotech explored technologies relating to energy conservation and efficiency enhancement, by further exploring application scenarios for small-scale waste incinerators and summarising decoupled combustion technologies. In the meantime, the sector had applied several technologies to projects of the Group to boost operation proficiency and efficiency, in the areas of anaerobic membrane bioreactor (MBR), flue gas waste heat utilisation, kitchen waste water oil extraction and intelligence-related fields.

Guided by China's goals of "Peaking Carbon Emission and Achieving Carbon Neutrality", during the period under review, envirotech collaborated with environmental energy to complete the registration of the VCS program for the Group's Wuwei Project in Gansu Province, making Wuwei Project the Group's first waste-to-energy project that was recognised by the VCS program. This has provided valuable experience to better assess and evaluate the carbon reduction and carbon assets of the Group's projects in the future.

As of 30 June 2024, patents that were held and major technical essays published by the Group are listed in the table below:

	First half of 2024	As of 30 June 2024 (accumulated)
Granted patents	64	1,812
Invention patents	22	246
Utility model patents	36	1,220
Software patents	6	293
Appearance patents	–	53
Major technical essays	–	97

EVENTS AFTER THE REPORTING PERIOD

On 26 July 2024, Everbrigh Greentech completed the issuance of the 2024 second tranche MTNs in the national inter-bank bond market of the PRC with a principal amount of RMB1 billion, an interest rate of 2.24% per annum and a maturity period of 5 years. The proceeds from the issuance will be used for repayment of interest-bearing debts of Everbright Greentech and its subsidiaries, replenishment of their working capital and/or investment in and construction of their environmental protection projects and for other business development purposes.

BUSINESS PROSPECTS

As a supporter and practitioner of ecological and environmental protection, and low carbon and sustainable development, the Group will adhere to the corporate mission of “Devoted to Ecology and Environment for a Beautiful China”, uphold sustainable and high-quality development as the foundation, to unwaveringly pursue high-quality development. With the goal, “To become a World-Class Integrated Environmental Service Provider with Chinese Characteristics”, the Group will maintain its strategic focus, by upholding systematic thinking, keeping aligned with actual situations, and ensuring the implementation of all works. It will enhance efforts to control cost and enhance efficiency, by taking various measures to boost project operation proficiency and efficiency and enhancing financial management and control. In terms of diversifying expansion, the Group will leverage on the advantages and experience of its core businesses to diversify its business models, tap into the increment and potential of the traditional markets, accelerate the transformation and promotion of new businesses, and strive for new breakthroughs in overseas business. In terms of boosting technological innovation empowerment, the Group will empower traditional businesses in a more detailed and comprehensive manner, advance the marketisation of technological innovation products, facilitate cost control and efficiency enhancement through digitalisation and informatisation measures, and continuously optimise the systems and mechanisms for technological innovation. In order to strengthen management effectiveness, the Group will improve investment management practices, intensify efforts to address challenges relating to accounts receivable recovery, and uphold the basic standards for safety production and environmental management. In order to guarantee talent cultivation, the Group will develop a high-quality comprehensive management team and a pool of talents with a global vision, an innovative mindset and a comprehensive set of skillset, contributing to the construction of a beautiful China.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION

As at 30 June 2024, the Group's total assets amounted to approximately HK\$189,452,994,000 with net assets amounting to HK\$67,686,291,000. Net asset value per share attributable to equity holders of the Company was HK\$8.141 per share, representing an increase of 4% as compared to HK\$7.837 per share as at the end of 2023. As at 30 June 2024, gearing ratio (calculated by total liabilities over total assets) of the Group was 64%, representing a decrease of 1 percentage point as compared with that of 65% as at the end of 2023.

FINANCIAL RESOURCES

The Group adopts a prudent approach on 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 2024, the Group had cash and bank balances of HK\$8,274,047,000, representing a decrease of 4% as compared to HK\$8,632,740,000 at the end of 2023. Most of the Group's cash and bank balance, representing approximately 98%, was denominated in Hong Kong dollars and Renminbi.

