光大綠色環保
Everbright Greentech

China Everbright Greentech Limited
中國光大綠色環保有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1257

GLOBAL OFFERING

Joint Sponsors

CICC 中金香港证券 | 光銀國際 CEB International

Joint Global Coordinators

CICC 中金香港证券 | 光銀國際 CEB International | 光大證券 EBS INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

CICC 中金香港证券 | 光銀國際 CEB International | 光大證券 EBS INTERNATIONAL | 建银国际 CCB International | CMS 招商證券國際

IMPORTANT

If you are in any doubt about any of the contents of this Prospectus, you should seek independent professional advice.

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering :	**560,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares :	**56,000,000 Shares (subject to reallocation)**
Number of International Offer Shares :	**504,000,000 Shares including 56,000,000 Reserved Shares under the Preferential Offering (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price :	**HK$5.90 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value :	**US$0.10 per Share**
Stock code :	**1257**

Joint Sponsors

CICC 中金香港证券　　光銀國際 CEB International

Joint Global Coordinators

CICC 中金香港证券　　光銀國際 CEB International　　光大證券 EBS INTERNATIONAL

Joint Bookrunners and Joint Lead Managers

CICC 中金香港证券　　光銀國際 CEB International　　光大證券 EBS INTERNATIONAL　　建银国际 CCB International　　CMS 招商證券國際

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

A copy of this Prospectus, having attached thereto the documents specified in "Appendix VI — Documents Delivered to the Registrar of Companies and Available for Inspection," has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this Prospectus or any other document referred to above.

Our Company is incorporated in the Cayman Islands and substantially all of our businesses are located in the PRC. Potential investors should be aware of the differences in legal, economic and financial systems between the Cayman Islands, the PRC and Hong Kong and that there are different risk factors relating to the investment in our Company. Potential investors should also be aware that the regulatory frameworks in the Cayman Islands and the PRC are different from the regulatory framework in Hong Kong and should take into consideration the different market nature of our Shares. Such differences and risk factors are set out in the sections entitled "Risk Factors" and "Regulatory Overview."

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may be offered or sold only (i) in the United States to Qualified Institutional Buyers in reliance on, and in accordance with the restrictions of, Rule 144A or another exemption from registration under the U.S. Securities Act or (ii) outside the United States in offshore transactions in accordance with Regulation S.

The Offer Price is expected to be fixed by agreement between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, April 27, 2017 and, in any event, not later than Friday, May 5, 2017, or such other date as agreed between parties. The Offer Price will be no more than HK$5.90 per Offer Share and is currently expected to be no less than HK$5.18 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by Friday, May 5, 2017, or such other date as agreed between parties between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus, including the risk factors set out in the section entitled "Risk Factors."

The Joint Global Coordinators may, with our consent, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range below as stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company at www.ebgreentech.com not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Details of the arrangement will then be announced by us as soon as practicable. For further information, please refer to the sections entitled "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares."

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Please refer to the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination."

April 21, 2017

If there is any change in the following expected timetable of the Hong Kong Public Offering and the Preferential Offering, we will issue an announcement in Hong Kong to be published on the website of the Hong Kong Stock Exchange at www.hkexnews.hk and our Company's website at www.ebgreentech.com.

Dispatch of **BLUE** Application Forms to Qualifying CEIL Shareholders on or before	**Friday, April 21, 2017**
Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website **www.hkeipo.hk**[2]	**11:30 a.m. on Thursday, April 27, 2017**
Application lists of the Hong Kong Public Offering and the Preferential Offering open[3]	**11:45 a.m. on Thursday, April 27, 2017**
Latest time for lodging **WHITE**, **YELLOW** and **BLUE** Application Forms	**12:00 noon on Thursday, April 27, 2017**
Latest time to give **electronic application instructions** to HKSCC[4]	**12:00 noon on Thursday, April 27, 2017**
Latest time to complete payment of **HK eIPO White Form** applications by effecting Internet banking transfer(s) or PPS payment transfer(s)	**12:00 noon on Thursday, April 27, 2017**
Application lists of the Hong Kong Public Offering and the Preferential Offering close	**12:00 noon on Thursday, April 27, 2017**
Expected Price Determination Date[5]	**Thursday, April 27, 2017**
(1) Announcement of: • the Offer Price; • an indication of the level of interest in the International Offering; • the level of applications in the Hong Kong Public Offering and the Preferential Offering; and • the basis of allocation of the Hong Kong Offer Shares and the Reserved Shares to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.ebgreentech.com** on or before[6]	**Friday, May 5, 2017**
(2) Announcement of results of allocations in the Hong Kong Public Offering and the Preferential Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.ebgreentech.com** (see paragraph entitled "Publication of Results" in the section entitled "How to Apply for Hong Kong Offer Shares and Reserved Shares") from[7]	**Friday, May 5, 2017**

Results of allocations in the Hong Kong Public Offering and the Preferential Offering will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function from	**Friday, May 5, 2017**
Dispatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering and the Preferential Offering on or before[6][9][10][12]	**Friday, May 5, 2017**
Dispatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques on or before[9][10][11][12][13]	**Friday, May 5, 2017**
Dealings in Shares on the Hong Kong Stock Exchange to commence on	**Monday, May 8, 2017**

Notes:

(1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, April 27, 2017, the application lists will not open and close on that day. Please refer to the section entitled "How to Apply for Hong Kong Offer Shares and Reserved Shares — D. Effect of Bad Weather on the Opening of the Application Lists."

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section entitled "How to Apply for Hong Kong Offer Shares and Reserved Shares — A. How to Apply for Hong Kong Offer Shares — 6. Applying by Giving **Electronic Application Instructions** to HKSCC via CCASS."

(5) The Price Determination Date is expected to be on or around Thursday, April 27, 2017 (Hong Kong time) and, in any event, not later than Friday, May 5, 2017 (Hong Kong time), or such other date as agreed between parties. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (for themselves and on behalf of the Underwriters) and our Company by Friday, May 5, 2017, or such other date as agreed between parties, the Global Offering will not proceed and will lapse.

(6) **Share certificates are expected to be issued on Friday, May 5, 2017 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Monday, May 8, 2017. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates and before they become valid do so entirely at their own risk.**

(7) The announcement will be available for viewing on the "Main Board — Allotment of Results" page on the Hong Kong Stock Exchange's website at **www.hkexnews.hk** and our Company's website at **www.ebgreentech.com**.

(8) None of the websites or any of the information contained on the website forms part of this Prospectus.

(9) Applicants for 1,000,000 or more Hong Kong Offer Shares or Reserved Shares on **WHITE** or **BLUE** Application Forms or through the **HK eIPO White Form** service (as the case may be) who have provided all information required in their relevant Application Forms may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on Friday, May 5, 2017 or any other date as announced by us as the date of despatch of Share certificates/e-Auto Refund payment instructions/refund cheques.

(10) Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection evidence of identity acceptable to our Hong Kong Branch Share Registrar. Applicants for 1,000,000 Hong Kong Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not collect their Share certificates personally, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

(11) Applicants who have applied through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who have applied through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

(12) Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares — H. Despatch/Collection of Share Certificates and Refund Monies" in this Prospectus.

(13) **e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the final Offer Price is less than the price per Offer Share payable on application.**

You should read carefully the sections entitled "Underwriting," "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares and Reserved Shares" for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and Reserved Shares and the expected timetable, including conditions, effect of bad weather and the dispatch of refund cheques and Share certificates.

A **BLUE** Application Form has been dispatched to each Qualifying CEIL Shareholder together with a copy of this Prospectus. Printed copies of this Prospectus are also available at the Hong Kong Branch Share Registrar and transfer office of the Company, Tricor Investor Services Limited, during business hours at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong between 9:00 a.m. on Friday, April 21, 2017 and 12:00 noon on Thursday, April 27, 2017 for exclusive collection by Qualifying CEIL Shareholders. Qualifying CEIL Shareholders may also collect printed copies of this Prospectus from the receiving banks, details of which are set out in the section headed "How to Apply for Hong Kong Offer Shares and Reserved Shares — B. Applications for Reserved Shares" in this Prospectus.

The applications for the Hong Kong Offer Shares and the Reserved Shares will commence on Friday, April 21, 2017 through Thursday, April 27, 2017, being longer than normal market practice of four days. The application monies (including the brokerage fees, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving banks and on behalf of the Company after the closing of the application lists and the refund monies, if any, will be returned to the applicants without interest on Friday, May 5, 2017. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Monday, May 8, 2017.

IMPORTANT NOTICE TO INVESTORS

This Prospectus is issued by the Company solely in connection with the Hong Kong Public Offering, the Preferential Offering, the Hong Kong Offer Shares and the Reserved Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares and the Reserved Shares offered by this Prospectus pursuant to the Hong Kong Public Offering and the Preferential Offering. This Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this Prospectus and the Application Forms to make your investment decision. We, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers and the Underwriters have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not made in this Prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, officers, representatives or advisers or any other person involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this Prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in "Risk Factors" in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a PRC specialty environmental protection service provider, focused on the biomass and hazardous waste treatment industries. We have a leading position in these markets in the PRC, with the fourth largest aggregate biomass power generation designed capacity and the third largest aggregate hazardous waste disposal designed capacity in China as of December 31, 2016 for projects in operation, under construction and at the planning stage, according to Frost & Sullivan. As environmental issues in China, especially air pollution and smog, together with their adverse impact on health, increasingly draw national and global attention, and with building an eco-friendly society featuring prominently as one of the core goals of the 13th Five-Year Plan, we believe that our commercial goals are well aligned with China's policy targets and social welfare and we are positioned to benefit from the continued growth of the environmental protection industry and rural development in China.

As of the Latest Practicable Date, we had a diversified portfolio of 68 projects, including 24 projects in operation, 14 projects under construction and 30 projects at the planning stage, in the following three business segments:

- *Biomass.* We utilize biomass raw materials, such as agricultural waste and forestry residue, to generate electricity and heat. As of the Latest Practicable Date, we had 37 biomass projects, including seven projects in operation, 12 projects under construction and 18 projects at the planning stage, with an aggregate power generation designed capacity of 810 MW, an aggregate biomass material processing designed capacity of 7,099,800 tons per annum, and an aggregate household waste processing designed capacity of 1,679,000 tons per annum. We target regions with abundant biomass resources and favorable government support such as Jiangsu Province and Anhui Province. Our operations tackle the escalating air pollution and smog issue in China by converting biomass raw materials into electricity and heat instead of burning them in the open air, as is commonly the case in many parts of China. At the same time, we provide benefits to farmers and the rural economy with employment opportunities during the course of biomass raw material purchases. In addition to electricity and heat generation from biomass raw materials, we have developed a unique business model of integrated biomass and waste-to-energy projects to provide one-stop services for local governments to handle both biomass raw materials and household waste at the same location. According to Frost & Sullivan, we were the only company to employ such integrated business model in China as of December 31, 2016. This business model is expected to not only maximize environmental service output but also to lower the overall costs of development and operation as compared with developing and operating these projects on a standalone basis, thereby increasing the overall investment returns of the relevant projects. As of the Latest Practicable Date, we had 12 pairs of integrated biomass and waste-to-energy projects accounting for 23 of our projects[(1)], among which one pair was in operation and the remaining 11 pairs were under construction or at the planning stage. With increasingly severe air pollution, in particular, the smog across China and abundant biomass resources in the rural area, we believe that our biomass business will continue to benefit from strong policy support and has the potential to achieve rapid and sustainable growth.

- *Hazardous waste treatment*. We collect and safely dispose of hazardous waste to minimize its environmental impact. As of the Latest Practicable Date, we had 22 hazardous waste treatment projects, including eight projects in operation, two projects under construction and 12 projects at the planning stage, with an aggregate hazardous waste disposal designed capacity of 504,150 tons per annum. We target regions with a high degree of industrialization and waste production such as Jiangsu Province and Shandong Province and seek to build waste treatment facilities in or close to industrial zones to ensure continuous and stable demand for our services. We currently have the ability to treat 42 out of 46 categories of hazardous waste listed in the National Catalog of Hazardous Waste. According to Frost & Sullivan, the hazardous waste disposal industry in China is highly fragmented and has a shortage of treatment capacity. We believe that our hazardous waste treatment business has strong growth potential driven by the increasingly stringent pollution discharge standards and rigorous enforcement in China.

- *Solar energy and wind power*. We operate solar energy and wind power facilities to generate electricity. As of the Latest Practicable Date, we had seven solar energy projects and two wind power projects in operation with an aggregate power generation designed capacity of 125.9 MW.

We benefit from favorable policy and industry trends. The PRC environmental protection industry as a whole, and the biomass and hazardous waste treatment industries in particular, have grown rapidly. According to Frost & Sullivan, the biomass energy generation capacity and the hazardous waste output in China grew at a CAGR of 16.3% and 5.3%, respectively, from 2011 to 2016. We believe the actual number for output of hazardous waste and its growth in China could be higher due to the large quantity of illegal disposal of hazardous waste. Favorable policy support, including preferential on-grid tariffs, mandatory offtake of electricity, governmental subsidies and beneficial tax treatment, as well as the increasingly stringent environmental standards and intensified enforcement, have all contributed to the rapid growth of the environmental protection industry as well as our own growth. According to Frost & Sullivan, supported by the favorable policy environment, growing public awareness and heavy investment from the PRC government, the environmental protection industry in China is expected to continue to grow, and investment in this industry is expected to grow at a CAGR of 17.5% from RMB1,600.0 billion in 2017 to RMB3,049.4 billion in 2021. We believe that our

(1) Note: For Zhongjiang Integrated Biomass and Waste-to-Energy Projects, we will sign another concession agreement for the waste-to-energy project and therefore we did not calculate the waste-to-energy project into the total number of projects at the current stage.

diversified and strategically located portfolio and strong pipeline of projects will enable us to capitalize on these favorable industry trends to further expand and achieve sustainable growth in the future.

We have expanded rapidly during the Track Record Period. The following table sets forth certain key statistics regarding our projects during the Track Record Period:

	As of January 1, 2014	As of December 31, 2014	2015	2016	As of the Latest Practicable Date
Projects in operation	11	13	15	24	24
Biomass	1	2	2	7	7
Hazardous waste treatment	3	4	4	8	8
Solar energy and wind power	7	7	9	9	9
Projects under construction	2	5	9	14	14
Biomass	1	—	5	12	12
Hazardous waste treatment	1	3	4	2	2
Solar energy and wind power	—	2	—	—	—
Projects at the planning stage	7	11	21	25	30
Biomass	—	6	16	13	18
Hazardous waste treatment	5	5	5	12	12
Solar energy and wind power	2	—	—	—	—
Total designed capacity(1):					
Power generation (MW)	185.9	290.9	573.9	807.9	935.9
Hazardous waste treatment (ton/year)	230,000	271,150	293,150	504,150	504,150

Note:

(1) Includes designed capacity of projects in operation, under construction and at the planning stage.

Our total revenue increased from HK$1,057.8 million in 2014 to HK$1,203.2 million in 2015, and further increased to HK$3,000.1 million in 2016. Our profit for the year increased from HK$199.7 million in 2014 to HK$271.4 million in 2015, and further increased to HK$629.5 million in 2016. Our EBITDA increased from HK$306.4 million in 2014 to HK$441.8 million in 2015, and further increased to HK$982.6 million in 2016.

OUR BUSINESS MODEL

As of the Latest Practicable Date, we had a total of 68 projects, including 24 projects in operation, 14 projects under construction and 30 projects at the planning stage. Of these projects, 66 are projects under either Build-Own-Operate ("**BOO**") or Build-Operate-Transfer ("**BOT**") model with local government customers. In addition to our projects under BOO or BOT model, we acquired one hazardous waste treatment project, Lianyungang Hazardous Waste Incineration Project (Phase I) in Lianyungang, Jiangsu Province, and one ground solar energy project, the German Ground Solar Energy Project, in Germany, both from independent third parties.

BOO Model

Under this model, the project company is responsible for designing, financing, constructing, operating and managing the project. Our management and key technicians are actively involved in each step, assuring high levels of business efficiency and regulatory compliance throughout our operations. During the operating period, the project company owns and operates the facility independently and retains all operation revenue. Under the BOO model, we obtain the ownership of the relevant facilities developed and operated by us. The relevant central or local government authorities may offer financial incentives for BOO projects, such as preferential on-grid tariffs, mandatory electricity offtake, tax exemptions and refunds, and governmental subsidies. As of the Latest Practicable Date, we had 58 projects under the BOO model, including 17 projects in operation, 14 projects under construction and 27 projects at the planning stage. For further details of contractual terms, see "Business — Our Customers — BOO and BOT Models."

BOT Model

Similar to the BOO model, the project company is responsible for designing, financing, constructing, operating and managing the project. Our management and key technicians are actively involved in each step, assuring high levels of business efficiency and regulatory compliance throughout our operations. During the concession period, which usually lasts between 20 to 30 years, the project company has the concession rights and owns and operates the facility independently and retains all operation revenue. Unlike the BOO model, the ownership of the facility under the BOT model will be transferred to the government at the end of the concession period at nil consideration. The relevant central or local government authorities may offer financial incentives for BOT projects, such as preferential on-grid tariffs, mandatory electricity offtake, tax exemptions and refunds, and governmental subsidies. As of the Latest Practicable Date, we had eight projects under the BOT model, including five projects in operation and three projects at the planning stage. For further details of contractual terms, see "Business — Our Customers — BOO and BOT Models."

Regardless of whether they are under the BOO or BOT model, most of our projects have the following characteristics:

- We develop biomass project in the regions with appropriate demand for power, supply of land and raw materials, and support from local and regional governments. Similarly, we develop hazardous waste treatment project in the regions with appropriate demand for hazardous waste treatment services, supply of land and landfill, and support from local and regional governments.

- We enter into long-term contracts with government customers or private-sector customers under which the customers commit to purchase power, household waste or hazardous waste treatment services respectively. Typically, the purchase price for electricity is fixed when our biomass, solar energy and wind power projects commence commercial operation, while the contracts for household waste or hazardous waste treatment specify the minimum volumes and prices, or establish parameters to determine future prices.

- We fund the upfront construction cost of each project.

- We receive payments from customers in the operational phase of each project, typically 20-30 years.

- Through the payment received from customers, we recoup project construction cost, cover our operational cost, and earn profits.

- As a result of this business model, we incur significant cash outflows in the early years of a project, and are exposed to operational risk and the credit risk of our customers until the end of the service period as stipulated in the contract.

- In addition, due to the accounting treatment of some of our projects, there is a substantial difference between the accounting revenue and the cash flow over the life of the project. Generally, in the early years of such projects, the project revenue, as recognized on the income statement, is significantly higher than the cash flow from that project. See "Financial Information — Impact of the Accounting Treatment for Service Concession Arrangements — Projects Accounted for as Service Concession Arrangements."