BORROWINGS

The Group is dedicated to enhancing the ways of financing and improving banking facilities to reserve funding to support the development of the environmental protection business. As at 30 June 2024, the Group had outstanding interest-bearing borrowings of HK\$94,174,471,000, representing a similar level as compared to HK\$94,624,144,000 as at the end of 2023. The borrowings included secured interest-bearing borrowings of HK\$39,663,141,000 and unsecured interest-bearing borrowings of HK\$54,511,330,000. The Group's borrowings are mainly denominated in Renminbi, representing approximately 95% of the total, and the remainder is denominated in Hong Kong dollars, and Polish zloty. Most of the Group's borrowings are at floating rates. As at 30 June 2024, the Group had banking facilities of HK\$93,962,082,000, of which HK\$23,063,865,000 have not been utilised. The banking facilities are of 1 to 24-year 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 97% 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 adopting proper financial instruments to closely manage foreign exchange risks.

PLEDGE OF ASSETS

Certain banking facilities and lease liabilities 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 2024, the aggregate net book value of pledged assets and equity interests in subsidiaries amounted to approximately HK\$99,139,045,000.

COMMITMENTS

As at 30 June 2024, the Group had purchase commitments of HK\$2,379,749,000 outstanding in connection with the construction contracts.

CONTINGENT LIABILITIES

As at 30 June 2024, the Company granted financial guarantee to its subsidiaries. The Board considers it is not probable that a claim will be made against the Company under the guarantee. The maximum liability of the Company as at 30 June 2024 for the provision of the guarantee was HK\$568,526,000.

INTERNAL MANAGEMENT

The Group has built and continuously improved the management structure to achieve maximum efficiency. The Group's management holds Management Decision Committee meeting(s) regularly to review current operations and management, with a view to promoting the sustainable development of the Company. The responsibilities of each functional department and business sector of the Group are clear with various comprehensive management systems. Internal control procedures are sound and have been implemented effectively. The Company's audit department performs its internal monitoring functions to ensure that each functional department and business sector strictly comply with the relevant internal control requirements.

The Group is committed to building a comprehensive risk management culture and implementing an effective risk management model, in order to comprehensively strengthen its risk management and 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.

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" and strictly complied with the relevant national laws and regulations. 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 hidden hazards identification and rectification in relation to safety risk to ensure all projects, whether under construction or in operation, strictly complied with all production 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 economic benefits. Besides, the Group continued to move forward with 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 more efforts into safety management of construction projects 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 realising the full potential of its employees is crucial to its long-term growth. The Group continues to improve its human resources through internal training as well as local, overseas and on-campus recruitment.

To cope with the needs of talent development, the Group has adopted a multi-pronged approach to enhance its comprehensive management level through improving the policies, providing training for all staff and setting up various professional teams. During the period under review, the Group formulated new management policies including the Management Policies for Staff Training, Management Policies of Professional Qualification Framework of Headquarters, and revised the Management Policies for Recruitment. The Group has successively held seminars and trainings on tendering management, cybersecurity, policies' briefing, integrity and self-discipline through a combination of online and offline blended training mode. The management and employees were well equipped with relevant knowledge and skills with a view to address new opportunities and challenges. In order to improve the overall level of information management, different professional teams namely Information Technology Operation and Maintenance Team, Digital Platform Construction Team and Contract Management System Construction Team have been established.

The Group makes full use of the advantages of diversified business to provide employees with a broad development platform. In addition to cross-sector and cross-regional job rotation, the Group has arranged a number of internal recruitments to provide employees with the privileges opportunities to apply for the vacancies of different departments at the head office which can provide the employee with the opportunity to develop their potential by changing different positions.

As at 30 June 2024, the Group had approximately 11,700 employees. Details of the total employee benefit expense for the year under review are set out in note 4 to the financial statements in the 2024 interim report. 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 accounts receivable risk, environmental compliance and safety management risk, staff placement risk, market competition risk, procurement compliance risk, operation stability risk and cost control risk, the details of which will be set out in the 2024 interim report.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group pays close attention to its operational impacts brought to the environment and society. After years of development, the Group has established a comprehensive safety and environmental management system. In the first half of 2024, the Group continued to implement relevant management policies, covering structure and responsibilities, accident management, flood control, risk classification, hidden danger investigation, safety and environment training, information reporting, rating of the safety and environmental management levels of the operating projects and construction projects, fire safety management, related parties' management, occupational health, public opening, etc.