CONCENTRATION

Our operations and customers are concentrated principally in Anhui Province and Jiangsu Province. As of the Latest Practicable Date, we had 24 projects in operation, out of which six are located in Anhui Province and 14 are located in Jiangsu Province, and 44 pipeline projects, out of which ten are located in Anhui Province and 15 are located in Jiangsu Province. For the years ended December 31, 2014, 2015 and 2016, revenues contributed by projects in Anhui Province and Jiangsu Province accounted for 99.3%, 97.4% and 89.8% of our total revenues, respectively. See "Risk Factors — Risks Relating to Our Business and Industry — Our projects are geographically concentrated and may be affected by local policies, events and economic conditions, especially in Anhui Province and Jiangsu Province." For the years ended December 31, 2014, 2015 and 2016, our five largest customers were power grid companies and local governments in Anhui Province and Jiangsu Province, which collectively accounted for approximately 90.2%, 78.8% and 60.1% of our total revenues, respectively. See "Risk Factors — Risks Relating to Our Business and Industry — Our projects rely on a limited number of power purchasers."

PROJECT PROPOSAL

Once we have identified a new potential project, we will go through our budgeting process and review its potential return. For each potential project, our investment development department will obtain the proposed project specifications such as the expected power or steam generation capacity, waste treatment capacity, and site location from the relevant local government. Based on such specifications, our construction department will prepare a technical plan with respect to each potential project, and our budgeting department will provide an estimate of the total construction costs based on the costs of land, buildings and equipment. Estimated costs for construction of projects typically consist of engineering and installation cost, equipment cost, land cost, staff cost and other costs such as design cost and inspection cost. Our finance management department will adjust variables relating to funding, such as interest rate assumptions, to finalize the budget for the relevant project. Our finance management department will also make an internal forecast for the potential return of the project based on the expected on-grid tariff, hazardous waste treatment fees, and raw material costs. We assume that the current on-grid tariff will continue to be available and not adjusted with retrospective effect during the period of concession or the expected useful life of the relevant facility. We also consider raw material prices based on the actual price available in the same region as adjusted for inflation over the period. The expected future cash flow is then discounted to a present value for the calculation of the rate of return. We typically seek projects that have a rate of return greater than 10% for all of our projects. The entire proposal is submitted to our construction and technical committee for approval relating to the technical aspects, and to our project risk management committee for approval relating to the financial and legal aspects. For all of our projects, the proposal is further submitted to the management committee and the board of directors for approval.

INDUSTRY AND COMPETITIVE LANDSCAPE

We are regarded as a specialty environment protection service provider in that we have a special focus on both solid waste treatment and clean energy businesses. See "Industry Overview — Specialty Environmental Protection Service Providers in China." We are one of a few environmental protection service providers that provide services across both hazardous waste treatment and clean energy industry in China and have a leading market position in both sectors, with the fourth largest aggregate biomass power generation designed capacity and the third largest aggregate hazardous waste disposal designed capacity in China as of December 31, 2016 for projects in operation, under construction and at the planning stage, according to Frost & Sullivan.

In the biomass segment, as of December 31, 2016, we had 145MW aggregate biomass power generation designed capacity for projects in operation and ranked eighth in China whereas we ranked 13th as of December 31, 2015, according to Frost & Sullivan. The two largest biomass power generation companies, Kaidi and NBE, accounted for 16.3% and 14.8%, respectively, of the total market share in 2016 in terms of aggregate biomass power generation designed capacity for projects in operation while we accounted for 2.2% of the total market share in 2016 according to Frost & Sullivan. In the hazardous waste treatment segment, as of December 31, 2016 we had an aggregate hazardous waste disposal designed capacity of 131.0 thousand tons for projects in operation and ranked fifth in China whereas we ranked eighth as of December 31, 2015, according to Frost & Sullivan. The two largest hazardous waste treatment companies, Dongjiang Environment Company Limited and Veolia Environment Group, accounted for 3.2% and 1.1%, respectively, of the total market share in terms of aggregate hazardous waste disposal designed capacity for projects in operation while we accounted for 0.6% of the total market share in 2016 according to Frost & Sullivan.

OUR STRENGTHS

We believe that the following competitive strengths distinguish us from our competitors:

- A leader in the fast-growing environmental protection industry with substantial potential for further growth

- Diversified business segments with strategically selected project portfolio

- Rapid historic growth and significant growth prospects founded on the "Everbright" brand

- Strong project pipeline, efficient execution capabilities and strong financing capacity to achieve rapid growth

- Experienced and market-driven management team with strong execution capabilities

OUR STRATEGIES

We aim to execute the following strategies to expand our business and maintain and enhance our position in China's environmental protection industry:

- Seize policy opportunities in the environmental protection industry, further expand market share and develop a more diversified project portfolio

- Improve operational efficiency and technology research and development to strengthen our organic growth

- Enhance our integrated service capability and achieve synergies of multiple business segments

- Continue to implement ESHS system and risk management system to ensure our sustainable and stable development

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth a summary of our consolidated financial information, which is derived from the audited consolidated financial information as of and for the years ended December 31, 2014, 2015 and 2016 in the Accountants' Report set forth in Appendix I to this Prospectus.

Summary Consolidated Income Statements

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Revenue	1,057,784	100.0	1,203,198	100.0	3,000,131	100.0
Direct costs and operating expenses	(764,720)	(72.3)	(768,662)	(63.9)	(2,008,620)	(67.0)
Gross profit	293,064	27.7	434,536	36.1	991,511	33.0
Other revenue	21,693	2.1	37,858	3.2	67,897	2.3
Other loss	(54)	(0.0)	(1,275)	(0.1)	(9,684)	(0.3)
Administrative expenses	(63,425)	(6.0)	(101,710)	(8.5)	(197,747)	(6.6)
Profit from operations	251,278	23.8	369,409	30.7	851,977	28.4
Finance costs	(26,228)	(2.5)	(41,202)	(3.4)	(67,715)	(2.3)
Share of loss of a joint venture	—	—	(461)	(0.0)	(867)	(0.0)
Profit before taxation	225,050	21.3	327,746	27.3	783,395	26.1
Income tax	(25,373)	(2.4)	(56,302)	(4.7)	(153,873)	(5.1)
Profit for the year	199,677	18.9	271,444	22.6	629,522	21.0

Non-HKFRS Measures

	Year ended December 31,					
	2014		2015		2016	
	Amount	%(2)	Amount	%(2)	Amount	%(2)
	(HK$ in thousands, except percentages)					
EBIT(1)	251,278	23.8	368,948	30.7	851,110	28.4
EBITDA(1)	306,430	29.0	441,849	36.7	982,617	32.8

Notes:

(1) For a reconciliation of EBIT and EBITDA to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is profit for the year, see "Financial Information — Other Financial Measures" on page 346 of this Prospectus.

(2) EBIT margin is calculated by dividing EBIT by revenue. EBITDA margin is calculated by dividing EBITDA by revenue.

The following table sets forth the segment EBITDA of our projects in pre-operating and operating stages for the years indicated. The segment EBITDA does not include unallocated head office and corporate income and expenses.

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Biomass	153,068	300,613	666,684
Pre-operating	69,330	173,333	496,020
Operating	83,738	127,280	170,664
Hazardous waste treatment	92,142	82,156	188,799
Pre-operating	42,268	(6,187)	1,138
Operating	49,874	88,343	187,661
Solar energy and wind power	63,113	77,693	198,805
Pre-operating	(2,496)	(3,531)	—
Operating	65,609	81,224	198,805
	308,323	460,462	1,054,288

Summary Consolidated Statements of Financial Position

	As of December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Non-current assets	2,697,246	3,962,291	5,878,984
Current assets	863,241	1,604,635	1,584,563
Total assets	3,560,487	5,566,926	7,463,547
Current liabilities	675,970	775,639	1,294,780
Net current assets	**187,271**	**828,996**	**289,783**
Non-current liabilities	2,256,416	1,870,152	1,968,185
Total liabilities	**2,932,386**	**2,645,791**	**3,262,965**
Total equity	**628,101**	**2,921,135**	**4,200,582**

Summary Consolidated Cash Flow Statements

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Net cash generated from/(used in) operating activities	313,523	(29,870)	500,455
Net cash used in investing activities	(1,018,824)	(1,099,716)	(1,617,632)
Net cash generated from financing activities	964,006	1,624,084	996,604
Net increase/(decrease) in cash and cash equivalents	258,705	494,498	(120,573)
Cash and cash equivalents at the beginning of the year	318,433	569,142	1,044,475
Effect of foreign exchange rates change	(7,996)	(19,165)	(37,692)
Cash and cash equivalent at the end of the year	**569,142**	**1,044,475**	**886,210**

KEY FINANCIAL RATIOS

The following table sets out a summary of certain financial ratios as of the dates or for the years indicated:

	Year ended December 31,		
	2014	2015	2016
Return on assets(1)	7.0%	5.9%	9.7%
Return on equity(2)	36.8%	15.3%	17.7%
Current ratio(3)	1.3×	2.1×	1.2×
Quick ratio(4)	1.2×	2.0×	1.2×
Asset-liability ratio(5)	82.4%	47.5%	43.7%
Gearing ratio(6)	91.0%	39.6%	46.9%
Interest coverage ratio(7)	11.7×	10.7×	14.5×

Notes:

(1) Return on assets is calculated by dividing profit for the year by the average of total assets as of the beginning of the year and the end of the year.

(2) Return on equity is calculated by dividing profit for the year by the average of total equity as of the beginning of the year and the end of the year.

(3) Current ratio is calculated by dividing current assets by current liabilities at the end of each year.

(4) Quick ratio is calculated by dividing current assets less inventories by current liabilities at the end of each year.

(5) Asset-liability ratio is calculated by dividing total liabilities by total assets at the end of each year.

(6) Gearing ratio is calculated by dividing total bank loans by total equity at the end of each year.

(7) Interest coverage ratio is calculated by dividing our EBITDA by our finance costs for each year.

KEY FINANCIAL AND OPERATIONAL DATA BY SEGMENT

The following tables set forth a breakdown of our revenue, gross profit and gross profit margin by segment and by revenue source for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
	(HK$ in thousands, except percentages)					
Biomass						
Construction service	312,994	29.6	590,941	49.1	1,963,575	65.4
Operation service	219,647	20.8	348,989	29.0	459,840	15.3
Finance income	—	—	6,390	0.5	25,838	0.9
Hazardous Waste Treatment						
Construction service	357,748	33.8	44,269	3.7	84,991	2.8
Operation service	81,545	7.7	107,587	9.0	240,033	8.0
Finance income	13,798	1.3	12,338	1.0	10,739	0.4
Solar energy and wind power	72,052	6.8	92,684	7.7	215,115	7.2
Total	1,057,784	100.0	1,203,198	100.0	3,000,131	100.0

	Year ended December 31,					
	2014		2015		2016	
	Gross Profit	Margin %	Gross Profit	Margin %	Gross Profit	Margin %
	(HK$ in thousands, except percentages)					
Biomass						
Construction service	78,913	25.2	171,911	29.1	511,898	26.1
Operation service	61,936	28.2	103,959	29.8	121,341	26.4
Finance income	—	—	6,390	—	25,838	—
Hazardous Waste Treatment						
Construction service	51,464	14.4	6,017	13.6	11,529	13.6
Operation service	39,275	48.2	73,413	68.2	165,642	69.0
Finance income	13,798	—	12,338	—	10,739	—
Solar energy and wind power	47,678	66.2	60,508	65.3	144,524	67.2
Total	293,064	27.7	434,536	36.1	991,511	33.0

Revenue generated from our biomass business increased by 77.7% from HK$532.6 million in 2014 to HK$946.3 million in 2015, and further increased by 158.8% to HK$2,449.3 million in 2016. The continuous increase in the revenue generated from our biomass business over the Track Record Period was primarily due to an increase in our construction revenues related to our biomass pipeline projects and an increase in our operation revenues as our biomass projects started operation. Revenue generated from our hazardous waste treatment business decreased by 63.8% from HK$453.1 million in 2014 to HK$164.2 million in 2015, primarily because construction revenue was recognized in 2014 from the construction of Binhai Hazardous Waste Landfill Project and Guanyun Hazardous Waste Landfill Project which were under construction in 2014 and most construction of these projects had been completed before 2015, but increased by 104.5% to HK$335.8 million in 2016, primarily due to an increase in our construction revenues related to Xinyi Hazardous Waste Incineration Project which commenced construction in the second half of 2015, and an increase in operation revenues from our hazardous waste treatment projects in operation, in particular, Suzhou Hazardous Waste Landfill Projects, Binhai Hazardous Waste Landfill Project, Guanyun Hazardous Waste Landfill Project and Suqian Hazardous Waste Landfill Project as a result of increase in the volume of hazardous waste we received for treatment. Revenue generated from our solar energy and wind power business increased by 28.6% from HK$72.1 million in 2014 to HK$92.7 million in 2015, and further increased by 132.1% to HK$215.1 million in 2016 primarily due to our Ningwu Wind Power Projects which started generating revenue since September 2015.

Gross profit from operations represents the excess of revenue over direct costs and operating expenses. Since the gross profit margin of operation services and construction services are similar for our biomass business, gross profit margin of our biomass business fluctuated but remained relatively stable during the Track Record Period being 26.4%, 29.8% and 26.9%, respectively, despite the fluctuation in the proportion of construction service revenue and operation service revenue. In comparison, gross profit margin of our hazardous waste treatment business fluctuated significantly during the Track Record Period being 23.1%, 55.9% and 56.0%, respectively, as a result of changes in the number of projects under construction accounted for as service concession arrangements because gross profit margin for construction service revenue is much lower than gross profit margin for operation service revenue for our hazardous waste treatment business. Gross profit margin of our solar energy and wind power business remained relatively stable during the Track Record Period being 66.2%, 65.3% and 67.2%, respectively.

The following table sets forth a breakdown of certain operational data by segment for the years indicated:

	Year ended December 31,		
	2014	2015	2016
Biomass			
Electricity sold (MWh)	271,167	440,641	618,718
Average on-grid tariff (RMB/KWh)	0.75	0.75	0.75
Biomass material processed (ton)	359,576	520,159	728,142
Household waste processed (ton)	—	—	73,526
Utilization rate (%)	82.2%	90.8%	86.8%
Hazardous waste treatment			
Hazardous waste collected (ton)	60,740.3	52,340.7	99,639.7
Average waste treatment fee (RMB/ton)	1,490.7	2,171.9	2,413.6
Solar energy			
Electricity sold (MWh)	29,829	28,909	28,134
Average on-grid tariff (RMB/KWh)	2.25	2.23	2.27
Wind power			
Electricity sold (MWh)	—	41,586	244,556
Average on-grid tariff (RMB/KWh)	—	0.61	0.61

KEY FINANCIAL DATA BY OPERATIONAL PHASES

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by stage of projects, i.e. construction stage and operation stage (finance income is recognized during both construction and operation stages), for the years indicated:

	Year ended December 31,								
	2014			2015			2016		
	Revenue	Gross Profit	Gross Profit Margin %	Revenue	Gross Profit	Gross Profit Margin %	Revenue	Gross Profit	Gross Profit Margin %
	(HK$ in thousands, except percentage)								
Construction revenue	670,742	130,377	19.4	635,210	177,928	28.0	2,048,566	523,427	25.6
Operation revenue	373,244	148,889	39.9	549,260	237,880	43.3	914,988	431,507	47.2
Finance income	13,798	13,798	—	18,728	18,728	—	36,577	36,577	—
Total	**1,057,784**	**293,064**	**27.7**	**1,203,198**	**434,536**	**36.1**	**3,000,131**	**991,511**	**33.0**

IMPACT OF ACCOUNTING TREATMENT OF SERVICE CONCESSION ARRANGEMENTS

All of our biomass and hazardous waste treatment projects under BOT model are accounted for as service concession arrangements under HKFRS. Certain of our biomass and hazardous waste treatment projects under BOO model, are accounted for, on a case-by-case basis, as service concession arrangements under HKFRS, primarily based on whether the local government controls and regulates the services that we must provide along with the infrastructure at a pre-determined service charge. See "Financial information — Impact of the Accounting Treatment For Service Concession Arrangements". For our projects under BOT model that are accounted for as service concession arrangements, the relevant infrastructure has to be transferred to the local government at nil consideration upon the expiry of the relevant agreement. For our projects under BOO model that are accounted for as service concession arrangements, the relevant infrastructure is used under the arrangement for its entire or substantial useful life.

For projects that are accounted for as service concession arrangements under HKFRS, we recognize revenue during both the construction phase and the operational phase but the actual cash flow will only be received and recognized during the operational phase as payments for our operational services. As a result of this accounting treatment, there is a mismatch between the recognition of revenues and the underlying cash flows for such projects. Such accounting treatment and the substantial subjective judgment in connection with such treatment have had and will continue to have a material impact on our results of operations and financial position.

The following table sets forth a breakdown of our revenues by whether they are accounted for as service concession arrangements for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Service concession arrangements						
Construction service	670,742	63.4	635,210	52.8	2,048,566	68.3
Operation service	294,620	27.9	447,248	37.2	592,519	19.8
Finance income	13,798	1.3	18,728	1.5	36,577	1.2
	979,160	92.6	1,101,186	91.5	2,677,662	89.3
Non-service concession arrangements	78,624	7.4	102,012	8.5	322,469	10.7
Total	1,057,784	100.0	1,203,198	100.0	3,000,131	100.0

The following table sets forth a breakdown of our projects, including our projects in operation and projects under construction, by whether they are accounted for as service concession arrangements at the end of the years indicated.

	Year ended December 31,		
	2014	2015	2016
Service concession arrangements:			
Biomass	2	6	17(1)
Hazardous waste treatment	5	6	6(2)
Total	**7**	**12**	**23**
Non-service concession arrangements:			
Biomass	—	1	2
Hazardous waste treatment	2	2	4
Solar energy and wind power	9	9	9
Total	**11**	**12**	**15**

Notes:

(1) Includes Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass), Hanshan Biomass Direct Combustion Project, Sucheng Biomass Heat Supply Project, Xuyi Biomass Electricity and Heat Cogeneration Project, Dingyuan Biomass Direct Combustion Project, Lingbi Integrated Biomass and Waste-to-Energy Project (Biomass), Nanqiao Biomass Direct Combustion Project, Xiao County Integrated Biomass and Waste-to-Energy Project (Biomass), Guanyun Integrated Biomass and Waste-to-Energy Project (Biomass), Mianzhu Integrated Biomass and Waste-to-Energy Project (Biomass), Fengyang Integrated Biomass and Waste-to-Energy Project (Biomass) and Yeji Biomass Electricity and Heat Cogeneration Project, all of which are accounted for as service concession arrangements with intangible assets, and Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Lingbi Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Xiao County Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Guanyun Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy) and Fengyang Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), all of which are accounted for as service concession arrangements with gross amounts due from customers for contract work.

(2) Includes Suzhou Hazardous Waste Landfill Project (Phase I), Suzhou Hazardous Waste Landfill Project (Phase II) and Suqian Hazardous Waste Landfill Project, all of which are accounted for as service concession arrangements with gross amounts due from customers for contract work, and Guanyun Hazardous Waste Landfill Project, Binhai Hazardous Waste Landfill Project and Xinyi Hazardous Waste Incineration Project, all of which are accounted for as service concession arrangements with intangible assets.

Projects Accounted for as Service Concession Arrangements

For projects accounted for as service concession arrangements, we recognize non-cash revenue during the construction phase, which appears in our financial statements as "construction service revenue." Revenue of our construction services for each project is generally recognized as a percentage of the fair value of the completed project based on the progress of construction work, and therefore is mainly affected by the number of projects under construction, the estimated fair value of those projects at completion, and the stage of completion. An increase in the number of projects under construction and progress of construction work for individual projects would lead to an increase of our construction service revenues. As the number of projects under construction depends on the timing of sourcing new pipeline projects and may fluctuate from period to period, revenue from our construction services may fluctuate accordingly. For accounting policies related to construction contracts, see "Financial Information — Critical Accounting Policies, Estimates and Judgments — Construction Contracts."

We also recognize finance income as other receivables in the statement of financial position during both the operational and construction phases for projects that are accounted for as service concession arrangements with financial assets recorded during the construction phase. Finance income represents the amount of interest accrued on the outstanding balance of the gross amounts due from customers for contract work using the effective interest method at the prevailing PBOC rate at the time we enter into the relevant agreement.

The following table sets forth our revenue from projects accounted for as service concession arrangements for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Construction service	670,742	68.5	635,210	57.7	2,048,566	76.5
Operation service	294,620	30.1	447,248	40.6	592,519	22.1
Finance income	13,798	1.4	18,728	1.7	36,577	1.4
Total	**979,160**	**100.0**	**1,101,186**	**100.0**	**2,677,662**	**100.0**

The fair value of our construction services, which is recognized over the construction phase of a project as construction service revenue, is based on the valuation prepared by independent third party valuers, Grant Sherman Appraisal Limited and RHL Appraisal Limited, and is derived from the construction costs estimated by us at the time of valuation plus their respective mark-up, which is determined by the valuer with reference to publicly available information regarding the operating margins of selected comparable companies that provide construction services to similar projects in the PRC. We have established relevant procedures in approving our budgets for construction costs. See "— Project Proposal." For all of our projects, the proposal is submitted to the management committee and the board of directors for approval. After our board of directors approves the budget for construction cost, it will be used by the valuer in determining the valuation of our construction service.

In appraising our construction services, Grant Sherman Appraisal Limited and RHL Appraisal Limited also consider, among other things, the amount of investment, capacity, construction period and other characteristics of the construction services, and study the market conditions of projects in the relevant industry.

While we record revenue on the income statement during the construction phase, we record the relevant construction contracts in progress at the end of the reporting period in the statement of financial position either as "intangible assets" or "gross amounts due from customers for contract work" depending on whether the revenue stream under the relevant construction contract is guaranteed. If the revenue stream is not guaranteed, the construction contracts will be recorded as "intangible assets" and if the revenue stream under the construction contracts is guaranteed, the construction contracts will be recorded as "gross amounts due from customers for contract work". See "Financial Information — Critical Accounting Policies, Estimates and Judgments — Construction Contracts."

For projects accounted for as service concession arrangements with intangible assets recorded during the construction phase, such as most of our biomass projects (other than the waste-to-energy portion), the entire service fees we receive during the operational phase will be recorded as revenue from operation services, while the intangible assets we record in relation to the revenue generated from construction services will be amortized over the estimated useful life on a straight-line basis. See "Financial Information — Critical Accounting Policies, Estimates and Judgments — Intangible Assets."

With respect to each project accounted for as service concession arrangement with financial assets recorded during the construction phase, we recognize construction revenue as gross amounts due from customers for contract work during the construction phase, and recognize finance income as other receivables during both the operational and construction phases. Finance income represents the amount of interest accrued on the outstanding balance of the gross amounts due from customers for contract work using the effective interest method at the prevailing PBOC rate at the time we enter into the relevant agreement. The interest rates ranged from 5.15% to 6.91% per annum during our Track Record Period. The financial assets, which consist of gross amounts due from customers for contract work and other receivables, are offset by a portion of cash receipt generated as service fee (recorded as progress billings) on a straight-line basis during the operational phase such that the balance of the relevant financial assets will be reduced to zero at the end of the concession period. The remaining portion of the cash receipt generated as service fee is then recorded as operation revenue. As such, upon the commencement of the operational phase, based on the total balance of the financial assets with respect to a project as of that time, the amount of cash receipt to be allocated to offset the financial assets for each year over the remaining concession period is fixed, while the actual cash receipt from our operation services may fluctuate from period to period.

For projects with construction revenue recognized as intangible assets, the intangible assets are amortized on a straight-line basis over the period of their useful lives. Accordingly, upon the commencement of the operational phase, assuming the operating scale and pricing of operation services remain the same each year, the revenue, which only consists of income generated from operation services, is expected to remain stable over the operational phase. For projects with construction revenue recognized as financial assets, operation revenue accounts for the majority of the revenue during the operational phase while finance income accounts for the remainder. Finance income decreases as the outstanding balances of the financial assets decrease over the operational phase. Accordingly, upon the commencement of the operational phase, assuming the operating scale and pricing of operation services remain the same each year, the revenue, which consists of operation service revenue and finance income, is expected to decrease over the operational phase.

Intangible assets and gross amounts due from customers for contract work are subject to impairment testing when there is an impairment indicator. An example of an impairment indicator is the case that we do not receive sufficient cash payments during the operational phase if the relevant project does not materialize or if the actual cash receipts in the operational phase are smaller than expected. Besides, intangible assets that are not yet available for use are subject to impairment testing throughout the concession period of which the recoverable amount is estimated annually as to whether or not there is any indication of impairment. See "Financial Information — Critical Accounting Policies, Estimates and Judgments — Impairment of Receivables," "Financial Information — Critical Accounting Policies, Estimates and Judgments — Impairment of Other Assets," and "Risk Factors — Risks Relating to Our Business and Industry — Our results may fluctuate due to our accounting treatment with respect to service concession arrangements." We did not incur any impairment or write-offs related to insufficient cash payments in the operational phases of our projects accounted for as service concession arrangements during the Track Record Period.

Most of our biomass projects and some of our hazardous waste treatment projects as of Latest Practicable Date are accounted for as service concession arrangements. The construction contracts for the biomass portion of our integrated biomass and waste-to-energy projects and some of our hazardous waste treatment projects are recorded under "intangible assets," while the construction contracts for the waste-to-energy portion of our integrated biomass and waste-to-energy projects and some of our hazardous waste treatment projects are recorded under "gross amounts due from customers for contract work". The following table sets forth a breakdown of the construction revenue recorded under intangible assets and gross amounts due from customers for contract work for projects accounted for as service concession arrangements during the Track Record Period.

Construction revenue recorded as additions to:	**Year ended December 31,**		
	2014	**2015**	**2016**
	(HK$ in thousands)		
Intangible assets	670,742	401,090	1,533,543
Gross amounts due from customers for contract work	—	234,120	515,023
Total	670,742	635,210	2,048,566

The following roll forward table sets forth the movement in the balances of intangible assets during the Track Record Period. Construction revenue allocated to the intangible assets is shown as the "additions" in the following roll forward table which increase the balance of the intangible assets.

	Intangible Assets		
	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	(HK$ in thousands)		
Cost:			
At January 1, 2014	692,062	83,130	775,192
Exchange adjustments	(20,986)	(5,776)	(26,762)
Additions	312,994	357,748	670,742
At December 31, 2014	984,070	435,102	1,419,172
Accumulated amortization:			
At January 1, 2014	38,463	—	38,463
Exchange adjustments	(1,225)	—	(1,225)
Charge for the year	23,132	—	23,132
At December 31, 2014	60,370	—	60,370
Net book value:			
At December 31, 2014	923,700	435,102	1,358,802
Cost:			
At January 1, 2015	984,070	435,102	1,419,172
Exchange adjustments	(50,396)	(18,801)	(69,197)
Additions	356,821	44,269	401,090
At December 31, 2015	1,290,495	460,570	1,751,065
Accumulated amortization:			
At January 1, 2015	60,370	—	60,370
Exchange adjustments	(3,418)	—	(3,418)
Charge for the year	32,484	—	32,484
At December 31, 2015	89,436	—	89,436
Net book value:			
At December 31, 2015	1,201,059	460,570	1,661,629
Cost:			
At January 1, 2016	1,290,495	460,570	1,751,065
Exchange adjustments	(151,501)	(34,001)	(185,502)
Additions	1,456,593	76,950	1,533,543
At December 31, 2016	2,595,587	503,519	3,099,106
Accumulated amortization:			
At January 1, 2016	89,436	—	89,436
Exchange adjustments	(7,563)	(249)	(7,812)
Charge for the year	36,171	5,497	41,668
At December 31, 2016	118,044	5,248	123,292
Net book value:			
At December 31, 2016	2,477,543	498,271	2,975,814

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that intangible assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the intangible assets' recoverable amount is estimated. In addition, for intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment. As of December 31, 2014, 2015 and 2016, there were certain projects that had not commenced operation, the amounts of the project operating rights of these projects were HK$435.1 million, HK$806.4 million and HK$894.9 million respectively.

The recoverable amount of each of these operating rights recognized as intangible assets was determined based on value-in-use calculations, i.e. the present value of the future cash flows expected to be derived from the projects. The cash flow projections are based on the most recent financial budgets approved by the senior management covering a budget period of five years. The financial budgets are prepared primarily based on the service agreements governing the relevant projects together with key assumptions such as utilization rates and gross profit margins that represent the senior management's best estimate of the set of economic conditions that will exist over the period. Such key assumptions are supported by historical data of existing projects with similar production capacity, technologies and type of biomass materials processed or hazardous waste treated.

For example, the utilization rate and gross profit margins used for determining the recoverable amount of our biomass project operating rights are supported by our existing biomass facilities' historical utilization rates which in turn are primarily affected by the quality and conversion rate of the biomass raw materials available to us, as well as our historical tariffs and our cost of biomass materials. We expect our historical utilization rate to be a reasonable indication of our utilization rate going forward because we have been able to effectively control the quality of the biomass raw materials available to us and we have been able to maintain a relatively stable conversion rate based on our quality control measures and the mature technologies we employ at our biomass facilities; as such, we do not expect any material change in the quality and conversion rate of our biomass raw materials as well as the utilization rate of our biomass facilities. We expect our historical gross profit margins to be a reasonable indication of our gross profit margins going forward because we have been able to maintain tariffs at a stable level and we have been able to effectively control the cost of our biomass materials as a result of our comprehensive and robust biomass supply networks. See "Business — Our Biomass Business — Our Biomass Supply Networks."

The cash flow projections beyond the budget period are extrapolated using an estimated inflation rate of 2% which does not exceed the average long-term growth rates for the industry in which the projects operate. Two of our main revenue sources, namely, on-grid tariff as set by the Government and hazardous waste treatment fee as agreed between us and the industrial companies and medical institutions with reference to fee guidance by the Government, are subject to adjustments by the Government based on a number of factors such as inflation and market conditions. Our material costs and labor costs are also linked to inflation. Discount rates of 13.5% to 14.3% have been adopted for the value-in-use calculations during the Track Record Period. Discount rates used are the pre-tax rates that reflect the current market assessments of the time value of money and the specific risks relating to the relevant project operating rights. In determining the discount rate, we assumed a constant level of gearing throughout the cash flow forecast period, including in the terminal value. Our cost of capital, incremental borrowing rate and other market borrowing rates have been taken into consideration. We have also made reference to discount rates adopted by certain other companies in the environmental protection industry in the PRC and considered our discount rate to be within the range of rates used by those companies.

The following table sets forth the movement in the balance of gross amounts due from customers for contract work during the Track Record Period. Construction revenue allocated to gross amounts due from customers for contract work as shown in the following roll forward table increases the balance of gross amounts due from customers for contract work while part of the future service fee received during the operational phase will be allocated to progress billings to settle the gross amounts due from customers for contract work.

	Gross Amounts due from Customers for Contract Work		
	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	(HK$ in thousands)		
At January 1, 2014	—	207,760	207,760
Construction revenue for the year	—	—	—
Progress billings for the year	—	(25,676)	(25,676)
Exchange adjustments	—	(5,084)	(5,084)
At December 31, 2014	—	177,000	177,000
At January 1, 2015	—	177,000	177,000
Construction revenue for the year	234,120	—	234,120
Progress billings for the year	—	(23,790)	(23,790)
Exchange adjustments	(7,182)	(6,366)	(13,548)
At December 31, 2015	226,938	146,844	373,782
At January 1, 2016	226,938	146,844	373,782
Construction revenue for the year	506,982	8,041	515,023
Progress billings for the year	(14,973)	(22,067)	(37,040)
Exchange adjustments	(37,166)	(9,095)	(46,261)
At December 31, 2016	681,781	123,723	805,504

For more information on the accounting treatment of our projects accounted for as service concession arrangements, including the nature of construction service revenue, operation service revenue and finance income, see "Financial Information — Impact of Accounting Treatment of Service Concession Arrangements" and "Risk Factors — Risks Relating to our Business and Industry — Our results may fluctuate due to our accounting treatment with respect to service concession arrangements."

RECENT DEVELOPMENTS

In February 2017, we entered into an investment agreement with the government of Zhongxiang City in Hubei Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum with a power generation capacity of 40MW. The estimated total investment for this project is approximately RMB301.2 million. This biomass project is part of our Hubei Zhongxiang Integrated Biomass and Waste-to-Energy Projects. The project is currently at the planning stage and is expected to commence commercial operation in 2019. See "Business — Our Biomass Business — Our Biomass Project Portfolio."

In February 2017, we also entered into a concession agreement with the government of Zhongxiang City in Hubei Province with respect to a waste-to-energy project under the BOO model. The waste-to-energy facility is designed to have a household waste processing capacity of 292,000 tons per annum and 800 tons per day in two phases with 400 tons daily capacity in phase one and another 400 tons daily capacity reserved for phase two. Phase one of this project is designed to have a power generation capacity of 9MW. The estimated total investment for phase one is approximately RMB231.3 million. This waste-to-energy project is part of our Hubei Zhongxiang Integrated Biomass and Waste-to-Energy Projects. The project is currently at the planning stage and is expected to commence commercial operation in 2019. See "Business — Our Biomass Business — Our Biomass Project Portfolio."

In February 2017, we entered into an investment agreement with the government of Sheqi County in Nanyang City, Henan Province with respect to a biomass electricity and heat cogeneration project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum, a power generation capacity of 40 MW, and a steam generation capacity of 30 tons per hour. The estimated total investment for this project is approximately RMB306.0 million. Pursuant to the investment agreement, we have the exclusive right to operate electricity and heat cogeneration project in Sheqi County. This biomass project is part of our Sheqi Integrated Biomass and Waste-to-Energy Projects. The project is currently at the planning stage and is expected to commence commercial operation in 2019. See "Business — Our Biomass Business — Our Biomass Project Portfolio."

In February 2017, we also entered into a concession agreement with the government of Sheqi County in Nanyang City, Henan Province with respect to a waste-to-energy project under the BOT model for a concession period of 30 years. The waste-to-energy facility is designed to have a household waste processing capacity of 800 tons per day in two phases with 400 tons daily capacity in phase one. Phase one of this project is designed to have a power generation capacity of 9MW. The estimated total investment for this project is approximately RMB233.0 million. This waste-to-energy project is part of our Sheqi Integrated Biomass and Waste-to-Energy Projects. The project is currently at the planning stage and is expected to commence commercial operation in 2019. See "Business — Our Biomass Business — Our Biomass Project Portfolio."

In February 2017, we entered into an investment agreement with the government of Lianshui County, Jiangsu Province with respect to a biomass electricity and heat cogeneration project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum and a power generation capacity of 30 MW for phase one. The estimated total investment for phase one is approximately RMB318.0 million. Pursuant to the investment agreement, we have the exclusive right to operate electricity and heat cogeneration projects in Lianshui County. The project is currently at the planning stage and is expected to commence commercial operation in 2019. See "Business — Our Biomass Business — Our Biomass Project Portfolio."

LEGAL COMPLIANCE

During the Track Record Period, we were involved in certain non-compliance incidents in relation to our operations, which involved (i) failure to obtain the land use right certificates for the Ningwu Wind Power Projects; (ii) failure to obtain the license for the road transportation of medical waste for one of our projects; (iii) unauthorized occupation of land in relation to Zibo Hazardous Waste Incineration Project (Phase I); (iv) failure to obtain permits before commencement of construction for three of our projects; (v) late registration for completion certificate for construction work in relation to a number of our projects; (vi) failure to obtain pollutant discharge licenses for two of our projects; and (vii) failure to timely obtain the hazardous waste business license for one of our projects. As at the Latest Practicable Date, save for the non-compliance incidents in relation to the Ningwu Wind Power Projects, the lack of road transportation of medical waste for one project and the late registration for completion certificate for construction work for one project, we had either rectified all of these non-compliance incidents or obtained confirmations from the competent government authorities that the relevant requirements were not applicable. Our Directors are of the view that such incidents of non-compliance would not have any material adverse impact on our business, financial condition and results of operations. For further details, see "Business — Legal Compliance."

RISK FACTORS

Our operations and this Global Offering involve certain risks, some of which are beyond our control and may affect your decision to invest in us and/or the value of your investment. These risk factors are set out in "Risk Factors" starting on page 60 of this Prospectus. You should read that section in its entirety carefully before you decide to invest in the Offer Shares. Some of the major risks we face include:

- Existing economic incentives for our projects may be reduced, modified or eliminated.
- The preferential tax treatments granted to us could expire or be discontinued.
- The development of our industries is highly dependent on the PRC government's environmental protection and energy policies, which may change from time to time.
- Our results may fluctuate due to our accounting treatment with respect to service concession arrangements.
- There is a mismatch between our revenue and the underlying cashflows for our projects accounted for as service concession arrangements.

- Our biomass projects in operation depend on a stable supply of high-quality biomass raw materials.

- Fluctuations in the price of biomass raw materials may affect the profitability of our biomass projects.

- We rely on power grid companies for grid connection and electricity transmission and distribution services and may experience limitations on the dispatch of our electricity due to grid congestion or other grid constraints.