The Group implements an all-staff safety production responsibility system and defines the safety production and environmental management responsibilities and assessment standards. The person in charge at each level of the project companies is the key person responsible for the safety and environmental management of the respective units and is fully responsible for the safety production and environmental management of the respective units. The Group and the business sectors have formulated the annual safety and environmental management target responsibility statement every year, clarifying the annual target, key tasks and assessment methods.

The Board and senior management review sustainability strategies of the Group on a regular basis, and revise the strategies when appropriate.

The Group's waste-to-energy projects are designed and operated fully in compliance with the applicable national environmental requirements and standards including but not limited to the *Standard for Pollution Control on the Municipal Solid Waste Incineration* (GB18485-2014), the relevant local standards, as well as other requirements as set forth in the environmental impact assessment reports approved by the local government, while the daily average values of the online monitored flue gas parameters are well below the respective emissions limits as stipulated under the European Union *Industrial Emissions Directive* (2010/75/EU) and its relevant annexes and amendments. Moreover, all of the Group's biomass combustion operations meet the *Emission Standard of Air Pollutants for Thermal Power Plants* (GB13223-2011), the relevant local standards, as well as other requirements as set forth in the environmental impact assessment reports approved by the local government.

The Group continued proactively and timely disclosing emissions data and environmental management information of its projects on Everbright Environment's corporate website, including the connection to the automatic monitoring information disclosure platform of the Ministry of Ecology and Environment of the PRC at <https://ljgk.envsc.cn/index.html> in respect of the daily average values of the 5 flue gas indicators and furnace temperature data from the operation of waste-to-energy projects of Everbright Environment. The Group has also been actively improving the information sharing platforms to enable real-time access for management personnel to the operational status of all projects, so as to ensure compliant operations, and to timely report the operating performance of the projects to the stakeholders of the Group.

CORPORATE GOVERNANCE

Compliance with the CG Code

The Group upholds the management principle of “People-oriented, Pragmatism, Creativity and Systematic Management”. The Board firmly believes that high-quality, comprehensive and high-level corporate governance is the cornerstone of the Group, which can create long-term value for the Group and is vital to the sustainable development of the Group. It can also safeguard the interests of the Shareholders and other stakeholders of the Company, including but not limited to customers, suppliers, employees and the general public. The Board and the management strive to maintain high-level corporate governance standards, and continue to strengthen corporate governance, internal control and risk management systems through a series of rules, regulations and policies, and actively improve transparency and accountability. The Company strictly complies with the laws and regulations of the places where it operates, and complies with the applicable guidelines and rules issued by the regulatory authorities.

The Corporate Governance Code (the “CG Code”) set out in Appendix C1 to the Listing Rules has 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 2024. The Company will continue to commit to enhancing its corporate governance appropriate to the conduct and growth of its business, and to continuously reviewing, monitoring and assessing from time to time its corporate governance practices to ensure the same comply with the CG Code and align with the latest developments.

Details of the Company’s corporate governance practices are set out in 2023 annual report of the Company published in April 2024.

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 C3 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 throughout their tenure during the six months ended 30 June 2024.

INTERIM DIVIDEND

The Board has declared payment of an interim dividend of HK14.0 cents per share (2023: HK14.0 cents per share) for the six months ended 30 June 2024, payable to the Shareholders whose names appear on the register of members of the Company (the “Register of Members”) on Friday, 27 September 2024. The interim dividend will be paid to the Shareholders on Friday, 18 October 2024.

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, 25 September 2024 to Friday, 27 September 2024, 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, 27 September 2024, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 24 September 2024.

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

During the six months ended 30 June 2024, 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 RESULTS

The Audit Committee of the Company has reviewed the interim financial results of the Company for the six months ended 30 June 2024 for the Board’s approval.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.cebenvironment.com/en/ir/announcements.php) and Hong Kong Exchanges and Clearing Limited (“HKEx”) (www.hkexnews.hk). The 2024 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 Environment Group Limited
Huang Haiqing
Chairman of the Board

Hong Kong, 26 August 2024

As at the date of this announcement, the Board comprises: (i) two Executive Directors, namely Mr. Huang Haiqing (Chairman of the Board) and Mr. Luan Zusheng (Chief Executive Officer); (ii) two Non-executive Directors, namely Mr. Kang Guoming and Mr. Pan Jianyun; and (iii) three Independent Non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Suo Xuquan and Ms. Li Shuk Yin, Edwina.