OUR SHAREHOLDING STRUCTURE

Our Controlling Shareholder

Immediately following the completion of the Capitalization Issue and the Global Offering, CEIL will control an aggregate of approximately 72.0% of the issued share capital of our Company through China Everbright Green Holdings, assuming the Over-allotment Option is not exercised. Accordingly, CEIL will, indirectly through its wholly-owned subsidiary China Everbright Green Holdings, continue to be our Controlling Shareholder. Save as disclosed, there is no competition between the business of our Controlling Shareholder and our business. For details of the delineation of the Group's business with that of the Remaining CEIL Group (including the profitability and service fees), see the section headed "Relationship with our Controlling Shareholder — Clear Delineation of Business". The Directors believe that our Group is capable of carrying out its business independently of our Controlling Shareholder and its associates. For further information, see the section headed "Relationship with our Controlling Shareholder".

THE SPIN-OFF

The proposed Spin-off involves a spin-off of the Group from CEIL by way of a separate listing of the Shares on the Stock Exchange to be effected by the Global Offering including the Preferential Offering. CEIL considers the Spin-off to be in the interests of its shareholders as a whole and will provide substantial room for the development of the business of our Group. For further information about the reasons for the Spin-off and the expected benefits to the Group, see "Our History, Reorganization and Corporate Structure — The Spin-off".

Following the Listing, we will be principally engaged in the greentech business while the CEIL Group will continue to be principally engaged in environmental energy business. For further information, see the section headed "Relationship with our Controlling Shareholder".

In accordance with the requirements of Practice Note 15 of the Hong Kong Listing Rules, CEIL will give due regard to the interests of its shareholders by providing Qualifying CEIL Shareholders with an assured entitlement to the Shares by way of the Preferential Offering. Details of the Preferential Offering are described in the section headed "Structure of the Global Offering — The Preferential Offering" in this Prospectus.

OFFER STATISTICS

The Global Offering comprises of: (i) the Hong Kong Public Offering of 56,000,000 Shares (subject to reallocation) in Hong Kong; (ii) the International Offering of 504,000,000 Shares (subject to reallocation and the Over-allotment Option) in the United States to Qualified Institutional Buyers in reliance on Rule 144A or another exemption from the registration requirements of the U.S. Securities Act, and outside the United States in offshore transactions in reliance on Regulation S; and (iii) the Preferential Offering of 56,000,000 Reserved Shares, which are being offered out of the International Offer Shares under the International Offering and are not subject to reallocation. The following table sets out certain offering related data, assuming that: (a) the Global Offering has been completed and 560,000,000 Shares are in issue; and (b) the Over-allotment Option has not been exercised.

	Based on minimum indicative Offer Price of HK$5.18	**Based on maximum indicative Offer Price of HK$5.90**
Market capitalization of our Shares	HK$10,360 million	HK$11,800 million
Unaudited *pro forma* adjusted net tangible assets per Share	HK$2.01	HK$2.21

The Shares will not be securities eligible for the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect. Pursuant to Article 23 of the ChinaClear Stock Connect Implementing Rules, ChinaClear will not provide services relating to IPO subscriptions to southbound investors. Based on the above and as confirmed by our PRC legal advisors, Allbright Law Offices and Grandall Law Firm (Beijing), the southbound shareholders of CEIL will not be able to subscribe for the Shares under the Preferential Offering.

APPLICATION FOR THE HONG KONG OFFER SHARES AND THE RESERVED SHARES

The applications for the Hong Kong Offer Shares and the Reserved Shares will commence on Friday, April 21, 2017 through Thursday, April 27, 2017, being longer than normal market practice of four days. The application monies (including the brokerage fees, SFC transaction levies and Stock Exchange trading fees) will be held by the receiving banks on behalf of the Company after the closing of the application lists and the refund monies, if any, will be returned to the applicants without interest on Friday, May 5, 2017. Investors should be aware that the dealings in the Shares on the Stock Exchange are expected to commence on Monday, May 8, 2017.

LISTING EXPENSES

The listing expenses in connection with the Global Offering consist primarily of underwriting commission and professional fees, and, assuming an offer price of HK$5.54 per Share, being the mid-point of the proposed offer price range, are estimated to be HK$137.7 million. During the Track Record Period, we incurred listing expenses of HK$52.7 million of which HK$40.2 million was recognized in the consolidated income statements and HK$12.5 million was recognized as prepayments in the consolidated statements of financial position which will be accounted for as a deduction from equity upon Listing. Subsequent to the Track Record Period, we expect to further incur listing expenses of HK$85.0 million prior to and upon completion of the Global Offering, of which (i) HK$14.0 million is expected to be recognized as expenses in our consolidated income statements during the year ending December 31, 2017; and (ii) HK$71.0 million is expected to be accounted for as a deduction from equity upon Listing. We do not expect these expenses to have a material impact on our results of operations for 2017.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that the net proceeds we will receive from the Global Offering (after deducting underwriting commissions, fees and anticipated expenses payable by us in connection with the Global Offering) will be approximately HK$3,005.0 million, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$5.54 per Share, being the mid-point of the Offer Price range of HK$5.18 to HK$5.90 per Share as stated in this Prospectus. If the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK$454.9 million (after deducting underwriting commissions, fees and anticipated expenses payable by us in connection with the Global Offering), assuming an Offer Price of HK$5.54 per Share, being the mid-point of the Offer Price range of HK$5.18 to HK$5.90 per Share as stated in this Prospectus. In order to further highlight and enhance core competitiveness, to improve profitability and subsequent development capacity, and to achieve our strategic goals, we currently intend to apply these net proceeds toward the development of our pipeline projects and providing further liquidity for us, details of which are as follows (assuming the Over-allotment Option is not exercised):

- Approximately HK$2,404.0 million, or 80% of the total estimated net proceeds, is expected to be used for developing our business in the PRC through capital contribution to our pipeline projects for the development and construction of the facilities, among which:

  - Approximately HK$1,352.2 million, or 45% of the total estimated net proceeds, is expected to be used for the investment in biomass pipeline projects, including any one or more of the projects described in "Business — Our Biomass Business — Our Biomass Project Portfolio."

  - Approximately HK$1,051.8 million, or 35% of the total estimated net proceeds, is expected to be used for the investment in hazardous waste treatment pipeline projects, including any one or more of the projects described in "Business — Our Hazardous Waste Treatment Business — Our Hazardous Waste Treatment Project Portfolio."

  Allocation of proceeds among these pipeline projects may change depending on the timing and progress of the development of each project. If suitable opportunities arise, we may also allocate the proceeds to biomass or hazardous waste treatment projects that we obtain after the Listing. The remaining funds required for the development of these projects are expected to be funded by our internally generated cash and bank borrowings. See "Financial Information — Liquidity and Capital Resources — Capital Expenditures and Investment."

- Approximately HK$300.5 million, or 10% of the total estimated net proceeds, is expected to be used for research and development and acquisitions of advanced technologies. See "Business — Research and Development."

- Approximately HK$300.5 million, or 10% of the total estimated net proceeds, is expected to be used for working capital and other general corporate purposes.

For more information, see the section headed "Future Plans and Use of Proceeds — Use of Proceeds" on page 384 of this Prospectus.

UNAUDITED *PRO FORMA* ADJUSTED NET TANGIBLE ASSETS

Our unaudited *pro forma* adjusted net tangible assets has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as of December 31, 2016 or at any future date. It is prepared based on our consolidated net assets as of December 31, 2016 as set forth in the Accountants' Report in Appendix I to this Prospectus, and adjusted as described below. Our unaudited *pro forma* adjusted net tangible assets does not form part of the Accountants' Report in Appendix I to this Prospectus.

	Consolidated net tangible assets attributable to equity shareholders of the Company as of December 31, 2016(1)	Estimated net proceeds from the Global Offering(2)	Unaudited *pro forma* adjusted net tangible assets attributable to equity shareholders of the Company	Unaudited *pro forma* adjusted net tangible assets per Share(3)(4)
	(HK$ in thousands)	*(HK$ in thousands)*	*(HK$ in thousands)*	*(HK$)*
Based on an offer price of:				
HK$5.18 per Share	1,211,407	2,807,912	4,019,319	2.01
HK$5.90 per Share	1,211,407	3,202,040	4,413,447	2.21

Notes:

(1) Our consolidated net tangible assets attributable to equity shareholders of the Company as of December 31, 2016 is arrived at after deducting intangible assets of HK$2,975.8 million from the consolidated net assets attributable to equity shareholders of the Company of HK$4,187.2 million as of December 31, 2016, as shown in the Accountants' Report set out in Appendix I to this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on the indicative offer prices of HK$5.18 per Share (being the minimum Offer Price) and HK$5.90 per Share (being the maximum Offer Price), after deduction of the estimated underwriting fees and other listing expenses, and 560,000,000 Shares expected to be issued under the Global Offering, assuming that the Over-allotment Option is not exercised.

(3) Our unaudited *pro forma* adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis of 2,000,000,000 Shares in issue immediately following completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised.

(4) No adjustment has been made to the unaudited *pro forma* adjusted net tangible assets to reflect any of our trading results or other transactions of the Group entered into subsequent to December 31, 2016.

DIVIDEND

We have not declared or paid any dividend since the date of incorporation of the Company up to the Latest Practicable Date except that on November 17, 2015, CE Environmental Solid Waste Treatment Holdings, one of our subsidiaries, declared dividends of HK$207.0 million to its then immediate holding company. Our Board has absolute discretion in deciding whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to declare. We currently do not have a dividend policy. The determination to pay dividends will be made at the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future. There can be no assurance that dividends of any amount will be declared or distributed in any year. For further details, see "Financial Information — Dividend and Distributable Reserves" on page 380 of this Prospectus.

In this Prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings.

"12th Five-Year Plan"	the PRC 12th Five-Year Plan for National Economic and Social Development adopted by the NPC in March 2011 for the period from 2011 to 2015
"13th Five-Year Plan"	the PRC 13th Five-Year Plan for National Economic and Social Development adopted by the NPC in March 2016 for the period from 2016 to 2020
"Application Form(s)"	**WHITE** application form(s), **YELLOW** application form(s), **GREEN** application form(s) and **BLUE** application form(s) or where the context so requires, any of them, that are used in connection with the Hong Kong Public Offering or the Preferential Offering (as applicable)
"Articles of Association" or "Articles"	the amended and restated articles of association of the Company adopted on April 10, 2017, a summary of which is set out in Appendix IV of this Prospectus, and as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Assured Entitlement"	the entitlement of the Qualifying CEIL Shareholders to apply for the Reserved Shares on an assured basis under the Preferential Offering determined on the basis of their respective shareholdings in CEIL at 4:30 p.m. on the Record Date
"Audit and Risk Management Committee"	the audit and risk management committee of the Board
"Authority"	any governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organization or other non-governmental regulatory authority, or any court, tribunal or arbitrator, in each case whether national, central, federal, provincial, state, regional, municipal, local, domestic or foreign
"**BLUE** Application Form(s)"	the application form(s) to be sent to the Qualifying CEIL Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offering
"Board" or "Board of Directors"	our board of Directors
"Board Lot"	means the board lot in which the Shares are traded on the Hong Kong Stock Exchange from time to time

"BOO"	build-operate-own, a project model in which an entity builds, owns and operates its facilities and assets with no obligation to transfer its ownership of the relevant facilities and assets to any specified parties at any time. For details regarding our BOO contractual arrangements, see "Business — Our Customers — BOO and BOT Models"
"BOT"	build-operate-transfer, a project model in which an entity receives a concession from the public sector to finance, design, construct and operate a facility stated in the concession agreement for a definite period of time and transfer the facility and assets to the public sector after the completion of the concession period, at which point the obligation of the entity to operate the designed and constructed facility effectively terminates. For details regarding our BOT contractual arrangements, see "Business — Our Customers — BOO and BOT Models"
"Business Day"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are open generally for normal banking business to the public
"BVI"	the British Virgin Islands
"Capitalization Issue"	the issue of 1,439,996,000 Shares upon capitalization of certain sums standing to the credit of the share premium account of our Company referred to in the section entitled "Appendix V — Statutory and General information — A. Further Information about Our Company — 6. Resolutions in writing of our then sole Shareholder passed on April 10, 2017"
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CDC"	Chinese Centre for Disease Control and Prevention (中國疾病預防控制中心)

"CE Alternative Energy Holdings"	China Everbright Alternative Energy Holdings Limited (中國光大新能源控股有限公司), a company incorporated in Hong Kong with limited liability on November 24, 2010, and an indirect wholly-owned subsidiary of our Company
"CE Biomass Energy Investment"	China Everbright Biomass Energy Investment Limited (中國光大生物能源投資有限公司), formerly registered under the name China Everbright Alternative Energy Investment Limited (中國光大新能源投資有限公司), a company incorporated in Hong Kong with limited liability on January 14, 2010, and an indirect wholly-owned subsidiary of our Company
"CE Clean Energy Investment"	China Everbright Clean Energy Investment Limited (中國光大清潔能源投資有限公司), a company incorporated in Hong Kong with limited liability on December 8, 2010, and an indirect wholly-owned subsidiary of our Company
"CE Environmental"	China Everbright Environmental Group Limited (中國光大環境集團有限公司), a company incorporated in Hong Kong with limited liability on April 8, 2016, a wholly-owned subsidiary of CEIL and a connected person of the Company
"CE Environmental Energy (HK) Investment"	China Everbright Environmental Energy (HK) Investment Limited (中國光大環保能源(香港)投資有限公司), formerly registered under the name Ever Brightest Holdings Limited (永俊控股有限公司), a company limited by shares incorporated in the BVI on January 7, 2008, and a wholly-owned subsidiary of CEIL
"CE Environmental Protection Holdings"	China Everbright Environmental Protection Holdings Limited (中國光大環保控股有限公司), a company incorporated in Hong Kong with limited liability on September 10, 2004, and a wholly-owned subsidiary of CEIL
"CE Environmental Repairing Investment"	China Everbright Environmental Repairing Investment Limited (中國光大環境修復投資有限公司), a company incorporated in Hong Kong with limited liability on March 13, 2017, and an indirect wholly-owned subsidiary of our Company
"CE Environmental Solid Waste Treatment Holdings"	China Everbright Environmental Solid Waste Treatment Holdings Limited (中國光大環保固廢處置控股有限公司), a company incorporated in Hong Kong with limited liability on June 11, 2007, and an indirect wholly-owned subsidiary of our Company

"CE Greentech Management"	China Everbright Greentech Management Limited (中國光大綠色環保管理有限公司), a company incorporated in Hong Kong with limited liability on December 9, 2015, and an indirect wholly-owned subsidiary of our Company;
"CE Hong Kong"	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated in Hong Kong with limited liability on May 10, 1983, which is a wholly-owned subsidiary of China Everbright Group
"CE Urban and Rural Integrated Investment"	China Everbright Urban and Rural Integrated Investment Limited (中國光大城鄉一體投資有限公司), a company limited by shares incorporated in the BVI on July 14, 2015, and an indirect wholly-owned subsidiary of our Company
"CEG Corporate Services"	CEG Corporate Services Limited (中國光大綠色環保服務有限公司), a company incorporated in Hong Kong with limited liability on March 10, 2016, and an indirect wholly-owned subsidiary of our Company
"CEG Plasma Technology Investment"	CEG Plasma Technology Investment Limited (光大綠色環保等離子技術投資有限公司), a company incorporated in Hong Kong with limited liability on March 13, 2017, and an indirect wholly-owned subsidiary of our Company
"CEIL"	China Everbright International Limited (中國光大國際有限公司), a company incorporated under the laws of Hong Kong, the shares of which are listed on the Stock Exchange (stock code: 257), and our Controlling Shareholder
"CEIL Group"	CEIL and its subsidiaries, including our Group
"CEIL Shares"	ordinary shares with no nominal value in the share capital of CEIL
"CEIL Shareholder(s)"	holder(s) of CEIL Shares
"Central China"	includes Henan Province, Hubei Province and Hunan Province
"Central Huijin"	Central Huijin Investment Ltd. (中央匯金投資有限公司)
"Chant Group"	Guangdong Chant Group Co., Ltd. (廣東長青股份有限公司)
"China" or "PRC"	the People's Republic of China, except where the context otherwise requires and only for the purpose of this Prospectus, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"ChinaClear"	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
"ChinaClear Stock Connect Implementing Rules"	The Implementing Rules for Registration, Depository and Clearing Services under Mainland-Hong Kong Stock Connect (《內地與香港股票市場交易互聯互通機制登記、存管、結算業務實施細則》) issued by ChinaClear
"China Development Bank"	China Development Bank Corporation (國家開發銀行股份有限公司), a financial institution in the PRC under the direct supervision of the State Council
"China Everbright Green Holdings"	China Everbright Green Holdings Limited (中國光大綠色控股有限公司), a company limited by shares incorporated in the BVI on July 22, 2015, being our direct sole Shareholder and a wholly-owned subsidiary of CEIL
"China Everbright Group"	China Everbright Group Ltd. (中國光大集團股份公司), a company incorporated in the PRC with limited liability on November 12, 1990, which indirectly held 41.4% shares in CEIL as at the Latest Practicable Date
"China Everbright Water"	China Everbright Water Limited (中國光大水務有限公司), formerly registered under the names Bio-Trent Technology Limited and HanKore Environment Tech Group Limited (漢科環境科技集團有限公司), an exempted company incorporated in Bermuda with limited liability, the shares of which have been listed on the main board of the SGX-ST
"close associate(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Hong Kong Listing Rules
"Companies Law" or "Cayman Companies Law"	the Companies Law (as revised) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
"Companies Ordinance"	the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company," "our Company" or "the Company"	China Everbright Greentech Limited (中國光大綠色環保有限公司), an exempted company incorporated in the Cayman Islands on October 13, 2015 with limited liability, which has been registered in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance
"connected person(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Controlling Shareholder"	has the meaning ascribed thereto in the Hong Kong Listing Rules and, unless the context otherwise requires, refers to CEIL
"core connected person(s)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the securities markets in the PRC
"Director(s)"	the director(s) of our Company
"East China"	includes Anhui Province, Fujian Province, Jiangsu Province, Jiangxi Province, Shandong Province, Zhejiang Province, and Shanghai
"EB Alternative Energy (Dangshan)"	光大新能源(碭山)有限公司 (Everbright Alternative Energy (Dangshan) Company Limited), a company incorporated in the PRC with limited liability on May 6, 2010, and an indirect wholly-owned subsidiary of our Company
"EB Alternative Energy (Suzhou) Holdings"	Everbright Alternative Energy (Suzhou) Holdings Limited (光大新能源(宿州)控股有限公司), a company incorporated in Hong Kong with limited liability on March 3, 2010, and an indirect wholly-owned subsidiary of our Company

"EB Biomass Energy (Bengbu) Holdings"	Everbright Biomass Energy (Bengbu) Holdings Limited (光大生物能源(蚌埠)控股有限公司), formerly registered as Everbright Biomass Energy (Linyi) Holdings Limited (光大生物能源(臨邑)控股有限公司), a company incorporated in Hong Kong with limited liability on March 8, 2011, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Chaohu) Holdings"	Everbright Biomass Energy (Chaohu) Holdings Limited (光大生物能源(巢湖)控股有限公司), a company incorporated in Hong Kong with limited liability on April 1, 2011, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Chuzhou)"	光大生物能源(滁州)有限公司 (Everbright Biomass Energy (Chuzhou) Company Limited), a company incorporated in the PRC with limited liability on April 17, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Chuzhou) Holdings"	Everbright Biomass Energy (Chuzhou) Holdings Limited (光大生物能源(滁州)控股有限公司), formerly registered under the name Everbright Biomass Energy (Xuzhou) Holdings Limited (光大生物能源(徐州)控股有限公司), a company incorporated in Hong Kong with limited liability on January 25, 2010, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Dingyuan)"	光大生物能源(定遠)有限公司 (Everbright Biomass Energy (Dingyuan) Company Limited), a company incorporated in the PRC with limited liability on November 12, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Guixi)"	光大生物能源(貴溪)有限公司 (Everbright Biomass Energy (Guixi) Limited), a company incorporated in the PRC with limited liability on February 21, 2017, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Hanshan)"	光大生物能源(含山)有限公司 (Everbright Biomass Energy (Hanshan) Company Limited), a company incorporated in the PRC with limited liability on August 18, 2011, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Huai'an) Holdings"	Everbright Biomass Energy (Huai'an) Holdings Limited (光大生物能源(淮安)控股有限公司), a company incorporated in Hong Kong with limited liability on May 30, 2014, and an indirect wholly-owned subsidiary of our Company

"EB Biomass Energy (Huaiyuan)"	光大生物能源(懷遠)有限公司 (Everbright Biomass Energy (Huaiyuan) Company Limited), a company incorporated in the PRC with limited liability on November 14, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Lianshui)"	光大生物能源(漣水)有限公司 (Everbright Biomass Energy (Lianshui) Limited), a company incorporated in the PRC with limited liability on March 28, 2017, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Lingbi)"	光大生物能源(靈璧)有限公司 (Everbright Biomass Energy (Lingbi) Company Limited), a company incorporated in the PRC with limited liability on November 28, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Liuan)"	光大生物能源(六安)有限公司 (Everbright Biomass Energy (Liuan) Company Limited), a company incorporated in the PRC with limited liability on May 5, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Liuan) Holdings"	EB Biomass Energy (Liuan) Holdings Limited (光大生物能源(六安)控股有限公司), a company incorporated in Hong Kong with limited liability on March 29, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Nantong) Holdings"	Everbright Biomass Energy (Nantong) Holdings Limited (光大生物能源(南通)控股有限公司), a company incorporated in Hong Kong with limited liability on December 17, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Puyang)"	光大生物能源(濮陽)有限公司 (Everbright Biomass Energy (Puyang) Limited), a company incorporated in the PRC with limited liability on February 7, 2017, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Rudong)"	光大生物能源(如東)有限公司 (Everbright Biomass Energy (Rudong) Company Limited), a company incorporated in the PRC with limited liability on February 2, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Rugao)"	光大生物能源(如皋)有限公司 (Everbright Biomass Energy (Rugao) Company Limited), a company incorporated in the PRC with limited liability on August 5, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Shayang)"	光大生物能源(沙洋)有限公司 (Everbright Biomass Energy (Shayang) Limited), a company incorporated in the PRC with limited liability on January 3, 2017, and an indirect wholly-owned subsidiary of our Company

"EB Biomass Energy (Suqian)"	光大生物能源(宿遷)有限公司 (Everbright Biomass Energy (Suqian) Company Limited), a company incorporated in the PRC with limited liability on July 31, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Suqian) Holdings"	Everbright Biomass Energy (Suqian) Holdings Limited (光大生物能源(宿遷)控股有限公司), a company incorporated in Hong Kong with limited liability on December 12, 2010, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (TianjinJixian)"	光大生物能源(天津薊縣)有限公司 (Everbright Biomass Energy (TianjinJixian) Limited), a company incorporated in the PRC with limited liability on December 1, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Energy (Xuyi)"	光大生物能源(盱眙)有限公司 (Everbright Biomass Energy (Xuyi) Company Limited), a company incorporated in the PRC with limited liability on June 16, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Fuel (Guanyun)"	光大生物燃料(灌雲)有限公司 (Everbright Biomass Fuel (Guanyun) Company Limited), a company incorporated in the PRC with limited liability on September 12, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Fuel (Suqian)"	光大生物燃料(宿遷)有限公司 (Everbright Biomass Fuel (Suqian) Company Limited), a company incorporated in the PRC with limited liability on September 2, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Biomass Fuel (Xuyi)"	光大生物燃料(盱眙)有限公司 (Everbright Biomass Fuel (Xuyi) Company Limited), a company incorporated in the PRC with limited liability on September 11, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Clean Energy (Anqing) Holdings"	Everbright Clean Energy (Anqing) Holdings Limited (光大清潔能源(安慶)控股有限公司), formerly registered under the name Everbright Alternative Energy (Anqing) Holdings Limited (光大新能源(安慶)控股有限公司), a company incorporated in Hong Kong with limited liability on March 3, 2010, and an indirect wholly-owned subsidiary of our Company

"EB Clean Energy (Changzhou) Holdings"	Everbright Clean Energy (Changzhou) Holdings Limited (光大清潔能源(常州)控股有限公司), a company incorporated in Hong Kong with limited liability on June 13, 2011, and an indirect wholly-owned subsidiary of our Company
"EB Clean Energy (Germany) Holdings"	Everbright Clean Energy (Germany) Holdings Limited (光大清潔能源(德國)控股有限公司), a company incorporated in Hong Kong with limited liability on February 22, 2011, and an indirect wholly-owned subsidiary of our Company
"EB Clean Energy (Germany) Investment"	Everbright Clean Energy (Germany) Investment Limited (光大清潔能源(德國)投資有限公司), a company limited by shares incorporated in the BVI on February 15, 2011, and an indirect wholly-owned subsidiary of our Company
"EB Clean Energy (Nanjing) Holdings"	Everbright Clean Energy (Nanjing) Holdings Limited (光大清潔能源(南京)控股有限公司), a company incorporated in Hong Kong with limited liability on August 4, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Clean Energy (Suqian) Holdings"	Everbright Clean Energy (Suqian) Holdings Limited (光大清潔能源(宿遷)控股有限公司), formerly registered under the name Everbright Alternative Energy (Suqian) Holdings Limited (光大新能源(宿遷)控股有限公司), a company incorporated in Hong Kong with limited liability on June 3, 2010, and an indirect wholly-owned subsidiary of our Company
"EB Clean Energy (Xinzhou) Holdings"	Everbright Clean Energy (Xinzhou) Holdings Limited (光大清潔能源(忻州)控股有限公司), a company incorporated in Hong Kong with limited liability on January 14, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Clean Energy (Zhenjiang) Holdings"	Everbright Clean Energy (Zhenjiang) Holdings Limited (光大清潔能源(鎮江)控股有限公司), formerly registered under the name Everbright Alternative Energy (Zhenjiang) Holdings Limited (光大新能源(鎮江)控股有限公司), a company incorporated in Hong Kong with limited liability on June 3, 2010, and an indirect wholly-owned subsidiary of our Company
"EB Environmental Energy (Anhui Suzhou) Holdings"	Everbright Environmental Energy (Anhui Suzhou) Holdings Limited (光大環保能源(安徽宿州)控股有限公司), a company incorporated in Hong Kong with limited liability on May 28, 2014, and an indirect wholly-owned subsidiary of our Company

"EB Environmental Energy (Dangshan)"	光大環保能源(碭山)有限公司 (Everbright Environmental Energy (Dangshan) Company Limited), a company incorporated in the PRC with limited liability on July 9, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Environmental Energy (Lingbi)"	光大環保能源(靈璧)有限公司 (Everbright Environmental Energy (Lingbi) Company Limited), a company incorporated in the PRC with limited liability on December 22, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Environmental Energy Management"	EB Environmental Energy Management Limited (光大環保能源管理有限公司), a company limited by shares incorporated in the BVI on September 23, 2015, and a wholly-owned subsidiary of CEIL
"EB Environmental Protection Hazardous Waste Treatment (Zibo)"	光大環保危廢處置(淄博)有限公司 (Everbright Environmental Protection Hazardous Waste Treatment (Zibo) Company Limited), a company incorporated in the PRC with limited liability on October 17, 2013, and an indirect wholly-owned subsidiary of our Company
"EB Environmental Protection (Lianyungang) Solid Waste Treatment"	光大環保(連雲港)固廢處置有限公司 (Everbright Environmental Protection (Lianyungang) Solid Waste Treatment Company Limited), a company incorporated in the PRC with limited liability on October 23, 2012, and an indirect wholly-owned subsidiary of our Company
"EB Environmental Protection (Lianyungang) Waste Disposal"	光大環保(連雲港)廢棄物處理有限公司 (Everbright Environmental Protection (Lianyungang) Waste Disposal Company Limited), a company incorporated in the PRC with limited liability on November 1, 2002, and an indirect wholly-owned subsidiary of our Company
"EB Environmental Protection (Suqian) Solid Waste Treatment"	光大環保(宿遷)固廢處置有限公司 (Everbright Environmental Protection (Suqian) Solid Waste Treatment Company Limited), a company incorporated in the PRC with limited liability on March 14, 2011, and an indirect wholly-owned subsidiary of our Company
"EB Environmental Protection (Suzhou) Solid Waste Treatment"	光大環保(蘇州)固廢處置有限公司 (Everbright Environmental Protection (Suzhou) Solid Waste Treatment Company Limited), a company incorporated in the PRC with limited liability on September 26, 2006, and an indirect wholly-owned subsidiary of our Company

"EB Environmental Protection (Yancheng) Solid Waste Treatment"	光大環保(鹽城)固廢處置有限公司 (Everbright Environmental Protection (Yancheng) Solid Waste Treatment Company Limited), a company incorporated in the PRC with limited liability on June 28, 2013, and which is held as to 90% equity interests by our Company
"EB Environmental Solid Waste Treatment (Xinyi)"	光大環保固廢處置(新沂)有限公司 (Everbright Environmental Solid Waste Treatment (Xinyi) Limited), a company incorporated in the PRC with limited liability on September 21, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Biological Technology (Xinyi)"	光大綠色環保生物科技(新沂)有限公司 (EB Greentech Biology Technology (Xinyi) Limited), a company incorporated in the PRC with limited liability on January 22, 2017, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Biomass Energy (Jing Men) Holdings"	EB Greentech Biomass Energy (Jing Men) Holdings Limited (光大綠色環保生物能源(荊門)控股有限公司), formerly registered under the name EB Greentech Biomass Energy (Shayang) Holdings Limited (光大綠色環保生物能源(沙洋)控股有限公司), a company incorporated in Hong Kong with limited liability on September 14, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Biomass Energy (Puyang) Holdings"	EB Greentech Biomass Energy (Puyang) Holdings Limited (光大綠色環保生物能源(濮陽)控股有限公司), a company incorporated in Hong Kong with limited liability on January 3, 2017, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Biomass Energy (Tianjin) Holdings"	EB Greentech Biomass Energy (Tianjin) Holdings Limited (光大綠色環保生物能源(天津)控股有限公司), a company incorporated in Hong Kong with limited liability on September 30, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Biomass Energy (Yingtan) Holdings"	EB Greentech Biomass Energy (Yingtan) Holdings Limited (光大綠色環保生物能源(鷹潭)控股有限公司), a company incorporated in Hong Kong with limited liability on January 26, 2017, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Environmental Solid Waste Treatment (Chuzhou)"	光大綠色環保固廢處置(滁州)有限公司 (EB Greentech Environmental Solid Waste Treatment (Chuzhou) Limited), a company incorporated in the PRC with limited liability on March 17, 2017, and an indirect wholly-owned subsidiary of our Company

"EB Greentech Environmental Solid Waste Treatment (Chuzhou) Holdings"	EB Greentech Environmental Solid Waste Treatment (Chuzhou) Holdings Limited (光大綠色環保危廢處置(滁州)控股有限公司), a company incorporated in Hong Kong with limited liability on January 11, 2017, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Environmental Solid Waste Treatment (Linshu)"	光大綠色環保危廢處置(臨沭)有限公司(EB Greentech Environmental Solid Waste Treatment (Linshu) Limited), a company incorporated in the PRC with limited liability on November 16, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Environmental Solid Waste Treatment (Linyi) Holdings"	EB Greentech Environmental Solid Waste Treatment (Linyi) Holdings Limited (光大綠色環保危廢處置(臨沂)控股有限公司), a company incorporated in Hong Kong with limited liability on July 11, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Environmental Solid Waste Treatment (Nanjing) Holdings"	EB Greentech Environmental Solid Waste Treatment (Nanjing) Holdings Limited (光大綠色環保危廢處置(南京)控股有限公司), a company incorporated in Hong Kong with limited liability on July 11, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Environmental Solid Waste Treatment (Suzhou) Holdings"	EB Greentech Environmental Solid Waste Treatment (Suzhou) Holdings Limited (光大綠色環保固廢處置(蘇州)控股有限公司), a company incorporated in Hong Kong with limited liability on April 8, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Greentech Solid Waste Treatment (Zhenjiang) Holdings"	EB Greentech Solid Waste Treatment (Zhenjiang) Holdings Limited (光大綠色環保危廢處置(鎮江)控股有限公司), a company incorporated in Hong Kong with limited liability on May 16, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Hazardous Waste Holdings"	EB Hazardous Waste Holdings Limited (光大危廢控股有限公司), a company limited by shares incorporated in the BVI on November 2, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Photovoltaic Energy (Changzhou)"	光大光伏能源(常州)有限公司 (Everbright Photovoltaic Energy (Changzhou) Company Limited), a company incorporated in the PRC with limited liability on July 29, 2011, and an indirect wholly-owned subsidiary of our Company

"EB Photovoltaic Energy (Huaining)"	光大光伏能源(懷寧)有限公司 (Everbright Photovoltaic Energy (Huaining) Company Limited), a company incorporated in the PRC with limited liability on May 12, 2010, and an indirect wholly-owned subsidiary of our Company
"EB Photovoltaic Energy (Suqian)"	光大光伏能源(宿遷)有限公司 (Everbright Photovoltaic Energy (Suqian) Company Limited), a company incorporated in the PRC with limited liability on September 7, 2010, and an indirect wholly-owned subsidiary of our Company
"EB Photovoltaic Energy (Zhenjiang)"	光大光伏能源(鎮江)有限公司 (Everbright Photovoltaic Energy (Zhenjiang) Company Limited), a company incorporated in the PRC with limited liability on September 7, 2010, and an indirect wholly-owned subsidiary of our Company
"EB Pyroelectric Energy (Liuan)"	光大生物熱電(六安)有限公司 (Everbright Pyroelectric Energy (Liuan) Company Limited), a company incorporated in the PRC with limited liability on May 5, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Renewable Energy and Hazardous Waste Investment"	EB Renewable Energy and Hazardous Waste Investment Limited (光大再生能源及危廢投資有限公司), a company limited by shares incorporated in the BVI on October 23, 2015, and a wholly-owned subsidiary of our Company
"EB Renewable Energy Holdings"	EB Renewable Energy Holdings Limited (光大再生能源控股有限公司), a company limited by shares incorporated in the BVI on July 22, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Renewable Energy Management"	EB Renewable Energy Management Limited (光大再生能源管理有限公司), a company limited by shares incorporated in the BVI on September 23, 2015, and an indirect wholly-owned subsidiary of our Company
"EB SITA Solid Waste Treatment (Changzhou)"	光大升達固廢處置(常州)有限公司 (Everbright SITA Solid Waste Treatment (Changzhou) Company Limited), a company incorporated in the PRC with limited liability on April 28, 2015, and which is indirectly held as to 50% equity interest by our Company
"EB Solarpark Schönewalde"	Everbright Solarpark Schönewalde Ldt. & Co. KG, formerly registered under the name Solarpark Schönewalde AG & Co.

	KG, a company incorporated in Germany on June 27, 2011, and an indirect wholly-owned subsidiary of our Company
"EB Solid Waste Landfill (Xinyi) Holdings"	光大綠色環保固體廢物填埋(新沂)有限公司 (Everbright Solid Waste Landfill (Xinyi) Holdings Limited), a company incorporated in the PRC with limited liability on October 10, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Solid Waste Treatment (Changzhou) Holdings"	Everbright Solid Waste Energy (Changzhou) Holdings Limited (光大固廢處置(常州)控股有限公司), a company incorporated in Hong Kong with limited liability on October 8, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Solid Waste Treatment (Lianyungang) Holdings"	Everbright Solid Waste Treatment (Lianyungang) Holdings Limited (光大固廢處置(連雲港)控股有限公司), a company incorporated in Hong Kong with limited liability on February 19, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Solid Waste Treatment (Shouguang) Holdings"	Everbright Solid Waste Treatment (Shouguang) Holdings Limited (光大固廢處置(壽光)控股有限公司), a company incorporated in Hong Kong with limited liability on February 19, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Solid Waste Treatment (Xuzhou) Holdings"	Everbright Solid Waste Treatment (Xuzhou) Holdings Limited (光大固廢處置(徐州)控股有限公司), a company incorporated in Hong Kong with limited liability on June 30, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Solid Waste Treatment (Yancheng) Holdings"	Everbright Solid Waste Treatment (Yancheng) Holdings Limited (光大固廢處置(鹽城)控股有限公司), a company incorporated in Hong Kong with limited liability on February 19, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Solid Waste Treatment (Zibo) Holdings"	Everbright Solid Waste Treatment (Zibo) Holdings Limited (光大固廢處置(淄博)控股有限公司), a company incorporated in Hong Kong with limited liability on February 19, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Biomass Energy (Nanjing)"	光大城鄉生物能源(南京)有限公司 (EB Urban and Rural Biomass Energy (Nanjing) Limited), a company incorporated in the PRC with limited liability on March 9, 2016, and which is indirectly held as to 90% equity interest by our Company

"EB Urban and Rural Renewable Energy (Chuzhou) Holdings"	EB Urban and Rural Renewable Energy (Chuzhou) Holdings Limited (光大城鄉再生能源(滁州)控股有限公司), a company incorporated in Hong Kong with limited liability on November 17, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Deyang) Holdings"	EB Urban and Rural Renewable Energy (Deyang) Holdings Limited (光大城鄉再生能源(德陽)控股有限公司), a company incorporated in Hong Kong with limited liability on August 5, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Fengyang)"	光大城鄉再生能源(鳳陽)有限公司 (EB Urban and Rural Renewable Energy (Fengyang) Company Limited), a company incorporated in the PRC with limited liability on December 23, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Guanyun)"	光大城鄉再生能源(灌雲)有限公司 (EB Urban and Rural Renewable Energy (Guanyun) Company Limited), a company incorporated in the PRC with limited liability on August 12, 2014, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Huai'an)"	光大城鄉再生能源(淮安)有限公司 (EB Urban and Rural Renewable Energy (Huai'an) Limited), a company incorporated in the PRC with limited liability on November, 18, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Huai'an) Holdings"	EB Urban and Rural Renewable Energy (Huai'an) Holdings Limited (光大城鄉再生能源(淮安)控股有限公司), a company incorporated in Hong Kong with limited liability on February 2, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Lianyungang) Holdings"	EB Urban and Rural Renewable Energy (Lianyungang) Holdings Limited (光大城鄉再生能源(連雲港)控股有限公司), formerly registered under the name Everbright Biomass Energy (Lianyungang) Holdings Limited (光大生物能源(連雲港)控股有限公司) and Everbright Biomass Energy (Laiyang) Holdings Limited (光大生物能源(萊陽)控股有限公司), a company incorporated in Hong Kong with limited liability on March 8, 2011, and an indirect wholly-owned subsidiary of our Company

"EB Urban and Rural Renewable Energy (Mianzhu)"	光大城鄉再生能源(綿竹)有限公司 (EB Urban and Rural Renewable Energy (Mianzhu) Limited), a company incorporated in the PRC with limited liability on October 15, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Nanjing) Holdings"	EB Urban and Rural Renewable Energy (Nanjing) Holdings Limited (光大城鄉再生能源(南京)控股有限公司), a company incorporated in Hong Kong with limited liability on November 17, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Shangqiu) Holdings"	EB Urban and Rural Renewable Energy (Shangqiu) Holdings Limited (光大城鄉再生能源(商丘)控股有限公司), a company incorporated in Hong Kong with limited liability on November 17, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Suzhou) Holdings"	EB Urban and Rural Renewable Energy (Suzhou) Holdings Limited (光大城鄉再生能源(宿州)控股有限公司), a company incorporated in Hong Kong with limited liability on August 5, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Xiao County)"	光大城鄉再生能源(蕭縣)有限公司 (EB Urban and Rural Renewable Energy (Xiao County) Limited), a company incorporated in the PRC with limited liability on September 30, 2015, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Xiayi)"	光大城鄉再生能源(夏邑)有限公司 (Everbright Urban and Rural Renewable Energy (Xiayi) Limited), a company incorporated in the PRC with limited liability on December 22, 2016, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Zhongjiang)"	光大城鄉再生能源(中江)有限公司 (EB Urban and Rural Renewable Energy (Zhongjiang) Limited), a company incorporated in the PRC with limited liability on January 20, 2017, and an indirect wholly-owned subsidiary of our Company
"EB Urban and Rural Renewable Energy (Zhongxiang)"	光大城鄉再生能源(鐘祥)有限公司 (EB Urban and Rural Renewable Energy (Zhongxiang) Limited), a company incorporated in the PRC with limited liability on March 31, 2017, and an indirect wholly-owned subsidiary of our Company
"EB Wind Power (Ningwu)"	光大風電(寧武)有限公司 (Everbright Wind Power (Ningwu) Company Limited), a company incorporated in the PRC with limited liability on April 15, 2014, and an indirect wholly-owned subsidiary of our Company

"Everbright Greentech Management (Shenzhen)"	光大綠色環保管理(深圳)有限公司 (Everbright Greentech Management (Shenzhen) Company Limited), a company incorporated in the PRC on December 24, 2015, and an indirect wholly-owned subsidiary of our Company
"Everbright Greentech R&D Holdings"	China Everbright Greentech R&D Holdings Limited (中國光大綠色環保研發控股有限公司), a company incorporated in Hong Kong with limited liability on December 8, 2016, and an indirect wholly-owned subsidiary of our Company
"Executive Director(s)"	the executive director(s) of our Company
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** application form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider
"Group," "our Group," "the Group," "we," "us" or "our"	our Company and its subsidiaries, or where the context so requires, in respect of the period before our Company became the holding company of the present subsidiaries, the business operated by such subsidiaries
"Hanshan EB Biomass Fuel"	含山光大生物燃料有限公司 (Hanshan Everbright Biomass Fuel Company Limited), a company incorporated in the PRC with limited liability on December 3, 2014, and a wholly-owned subsidiary of our Company
"Hanshan EB Photovoltaic Energy"	含山光大光伏發電有限公司 (Hanshan Everbright Photovoltaic Energy Company Limited), a company incorporated in the PRC with limited liability on December 3, 2014, and a wholly-owned subsidiary of our Company
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **HK eIPO White Form** at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by our Company, as specified on the designated website **www.hkeipo.hk**

"HKFRS"	the Hong Kong Financial Reporting Standards, amendments and interpretations issued by the HKICPA
"HKICPA"	the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	The Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited
"Hong Kong dollars," "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Hong Kong Offer Shares"	56,000,000 new Shares initially being offered by our Company for subscription pursuant to the Hong Kong Public Offering at the Offer Price, subject to any adjustment or reallocation as described in the section entitled "Structure of the Global Offering"
"Hong Kong Public Offering"	the offer of Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus a brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this Prospectus and the Application Forms relating thereto, as further described in the section entitled "Structure of the Global Offering — The Hong Kong Public Offering"
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Takeovers Code" or "Takeovers Code"	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time

"Hong Kong Underwriters"	the underwriters for the Hong Kong Public Offering as listed in the section entitled "Underwriting — Hong Kong Underwriters"
"Hong Kong Underwriting Agreement"	the underwriting agreement dated April 20, 2017 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Controlling Shareholder, the Joint Global Coordinators and the Hong Kong Underwriters as further described in the section entitled "Underwriting"
"Independent Non-executive Director(s)"	the independent non-executive Director(s) of our Company
"independent third party(ies)"	any entity or person who is not a connected person within the meaning ascribed under the Hong Kong Listing Rules
"International Offer Shares"	504,000,000 new Shares (including the Reserved Shares) initially being offered by our Company for subscription and purchase at the Offer Price under the International Offering, subject to any adjustment or reallocation together with, where relevant, any additional Shares which may be offered by the Company pursuant to the Over-allotment Option as further described in the section entitled "Underwriting — The International Offering"
"International Offering"	the conditional placing of the International Offer Shares (a) to Qualified Institutional Buyers in reliance on Rule 144A or another exemption from the registration requirement under the U.S. Securities Act, and (b) outside the United States to non-U.S. persons in offshore transactions in reliance on Regulation S, including to professional investors in Hong Kong, as further described in the section entitled "Structure of the Global Offering"
"International Underwriters"	the several underwriters for the International Offering who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the underwriting agreement expected to be entered into on or around April 27, 2017 by, among other parties, our Company, the Controlling Shareholder, the Joint Global Coordinators (for themselves and on behalf of the International Underwriters), as further described in the section entitled "Underwriting — The International Offering"

"Joint Bookrunners" or "Joint Lead Managers"	China International Capital Corporation Hong Kong Securities Limited, CEB International Capital Corporation Limited, China Everbright Securities (HK) Limited, CCB International Capital Limited and China Merchants Securities (HK) Co., Limited
"Joint Global Coordinators"	China International Capital Corporation Hong Kong Securities Limited, CEB International Capital Corporation Limited and China Everbright Securities (HK) Limited
"Joint Sponsors"	China International Capital Corporation Hong Kong Securities Limited and CEB International Capital Corporation Limited
"Kaidi"	Kaidi Ecological Environment Technology Co., Ltd. (凱迪生態環境科技股份有限公司)
"Latest Practicable Date"	April 11, 2017, being the latest practicable date for ascertaining certain information in this Prospectus before its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the listing subcommittee of the board of directors of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on Monday, May 8, 2017, on which the Shares are listed and from which dealings in the Shares are permitted to take place on the Hong Kong Stock Exchange
"Maddington"	Maddington Limited, a company incorporated in the BVI with limited liability on June 18, 1997, a wholly-owned subsidiary of CEIL
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Memorandum of Association" or "Memorandum"	the amended and restated memorandum of association of our Company adopted on April 10, 2017, a summary of which is set out in Appendix IV of this Prospectus, and as amended from time to time
"MEP"	the Ministry of Environmental Protection of the People's Republic of China (中華人民共和國環境保護部)
"Ministry of Finance"	the Ministry of Finance of the PRC (中華人民共和國財政部)

"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the People's Republic of China (中華人民共和國住房和城鄉建設部)
"NBE"	National Bio Energy Co., Ltd. (國能生物發電集團有限公司)
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國發展和改革委員會)
"NEA"	the National Energy Administration of the PRC (中華人民共和國國家能源局)
"Nomination Committee"	the nomination committee of the Board
"Non-Qualifying CEIL Shareholder(s)"	CEIL Shareholder(s), whose name(s) appeared on the register of members of CEIL at 4:30 p.m. on the Record Date with registered address(es) in, or who are otherwise known by CEIL to be resident(s) in any of, the Specified Territories
"North China"	includes Hebei Province, Shanxi Province, Beijing, Tianjin, and Inner Mongolia Autonomous Region
"Northeast China"	includes Liaoning Province, Jilin Province and Heilongjiang Province
"Northwest China"	includes Shaanxi Province, Gansu Province, Qinghai Province, Xinjiang Autonomous Region and Ningxia Autonomous Region
"NPC"	the National People's Congress of the People's Republic of China (中華人民共和國全國人民代表大會)
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Hong Kong Stock Exchange trading fee) at which the Offer Shares are to be subscribed pursuant to the Global Offering, as further described in the section entitled "Structure of the Global Offering — Pricing and Allocation"
"Offer Share(s)"	the Hong Kong Offer Share(s) and the International Offer Share(s) (including, for the avoidance of doubt, the Reserved Shares)
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters pursuant to the International Underwriting Agreement for the Listing

"PBOC"	People's Bank of China
"PRC government" or "State"	the government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof, or where the context requires, any of them
"Pre-IPO Reorganization"	the reorganization arrangements conducted by our Group in preparation for the Listing as described in the section entitled "Our History, Reorganization and Corporate Structure — Pre-IPO Reorganization"
"Preferential Offering"	the preferential offering to the Qualifying CEIL Shareholders of 56,000,000 Offer Shares (representing 10% of the Offer Shares being offered under the Global Offering (assuming that the Over-allotment Option is not exercised)) as Assured Entitlement as further described in the section entitled "Structure of the Global Offering — The Preferential Offering" and subject to the terms and conditions stated herein and in the **BLUE** Application Form
"Price Determination Date"	the date, expected to be on or about Thursday, April 27, 2017 on which the Offer Price is fixed for the purposes of the Global Offering, and in any event no later than Friday, May 5, 2017, or such other date as agreed between parties
"Prospectus"	this prospectus being issued in connection with the Hong Kong Public Offering
"province"	a province or, where the context requires, a provincial level autonomous region or municipality under the direct administration of the central government of the PRC
"Qualified Institutional Buyers" or "QIBs"	qualified institutional buyers as defined in Rule 144A
"Qualifying CEIL Shareholder(s)"	CEIL Shareholder(s), whose name appeared on the register of members of CEIL at 4:30 p.m. on the Record Date, excluding the Non-Qualifying CEIL Shareholder(s)
"Record Date"	April 13, 2017, being the record date for ascertaining the Assured Entitlements
"Regulation S"	Regulation S under the U.S. Securities Act

"Remaining CEIL Group"	the CEIL Group following the Spin-off, excluding our Group
"Remuneration Committee"	the remuneration committee of the Board
"Renminbi" or "RMB"	Renminbi yuan, the lawful currency of the PRC
"Reserved Shares"	the 56,000,000 Shares offered pursuant to the Preferential Offering at the Offer Price to the Qualifying CEIL Shareholders, representing 10% of the Offer Shares being offered under the Global Offering
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中國國家工商管理總局)
"SAT"	the State Administration of Taxation of the PRC (中國國家税務總局)
"SEC"	the United States Securities and Exchange Commission
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Securities and Futures Ordinance" or "SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shareholder(s)"	holder(s) of our Shares
"Shares" or "Ordinary Share(s)"	ordinary share(s) in the share capital of the Company with nominal or par value of US$0.10 each
"South China"	includes Guangdong Province, Hainan Province, and Guangxi Zhuang Autonomous Region

"Southwest China"	includes Sichuan Province, Yunnan Province, Guizhou Province, Chongqing and Tibet Autonomous Region
"Specified Territories"	in respect of the Preferential Offering, such territory or territories which our Directors and our Company consider it necessary or expedient to exclude from the Preferential Offering on account of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
"Spin-off"	the spin-off of the Company by way of the Listing to be effected by the Global Offering including the Preferential Offering
"Stabilizing Manager"	China International Capital Corporation Hong Kong Securities Limited
"Stock Borrowing Agreement"	the stock borrowing agreement which may be entered into between the Stabilizing Manager and China Everbright Green Holdings
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed thereto in the Hong Kong Listing Rules
"Taxation" or "Taxes"	all forms of taxation whenever created, imposed or arising and whether of Hong Kong, the PRC or of any other part of the world and, without prejudice to the generality of the foregoing, includes all forms of taxation on or relating to profits, salaries, interest and other forms of income, taxation on capital gains, sales and value added taxation, estate duty, death duty, capital duty, stamp duty, payroll taxation, withholding taxation, rates and other taxes or charges relating to property, customs and other import and excise duties, and generally any taxation, duty, impost, levy, rate, charge or any amount payable to taxing, revenue, customs or fiscal Authorities whether of Hong Kong, the PRC or of any other part of the world, whether by way of actual assessment, loss of allowance, withholding, deduction or credit available for relief or otherwise, and including any penalties and/or interest arising in respect of any taxation

"Track Record Period"	the three years ended December 31, 2014, 2015 and 2016
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. dollar(s)" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"VAT"	value-added tax; all amounts are exclusive of VAT in this Prospectus except where indicated otherwise
"%"	percent

In this Prospectus:

(a) unless expressly stated otherwise or required by the context, all data are as of the Latest Practicable Date;

(b) certain amounts and percentage figures included in this Prospectus were subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them; and

(c) the English names of PRC nationals, enterprises, entities, departments, facilities, certificates, titles and the like are translations of their Chinese names.

This glossary of technical terms contains explanations of certain technical terms used in this Prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

asset-liability ratio	calculated by dividing total liabilities by total assets at the end of each year
average on-grid tariff	calculated by dividing the actual revenue from power sales by the total power sold for each period. In particular, the average on-grid tariff with respect to the Track Record Period is calculated by dividing the aggregate revenue from power sales by the aggregate power sales volume in terms of kilowatt-hours for the period from January 1, 2014 to December 31, 2016
average waste treatment fee	calculated by dividing the actual revenue from waste treatment by the total hazardous waste collected for each period. In particular, the average waste treatment fee with respect to the Track Record Period is calculated by dividing the aggregate revenue from waste treatment by the aggregate volume of hazardous waste collected in terms of tons for the period from January 1, 2014 to December 31, 2016
biomass	including agricultural waste such as straw and husks, and forestry residues such as waste wood and debris from construction and demolition, tree trimmings and other manufacturing wood waste, which is a renewable resource for energy generation
biomass molding fuel	a renewable solid fuel made from agricultural and forestry biomass through a controllable process of dehydration, smash and extrusion
CAGR	compound annual growth rate
current ratio	calculated by dividing current assets by current liabilities at the end of each year
designed capacity	designed capacity with respect to biomass, hazardous waste treatment, solar energy and wind power projects, including projects in operation, projects under construction and projects at the planning stage, as applicable. Designed capacity with

	respect to our pipeline projects are determined based on the equipment purchased for the relevant project, or if that is not available, based on the specification under the relevant investment or concession agreement with respect to the project; cumulative capacity for a market sector refers to the capacity of all projects in operation in the relevant sector
environmental energy	processing of non-agricultural waste to generate energy, and with respect to the business of the CEIL, mainly refers to the municipal waste-to-energy projects, but also includes to a smaller extent methane-to-energy projects, sludge treatment and disposal projects and food waste treatment projects
ESHS	environment, safety, health and social responsibility
fluidized bed (incinerator)	fluidized bed incinerator adopts a combustion technology used to burn solid fuels. In its most basic form, fuel particles are suspended in a hot, bubbling fluidity bed of ash and other particulate materials (sand, limestone, etc.) through which jets of air are blown to provide the oxygen required for combustion. The resultant fast and intimate mixing of gas and solids promotes rapid heat transfer and chemical reactions within the bed
GDP	gross domestic product, a measure of the aggregate value of goods and services produced by a country or region
greentech	with respect to our business, (1) the biomass business, (2) the hazardous waste treatment business and (3) the solar energy and wind power business
interest coverage ratio	calculated by dividing our EBITDA by our finance costs for each year
internal rate of return	the discount rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero
kWh	kilowatt-hour. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
m^3	cubic meters

mark-up	operating income as a percentage of total production and operating costs
moving grate (incinerator)	moving grate incinerator adopts combustion technology in which a trash passes through the hopper into the downward inclined moving grate (fire grate is separated into three zones: drying zone, combustion zone, and burnout zone). The movement between moving grates will push the garbage to the downward direction and through the three zones in sequence, until burnout. Combustion air inlets from beneath the fire grate and mixes with the garbage. High temperature flue gas heats the surface of the furnace and will be cooled at the same time. Finally, the flue gas is discharged after the treatment
mu	Chinese acre. One mu is approximately 666.7 sq.m.
MW	megawatt, or one thousand kilowatts. The power generation capacity of power plants is generally expressed in MW
MWh	megawatt-hour, one thousand kilowatt-hours
on-grid tariff	the selling price, inclusive of VAT, of electricity for which a power generating project could sell the electricity it generated to the power grid companies, usually denominated in RMB per kWh
parasitic load	electricity consumed by the power generating facility, which is not available for transmission to electricity grid and sale to external customers
pipeline project	project under construction or at the planning stage
(project) at the planning stage	projects with respect to which the relevant investment or concession agreement has been executed, excluding projects that are already under construction or in operation
(project) in operation	(i) projects that have commenced commercial operation, (ii) our Ningwu Wind Power Projects, which started to generate electricity and operating revenue in the second half of 2015 (iii) our Xuyi Biomass Electricity and Heat Cogeneration Project, Dingyuan Biomass Direct Combustion Project and Huaiyuan Biomass Direct Combustion Project, which started to generate operation revenue in the second half of 2016 and

	(iv) our Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), which started to generate electricity and operation revenues in April 2016
(project) under construction	projects with respect to which actual construction work has commenced, and we treat either the erection of poles for site perimeter or the preparation for laying of foundation, whichever is earlier, as the commencement of construction
pyrolyzing/pyrolyze	thermochemical decomposition/decompose of organic material at elevated temperatures in the absence of oxygen (or any halogen)
resource zone	with respect to solar energy resources and wind power resources for generating electricity, the region in which a uniform on-grid tariff is applicable
rural areas	with respect to the business of our Group and the Remaining CEIL Group, areas classified as rural areas within the territory of China based on "Regulation on Statistical Classification of Urban and Rural Areas" issued by the National Bureau of Statistics in 2008, which generally include rural townships (集鎮) and villages (農村)
sq.m.	square meter(s)
ton	a unit of mass
total investment amount	the total investment amount as determined based on (i) the actual amount of the project after its completion with respect to a completed project, and (ii) the budgeted total investment amount based on the investment proposal, as adjusted by budget adjustment notice, if any, with respect to a pipeline project
urban areas	with respect to the business of our Group and the Remaining CEIL Group, areas classified as urban areas within the territory of China based on "Regulation on Statistical Classification of Urban and Rural Areas" issued by the National Bureau of Statistics in 2008, which generally include cities (城市) and towns (鎮)

utilization hours	with respect to a power generation system, its actual hours of operation during a given period
utilization rate	with respect to a period, calculated by dividing the actual power output by the aggregated designed capacity, and further divided by the actual number of hours of such period. If a project commences commercial operation after the beginning of the period, the denominator will be adjusted with respect to such project to start from the date of its commencement of commercial operation. Downtime during the relevant period due to repair and maintenance is not deducted from the denominator
waste-to-energy	the process of generating electricity or heat from the incineration of household waste

This Prospectus contains forward-looking statements that relate to our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "Summary," "Risk Factors," "Future Plans and Use of Proceeds," "Industry Overview," "Business" and "Financial Information." These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the section entitled "Risk Factors," which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements.

The words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "seek," "will," "would" and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and initiatives, as well as our business plans;
- our future business development, results of operations and financial condition;
- expected changes in our revenue and certain cost or expense items;
- expected trends and changes in governmental policies relating to our business and industry;
- our expectations with respect to increased revenue growth and our ability to sustain profitability;
- our dividend distribution plans;
- trends and competition in China's environmental protection industry in general and biomass energy, hazardous waste treatment, solar energy and wind power industries in particular; and
- changes in the general economic, regulatory and operating conditions in the markets in which we operate.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this Prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the section entitled "Risk Factors."

You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Offer Shares. Our business, financial condition, results of operations or prospects could be materially and adversely affected by any of these risks and uncertainties. The market price of the Offer Shares could significantly decrease due to any of these risks and uncertainties, and you may lose all or part of your investment.

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business and industry; (ii) risks relating to conducting business in China; and (iii) risks relating to the Global Offering. Additional risks and uncertainties presently not known to us or not expressed or implied below, or that we currently deem immaterial could also harm our business, financial condition and operating results. You should consider our business and prospects in light of the challenges we face, including those discussed in this section.

Risks Relating to Our Business and Industry

Existing economic incentives for our projects may be reduced, modified or eliminated

Our projects enjoy various economic incentives. Preferential electricity prices represent the primary economic incentives for our biomass, solar energy and wind power projects, without which our project profitability may be impacted. For the Track Record Period, the average on-grid tariffs for electricity generated from our biomass, solar energy and wind power projects were RMB0.75/kWh, RMB2.25/kWh and RMB0.61/kWh, respectively, which were much higher than the on-grid tariffs for electricity generated from conventional sources. According to Frost & Sullivan, for example, the on-grid tariff for coal in China ranges from RMB0.30/kWh to RMB0.50/kWh. In addition to preferential electricity prices, we also enjoy direct government subsidies. For example, Jiangsu Province and Anhui Province grant certain subsidies to all biomass projects in operation within those provinces. In addition, some of our projects enjoy additional government subsidies pursuant to the investment or concession agreement for the relevant project. For the years ended December 31, 2014, 2015 and 2016, government grants amounted to HK$1.7 million, HK$5.4 million and HK$15.8 million, respectively.

Going forward, the availability and size of such economic incentives depend, to a large extent, on political and policy developments relating to environmental concerns and the development of the relevant industry. Changes in policies could lead to a significant reduction in or a discontinuation of such government support for renewable energies. Some of these reductions may apply retroactively to existing projects, which could significantly reduce the economic benefits we received. Some of the reductions may apply to future projects, which could diminish the economic incentives or economic feasibility of continuing to develop or acquire new projects. For example, in August 2013, along with the development of the solar energy industry, the NDRC established uniform on-grid tariffs for solar energy based on resource zones. Such new on-grid tariffs were lower than those generally available to projects established prior to the change. On December 26, 2016, the NDRC published the Notice

Regarding Adjustment to On-Grid Tariffs of Solar Energy and Ground Wind Power Projects (國家發改委關於調整光伏發電陸上風電標杆上網電價的通知), according to which, for solar energy projects commencing operation on or after January 1, 2017, the on-grid tariff will be lowered to RMB0.65/kWh, RMB0.75/kWh and RMB0.85/kWh, representing RMB0.15/kWh, RMB0.13/kWh and RMB0.13/kWh decrease for the three resource zones for solar energy projects in China, and for ground wind power projects approved on or after January 1, 2018, the on-grid tariff will be lowered to RMB0.40/kWh, RMB0.45/kWh, RMB0.49/kWh and RMB0.57/kWh, representing RMB0.07/kWh, RMB0.05/kWh, RMB0.05/kWh and RMB0.03/kWh decrease for the four resource zones for wind power projects in China. A significant reduction in the scope or discontinuation of government incentive programs relating to our projects or our industries could have a material adverse effect on our business, financial condition, results of operations and prospects.

The preferential tax treatments granted to us could expire or be discontinued

We are entitled to various preferential tax treatments, including tax exemptions and reductions for enterprise income taxes and VAT or business tax refunds. For example, under the relevant tax rules and regulations, an eligible environmental protection project is entitled to an enterprise income tax exemption for the first three years after such project generates revenue and a 50% tax reduction for the following three years. Some of our hazardous waste treatment, solar energy and wind power projects in operation are eligible for, and currently enjoy, this tax exemption or reduction. For some of our biomass projects, revenue of the relevant operating company is deemed to be 90% of the actual revenue for purposes of calculating enterprise income tax pursuant to the relevant tax rules and regulations. For the years ended December 31, 2014, 2015 and 2016, our income tax amounted to HK$25.4 million, HK$56.3 million and HK$153.9 million, respectively. In addition, project companies for our biomass, hazardous waste treatment, solar energy and wind power projects are entitled to refunds of up to 100%, 70%, 50% and 50% of the VAT, respectively. For the years ended December 31, 2014, 2015 and 2016, refund of VAT amounted to HK$15.3 million, HK$23.2 million and HK$42.2 million, respectively. Moreover, for fees we receive for our hazardous waste treatment services, we were exempted from business tax, which would otherwise reduce our revenues. If we fail to maintain our qualification for preferential tax treatment, or if any such preferential tax treatment expires or is discontinued, our tax expenses could increase substantially, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

The development of our industries is highly dependent on the PRC government's environmental protection and energy policies, which may change from time to time

The PRC government has promulgated a series of laws and regulations and adopted preferential policies to support the development of the PRC environmental protection industry. We benefit directly and indirectly from many laws, regulations and policies, including preferential on-grid tariffs for renewable energy, mandatory off-take of electricity output, governmental subsidies and favorable tax treatments. For example, more stringent requirements for pollution control and intensified enforcement of environmental compliance have indirectly encouraged the demand for hazardous waste treatment services. In addition, the PRC government principally prohibits the construction of any new biomass plant within 100 kilometers or in the same county of an existing biomass plant in order to ensure sufficient biomass resources for each plant to operate efficiently. Going forward, although the PRC government has stated its intention to increase environmental protection related investment and enforcement going forward, and named building an eco-friendly society as one of its core goals for the 13th Five-Year Plan, we cannot assure you that the favorable laws, regulations, and policies which we currently benefit from will be maintained, become more favorable or continue to exist at all. We cannot predict how and to what extent any increased investment will affect the environmental protection industry as a whole or any sub-segments, including the segments we operate in. Therefore, you should not regard the PRC government's intentions or announcements as an indication of the future prospects of our industries or our future performance as we may not directly or indirectly benefit from any future amendments to the relevant laws or regulations, or changes to governmental policies. In the event of any changes to laws, regulations or government policies, if we cannot respond effectively and in a timely manner, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our results may fluctuate due to our accounting treatment with respect to service concession arrangements

We enter into BOO and BOT models in respect of our projects. We concluded that most of our biomass projects and hazardous waste treatment projects, including all of our projects under BOT model and, based on a case-by-case review, certain of our projects under BOO model, should be properly accounted for as service concession arrangements under HKFRS. Such determination involves substantial subjective judgment, and is primarily based on whether the local government controls and regulates the services that we must provide along with the infrastructure at a pre-determined service charge. For our projects under BOT model accounted for as service concession arrangements, the relevant infrastructure has to be transferred to the local government at nil consideration upon the expiry of the relevant agreement. For our projects under BOO model accounted for as service concession arrangements, the relevant infrastructure is used under the arrangement for its entire or substantial useful life. See "Financial Information — Critical Accounting Policies, Estimates and Judgments — Service Concession Arrangements."

The accounting treatment of our projects as service concession arrangements has had and will continue to have an impact on our results of operations and financial position. For projects accounted for as service concession arrangements, we recognize revenue during both the construction phase and the operational phase. For projects not accounted for as service concession arrangements, we recognize revenue only when the related services are rendered during the operational phase. Because revenues from construction services are relatively large and the profit margin of our construction services is typically lower than that of our operation services, our results of operation may fluctuate from period to period as a result of the fluctuation in the number of projects accounted for as service concession arrangements in construction and in the operation stage. See "Financial Information — Impact of the Accounting Treatment for Service Concession Arrangements."

Therefore, when reviewing our business, financial condition and results of operations, you should read our financial statements in light of the impact of the accounting treatment for service concession arrangements in assessing our historical performance and prospects, and of the consequence that our financial position and results of operations may fluctuate from period to period for reasons that do not fully reflect the actual performance of our business.

There is a mismatch between our revenue and the underlying cash flows for our projects accounted for as service concession arrangements

For projects accounted for as service concession arrangements, we recognize revenue during both the construction phase and the operational phase. There is a mismatch between our revenue and the underlying cash flows for such projects, because we generally do not receive actual payments for our construction services and only receive payments for our operational services. For projects not accounted for as service concession arrangements, we recognize revenue only when the related services are rendered during the operational phase. While revenues are recognized during the construction phase for projects accounted for as service concession arrangements, we may not receive sufficient cash payments during the operational phase if the relevant project does not materialize or if the actual cash receipts in the operational phase are smaller than expected. In such case, we may need to recognize impairment or write-offs in the subsequent period for the related intangible assets or gross amounts due from customers for contract work. For accounting treatment of revenue generated from our construction services of projects accounted for as service concession arrangements and how it is presented as "intangible assets" and "gross amounts due from customers for contract work" on our statement of financial position, see "Financial Information — Impact of the Accounting Treatment for Service Concession Arrangements." Although we did not incur impairment and write-offs related to insufficient cash payments in the operational phases of our service concession projects during the Track Record Period, there is no assurance that such impairment or write-offs will not occur in the future, in which case our financial condition and results of operations may be materially and adversely affected. Therefore, when reviewing our business, financial condition and results of operations, you should read our financial statements in light of the mismatch between our revenue and the underlying cash flows as a result of the accounting treatment for service concession arrangements in assessing our historical performance and prospects.

Our biomass projects in operation depend on a stable supply of high-quality biomass raw materials

Our biomass projects in operation rely on a stable supply of high-quality biomass raw materials. Biomass raw materials we use include agricultural waste such as straw and husks, and forestry residues such as waste wood, debris, tree trimmings and other manufacturing wood waste. Availability of biomass raw materials depends on a variety of factors that are beyond our control, including local climate conditions, farming conditions, crop mix, the amount of local farming area and labor, and seasonal factors. For example, certain areas of Jiangsu Province have experienced serious drought in 2016 which may have affected biomass raw material supplies in those areas. Although this drought has not affected us since we did not source any biomass raw materials in those affected areas, there is no assurance that drought will not in the future affect the areas where we source our biomass raw materials and lead to a shortage of supply in those areas. In addition, biomass raw materials are mainly collected and transported to our biomass facilities by ground transport, which may be subject to various uncertainties, including the location of source points, road conditions, transportation infrastructure and weather conditions. Due to these uncertainties, we cannot assure you that we will not experience shortages of supply at our facilities. Any shortage of biomass raw materials will lower the electricity or steam output of the affected facility, and in turn lower its revenue. Moreover, the amount of electricity and steam that our biomass facilities can generate also depends on the quality of the biomass raw materials supplied to us. Due to their diverse nature and conditions, biomass raw materials collected from different sources or at different times may vary substantially in terms of calorific value, which is primarily determined by the water content and ash content of the raw materials. We therefore adjust our purchase price for each batch of biomass raw materials based on the water and ash content. However, we cannot assure you that we will always be able to obtain a sufficient supply of high-quality biomass raw materials at a reasonable price or at all. Failure to maintain a continuous and stable biomass supply and variations in quality may affect the operational efficiency of our biomass facilities and the amount of electricity or steam generated at our facilities, which in turn could materially and adversely affect our business, financial condition, results of operations and prospects.

Fluctuations in the price of biomass raw materials may affect the profitability of our biomass projects

Fluctuations in the price of biomass raw materials are a key factor affecting the operational cost of our biomass projects. For the years ended December 31, 2014, 2015 and 2016, our costs for biomass raw materials amounted to HK$119.9 million, HK$186.1 million and HK$269.5 million, respectively, representing approximately 53.4%, 59.8% and 55.7%, respectively, of our direct costs and operating expenses (excluding construction costs). For a sensitivity analysis of the change of biomass raw material price on our profit during the Track Record Period, see "Financial Information — Factors Affecting our Results of Operations — Biomass Raw Materials Supply and Pricing." The price of biomass raw materials depends on, among others, the availability of biomass raw materials in the region, labor costs, transportation and storage costs, economic conditions and governmental subsidies and other policies. Shortage of biomass materials may affect the price of biomass materials. For example, certain areas of Jiangsu Province have experienced serious drought in 2016 which may have affected biomass raw material prices in those areas. Although this drought has not affected us since we did not source any biomass raw materials in those affected areas, there is no assurance that drought will not in the future affect the areas where we source our biomass raw materials and lead to a temporary hike in the supply prices in those areas. We adjust the price we pay for biomass raw materials according to quality on a batch-by-batch basis so that at a given time, the supply price per unit of energy is consistent for different batches of raw materials with divergent ash and water content. However, the price per unit of energy could still increase or fluctuate substantially from period to period. For the years ended December 31, 2014, 2015 and 2016, the average unit price was RMB261.9 per ton, RMB300.3 per ton and RMB304.9 per ton, respectively. As the electricity or steam sale price under the relevant power or steam purchase agreements may not be timely and adequately adjusted for the price of biomass raw materials, increases in such price may affect the profitability of our biomass projects.

We rely on power grid companies for grid connection and electricity transmission and distribution services and may experience limitations on the dispatch of our electricity due to grid congestion or other grid constraints

Our power generation facilities need to be connected to local power grids and rely on power grid companies to provide dispatch services and purchase the electricity generated from our facilities.

We rely on local grid companies to construct and maintain the infrastructure and provide the electricity transmission and dispatch services necessary to connect our projects to the local grids. The transmission and dispatch of the output of a facility may be curtailed as a result of various grid constraints, such as grid congestion, restrictions on transmission capacity of the grid and restrictions on electricity dispatch during certain periods. In China, these grid constraints may be caused by increasing demand for electricity. There may be periods when the local grids do not have sufficient capacity to transmit and dispatch the full output of the facilities to which they are connected. In the event of grid constraints, the relevant grid may require any of our facilities to reduce net electricity generation, which in turn may reduce the expected revenue from that particular facility. Power plants may not receive compensation for reductions in electricity generation due to grid constraints. We did not experience any material grid congestion or grid constraints during the Track Record Period. However, our projects may be impacted in the future by limitations on the dispatch of electricity due to grid congestion or other grid constraints, which may cause some of our projects to experience temporary limitations on electricity output. If there is a decline in electricity output due to grid constraints or failure to perform the power purchase agreements by the local grid companies, our electricity sales, business, financial condition, results of operations and prospects may be materially and adversely affected.

Furthermore, electricity transmission lines may experience unplanned outages due to system failures, accidents and severe weather conditions, or planned outages due to routine repair and maintenance, construction work and other factors beyond our control. We may not be able to secure or maintain all necessary connections to local grids, and failure or delays to secure grid connection will reduce power generation and limit our operational efficiencies, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are exposed to environmental risks due to the nature of our operations

We are exposed to environmental risks due to the nature of our operations. Combustion of biomass raw materials generates air pollutant, such as CO_2, NOx, SOx and dusts. While biomass power generation produces a substantially lower level of emission than fossil fuel power generation and open air incineration of biomass materials as it produces negligible amounts of NOx and SOx, the emission of CO_2 per kWh of electricity generated by coal, oil, natural gas and biomass fuel are approximately 1.0kg, 0.8kg, 0.5kg and 1.4kg, respectively, according to Frost & Sullivan. Depending on the composition of biomass raw materials used, biomass power plants may emit more CO_2 than fossil fueled power plants as wood and certain other types of biomass materials are carbon-rich, but not particularly energy-rich, especially when compared with natural gas power plants. Biomass power plants may also be less efficient than gas and coal-fueled power plants, partly because biomass fuels tend to have relatively higher moisture content. Despite our pollutant control efforts, our operation of biomass facilities and hazardous waste treatment facilities still produce air, water and ash pollutants. The types and amounts of pollutants may increase unexpectedly due to a number of factors, including variations in the quality of biomass raw materials, the mix of hazardous waste, downtime at our facilities or occurrence of accidents or natural disasters. Unexpected leakage of hazardous materials could also occur at our facilities, which may be due to natural forces, damage or hidden defects in the infrastructure. In the event that we are unable to adequately and efficiently operate our facilities in compliance with the relevant environmental requirements, we may be subject to penalties, liabilities or administrative actions, and our reputation may be damaged. In addition to monetary penalties, we may have to modify or upgrade our facility or equipment to satisfy tightened requirements, or perform major maintenance on our facilities or overhaul our equipment, which may lead to substantial costs and reduced utilization. For example, after we acquired our Lianyungang Hazardous Waste Incineration Project (Phase I), due to obsolete equipment, backlog, and hidden defects that existed prior to our acquisition, we had to conduct a series of modifications and upgrades to comply with various sewage discharge, emission, storage, signage, record keeping and health and safety standards, in order to renew the hazardous waste business license and commence operation. Any of these could materially and adversely affect our reputation, business, financial condition, results of operations and prospects.

The construction and operations of our facilities are subject to inherent operational and safety risks

Due to the nature of our business, we engage in certain inherently hazardous activities, including the use of heavy machinery and working with hazardous waste and flammable and explosive materials. Our project construction and operation processes involve additional risks and hazards, including breakdown, equipment failure, improper installation or operation of equipment, improper usage or release of chemicals, labor disturbances, weather interferences and natural disasters, environmental hazards and industrial accidents. These hazards can cause personal injury and loss of life, damage to or destruction of property and equipment, and environmental damage and pollution, any of which could result in suspension of our operations or even imposition of civil or criminal penalties, which could in turn cause us to incur costs and damage our reputation. In particular, our employees are subject to greater risks of workplace accidents than employees in other industries. In the event of any workplace accident that involves personal injury or death, we may incur significant costs for compensation that exceed our or our contractor's insurance coverage. In addition, hazardous waste delivered to our treatment facilities may contain unexpected hazardous, toxic, corrosive, contaminated, contagious or other dangerous elements that may require us to temporarily suspend our operations to enable the physical removal or chemical treatment of the affected materials prior to processing such waste. Despite our efforts, we cannot assure you that we will be able to prevent the occurrence of environmental or safety incidents at our facilities or to remain in compliance with all applicable safety requirements and standards. Any material operational incidents or non-compliance, including but not limited to the above events, may have a material adverse effect on our business, financial condition, results of operations and prospects.

Negative public response to the hazardous waste treatment business and waste-to-energy business in general or our projects specifically may adversely affect our business

Recent social demonstrations illustrated a growing challenge in China to the construction of large hazardous waste treatment projects when local residents perceive pollution risks as well as concerns about local economy, land use, corruption and governmental transparency. Local residents may also object to or dislike waste-to-energy projects located or to be constructed in their neighborhood. For example, in August 2016, due to the negative public response to our Luhe Integrated Biomass and Waste-to-Energy Projects, the Luhe government has decided to look for a new location for such projects. We are in discussion with the Luhe government regarding the new location. We cannot assure you that such incident due to negative public response or otherwise will not happen again in the future and our business operations will not be disrupted by any such protests or objection, which would, among others, negatively affect our corporate image and reputation. We have implemented public outreach programs including publicly disclosing environmental protection and pollutant emission information and inviting local residents to participate in our facility tours. However, there can be no assurance that these measures will successfully prevent any future protests against our facilities. In the event of any protests and negative publicity against our facilities, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We will incur landfill site closure and post-closure costs in the future

We are required to cap and close our landfill sites and therefore incur capping and closure costs once the relevant landfills are fully filled. We may also incur post-closure maintenance costs for landfill sites that we own and operate. In addition, the completion or closure of a landfill site does not necessarily end our environmental obligations. After completion or closure of a landfill site, it is possible for unforeseen environmental problems to occur that could result in substantial remediation costs. The estimated closure costs will be accounted for as part of the concession service arrangement with relevant costs and revenue recognized when the closure work is performed. In addition, unforeseen remediation costs incurred after closure of a landfill will be accounted for when the obligation arise and the costs can be measured reliably. If our actual closure costs are higher than expected, or if we incur unforeseen costs after closure, our business, financial condition, results of operations and prospects could be adversely affected.

Our solar energy and wind power projects depend heavily on suitable meteorological conditions

The quantity of electricity generation from a solar energy project will depend on sunlight conditions and the quantity of electricity generation from a wind power project will depend on wind conditions. Variability in sunlight and wind conditions can cause our project revenues to vary significantly from period to period. We base our decisions about where to construct new solar energy or wind power projects as well as our electricity generation estimates on meteorological studies conducted on the project site and its region. For example, before the construction of a solar energy project, we will measure the amount and intensity of sunlight under different weather conditions at different times. Before the construction of a new wind project, we will measure the wind speed, prevailing direction and seasonal variations. Projections of wind resources will also rely upon assumptions about turbine placement, interference between turbines and the effects of vegetation, land use and terrain, which involve uncertainty and require us to exercise considerable judgment. We may make incorrect assumptions in analyzing the sunlight, wind and other meteorological conditions and in projecting future conditions. Even if the historical sunlight or wind resources of a project are consistent with our long-term estimates, the unpredictable nature of sunlight or wind conditions often results in daily, monthly and yearly material deviations from the average sunlight or wind resources we may anticipate during a particular period. If the sunlight or wind resources at a project are materially below the average levels we expect for a particular period, our revenue from electricity sales from the project could correspondingly be less than expected. Any of these factors could cause our solar energy or wind power projects to generate less electricity than we expect and reduce our revenue from electricity sales, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to adapt to rapidly changing technologies

Our continued success and competitiveness depend on our ability to adapt to rapidly changing technologies. We have been primarily using water-cooled vibrating moving grate boilers which are the advanced technologies in the industry for our biomass projects. Our hazardous waste treatment business relies heavily on treatment technologies, as different types of waste require different treatment processes which involve multiple methods and technological applications. Suitable treatment technologies are critical for ensuring safety, efficiency and minimum environmental impact. For our solar energy projects, we rely on crystalline silicon and thin-film amorphous silicon panels, and for our wind power projects, we rely on double-fed asynchronous turbines, which is the main stream technology for the PRC wind power industry. These technologies are subject to continuous evolution and changes, and we cannot assure you that we will be able to keep up with changes in technology in a timely manner or at a reasonable cost.

Changes in governmental regulations and industry standards may impose more stringent performance or environmental requirements with respect to operating efficiency, emissions and discharge which may require us to adopt new technologies, perform equipment upgrades, or improve our existing technologies. Such changes could require substantial investments and increase our operating and research and development costs. For example, after we acquired our Lianyungang Hazardous Waste Incineration Project (Phase I), due to obsolete equipment, backlog, and hidden defects that existed prior to our acquisition, we had to conduct a series of modifications and upgrades to comply with various sewage discharge, emission, storage, signage, record keeping and health and safety standards in order to renew the hazardous waste business license and commence operation. We may adopt advanced technologies, including mature technologies available overseas, that turn out not to be suitable or optimal for us due to unexpected raw material conditions, mix and characteristics or hazardous waste characteristics in China or regions where we operate, or we may have to invest in research and development efforts to test, modify and customize such technologies for local conditions. If we fail to adapt to rapidly changing technologies, we may not be able to maintain or improve our competitive position, which will have a material adverse impact on our business, financial condition, results of operations and prospects.

During the Track Record Period, our research and development was conducted together with other research and development activities of CEIL prior to the Spin-off. As part of our efforts to keep up with the rapidly changing technologies and maintain our competitiveness, we plan to establish our own research and development institute and focus on research and development to improve operational efficiency and minimize emissions and residues. We may fail to successfully establish our own research and development institute or employ qualified research and development personnel, or we may incur significant research and development costs. If any of these situations occurs, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We may be adversely affected if there is any significant downtime at our facilities for repair and maintenance

We anticipate downtime for routine repairs and maintenance at our facilities. For example, we maintain our biomass boilers with a maintenance cycle from three to six months, and carry out an overhaul when we identify a significant change in equipment conditions through our monitoring practices. A major overhaul of our biomass boilers normally requires the entire unit to be shut down for more than ten days. The time and cost required for such repairs and maintenance could also exceed our expectations, depending on factors including whether any required repair can be done on-site, the extent of damage, the availability of replacement components, and the capacity of our third-party repair and maintenance service providers. In addition to routine repair and maintenance, extraordinary or extensive repairs to our facilities may be required due to catastrophic events, substantial damage or other unexpected events or component failure. Our facilities could experience prolonged or significant downtime or reduction in capacity, and our operations could be materially disrupted. For example, some of the solar panels at our Changzhou Rooftop Solar Energy Project were destroyed in April 2015 by a severe storm, and caused suspension of operations of the damaged panels for a period of approximately four months, during which the output of this project decreased. For certain damage to equipment, the relevant equipment may need to be transported to the original supplier for repair and specialized components may need to be commissioned, which may take up to several months. Any significant downtime at our facilities may reduce our total output and utilization, or lead to breach or termination of agreements with our customers. Any of these could adversely affect our business, financial condition, results of operations and prospects.

Failure to achieve sufficient utilization of our facilities may adversely affect our earnings

Almost all of our projects have been, or will be, built to a specified capacity in accordance with the terms of the relevant investment or concession agreements with the local governments. A number of factors may affect the utilization of our facilities, including operating hours and efficiency of the facilities, which may in turn lower the output of the facilities. For example, the utilization hours and conversion efficiency of our biomass facilities would be adversely impacted by a shortage of biomass supply or a reduction in the quality of biomass raw materials. For example, certain areas of Jiangsu Province have experienced serious drought in 2016 which may have affected biomass raw material supplies in those areas. Although this drought has not affected us since we did not source any biomass raw materials in those affected areas, there is no assurance that drought will not in the future affect the areas where we source our biomass raw material and affect the utilization of our facilities in those areas. The utilization rate of our hazardous waste treatment facilities may be adversely impacted if there is reduced demand for hazardous waste treatment from industrial customers due to their reduced production in times of economic downturns. The utilization hours and conversion efficiency of our solar energy and wind power facilities will depend on weather and natural conditions. Utilization could also be affected by damage, overhaul, or regulatory inspections, whether scheduled or *ad hoc*. We cannot assure you that the facilities we operate will be able to achieve the forecast utilization of their capacity, which may adversely affect our business, financial condition, results of operations and prospects.

Our industries are highly competitive

Our industries are highly competitive. Our biomass business faces intense competition from Kaidi, NBE and Chant Group who collectively had 40.0% of the market share in terms of biomass power generation designed capacity for projects in operation, under construction and under planning as of December 31, 2016, according to Frost & Sullivan. The hazardous waste treatment industry in China is highly fragmented, and the ten largest companies in China in terms of designed disposal capacity in operation accounted for only 7.9% of the total designed disposal capacity in operation in 2016, according to Frost & Sullivan. We also face intense competition in our solar energy and wind power business. According to Frost & Sullivan, in 2016, five largest solar energy companies accounted for nearly 30% of the total installed capacity and five largest wind power farms accounted for around 50% of the total installed capacity. Some of our competitors may have more advanced technologies, a lower cost structure, better customer services, stronger and established relationships with local governments, greater familiarity with local market conditions and greater financial, technical, marketing and other resources than we do. Our biomass, solar energy and wind power projects may also encounter competition from producers of electricity from other clean energy sources due to technological advances or governmental support. In addition, some foreign companies with more advanced technologies may try to enter the PRC market or otherwise compete with us. Moreover, due to the rapid growth of the relevant industries recently, and the potential growth of these industries in the near future, failure to maintain competitiveness could severely impact our ability to expand or maintain our market position, increase our market share, or promote our brands. Any of these may materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to identify and secure new projects on commercially acceptable terms, or at all

Our ability to expand depends on our ability to identify and secure suitable projects at our target regions. The key factors we consider in project selection include the following, as applicable:

- availability and quality of biomass, solar or wind resources or the volume of hazardous waste and household waste generated in the relevant area;
- the severity and public awareness of environmental issues, including environmental pollution, in the target area, as well as the level of environmental compliance enforcement;
- the strength and availability of policy support from the local government, and our relationship with local government;
- resource zones of the relevant area for preferential electricity on-grid tariffs;
- local demand for hazardous waste treatment services;
- industrialization and urbanization level and population density;
- convenience and accessibility for our target customers;
- location and nature of our existing projects;
- the availability of supporting facilities, such as power grid infrastructure;
- competition (including existing projects of our competitors) in the surrounding area;
- availability and cost of financing;
- general economic conditions and development prospects of the local area; and
- infrastructure, urban planning, zoning and the development plan of the local government.

The supply of suitable new projects is limited. Even if we can identify opportunities for new projects, we need to negotiate with local government regarding commercial terms for our investments, and may face competition from other companies providing similar services as ours. We cannot assure you that in the future we will be able to identify and obtain suitable new projects on terms commercially acceptable to us, or at all. In the event that we encounter difficulties in securing suitable projects for our expansion, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to successfully develop and manage our unique business model of integrated biomass and waste-to-energy projects

We have developed a unique business model of integrated biomass and waste-to-energy projects to provide one-stop services for local governments to handle both biomass raw materials and household waste at the same location. However, we cannot assure you that we will successfully develop and manage the integrated projects. The waste-to-energy facility of our first pair of integrated biomass and waste-to-energy projects located in Dangshan has been integrated with our existing biomass power generation facility and started to generate operation revenue in April 2016. In addition to this pair of integrated projects, as of the Latest Practicable Date, we had 11 additional pairs of integrated biomass and waste-to-energy projects under construction or at the planning stage. As we have limited experience in successfully developing and managing this unique model, we may fail to achieve the synergies expected from such projects. If this happens, the efforts and resources we previously invested in developing and planning our pipeline integrated projects may be wasted. In addition, we may not be able to obtain suitable waste-to-energy projects on commercially acceptable terms, or at all, to be integrated with our biomass facility in order to continue developing our unique business model. In the event that we fail to successfully develop or manage our pipeline integrated projects or encounter difficulties in developing new integrated projects for our expansion, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our projects rely on a limited number of power purchasers

Our biomass, solar energy and wind power projects enter into power purchase agreements with state or local power grids. For the years ended December 31, 2014, 2015 and 2016, our five largest customers were power grid companies and local governments in Jiangsu Province and Anhui Province, who collectively accounted for approximately 90.2%, 78.8% and 60.1% of our total revenues, respectively. During the same periods, our largest customer accounted for approximately 33.4%, 29.2% and 17.5% of our total revenues, respectively. There is only one power grid company in a given geographic location. Therefore, our projects will be highly dependent upon the sole power purchaser fulfilling its contractual obligations under its respective power purchase agreement, including payment obligations and obligations relating to grid connection and infrastructure. Our projects' power purchasers may not timely or fully comply with their contractual payment obligations. As the power grids are controlled by governmental entities, our projects may also be subject to legislative or other political action that impairs their contractual performance. Failure by any key power purchasers to meet their contractual commitments could have a material adverse effect on our business, financial condition, results of operations and prospects.

Prices for electricity are subject to the government's sole discretion

Revenues derived from our biomass, solar energy and wind power projects consist primarily of on-grid tariffs under the relevant power purchase agreements. We are generally entitled to a fixed on-grid tariff depending on the source of electricity. The on-grid tariff is determined uniformly at the national level with respect to biomass projects, and by reference to different resource zones with respect to solar energy and wind power projects. Adjustments to on-grid tariffs are subject to the sole discretion of the PRC government. There is no assurance that the relevant government authorities will timely increase the price in response to increases in the relevant benchmark prices of key cost indices or at all. Furthermore, even if the PRC government adjusts the on-grid tariffs, there is no guarantee that such adjustments will fully compensate us for any increase in our actual operating costs. As the relevant industries become mature, the PRC government may also reduce the applicable on-grid tariffs. For example, along with the development of the solar energy industry, the NDRC established uniform on-grid tariffs for solar energy based on resource zones, and such new on-grid tariffs were lower than those generally available to solar energy projects established prior to the change. If we incur significantly higher operating costs without a corresponding increase in the on-grid tariffs, we may not be able to sustain our profitability or may even incur a loss, and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our projects are geographically concentrated and may be affected by local policies, events and economic conditions, especially in Anhui Province and Jiangsu Province

Our operations and customers are concentrated principally in Anhui Province and Jiangsu Province. As of the Latest Practicable Date, we had 24 projects in operation, out of which six are located in Anhui Province and 14 are located in Jiangsu Province. For the years ended December 31, 2014, 2015 and 2016, revenues contributed by projects in Anhui Province and Jiangsu Province accounted for 99.3%, 97.4% and 89.8% of our total revenues, respectively. As of the Latest Practicable Date, we had 44 pipeline projects, out of which ten are located in Anhui Province and 15 are located in Jiangsu Province. Each of our projects is local in nature. The economic returns from each of our projects may differ significantly based on their locations as well as the local governments' spending policies and development plans and priorities. Accordingly, our business in one or more regions or local markets may be adversely affected by events, economic conditions and changes in local governmental policies relating to those regions or markets. In addition, there is no assurance that we can achieve favorable economic returns in any new market we are entering or plan to enter into in the future.

If we default on the obligations contained in the investment or concession agreements for any of our projects, the relevant local governments may make claims against us or terminate our agreements with them

We typically enter into BOO or BOT investment or concession agreements for our projects with local governments, under which we are entitled to operate and manage the relevant facilities or landfills. Under these agreements, our operation and management of facilities may be subject to various technological, management and regulatory changes. These agreements may also impose ownership or other restrictions on us. If we fail to meet the contractual standards, abide by the restrictions, or respond effectively to various technological, management or regulatory changes during the contractual period, or if we mismanage our facilities or otherwise default under the relevant agreements, the relevant local governments may terminate the relevant agreements with us prior to their expiration, which would materially and adversely affect our financial condition and results of operation. See "Business — Our Customers — BOO and BOT Models." In addition, our reputation may be negatively affected under these circumstances, which could further adversely affect our ability to obtain new projects.

The investment or concession agreements for our projects typically impose various obligations on us, which include construction of the relevant facility, arranging sufficient financing, submitting appropriate development plans for the project, complying with applicable regulatory requirements, meeting construction deadlines and fulfilling production targets. As of the Latest Practicable Date, we had 44 projects under construction or at the planning stage. We cannot assure you that the development of our projects will not be delayed or that these projects will meet the requirements and expectations of the local governments. If we fail to complete the projects according to the requirements or otherwise default on our obligations under any of these agreements, the relevant governments may terminate the agreements. In these situations, there is no assurance that we will be able to maintain our interest in the relevant project or that the project would generate the revenue that we had originally expected. We may also lose all or part of our investment in a project in the event of the termination of the relevant agreements. In addition, the local government may make claims against us for our failure to implement the projects pursuant to the relevant agreements and if we are found liable for such failure, we may be required to compensate for the losses of the local governments, the amount of which could be substantial. Our business, financial condition, results of operations and prospects may be materially and adversely affected as a result of any such situations.

Our revenues rely on payments from PRC governmental entities

Our customers include power grid companies who purchase electricity generated from our biomass, solar energy and wind power projects and local governments who pay waste treatment fees for household waste treatment services provided by our integrated biomass and waste-to-energy projects. In general, the PRC government's spending on environmental protection has historically been, and will continue to be, cyclical in nature and vulnerable to fluctuations in China's economic and political conditions. Therefore, to the extent that our projects are providing services to, or receive payments from, PRC governmental entities, the timing of invoicing and collection of payments under our investment or concession agreements and on-grid tariffs under the electricity offtake agreements are subject to delays or changes as a result of changes in the government's policies. For example, we have experienced fluctuation in the periods for payment of the on-grid tariffs by the local power grid companies. See "Financial Information — Description of Selected Statement of Financial Position Line Items — Debtors, Other Receivables, Deposits and Prepayments." The failure of any of our governmental customers to make timely payments for our services could have a material and adverse impact on our business, financial condition, results of operations and prospects.

We had not obtained proper land use rights with respect to some of our properties

During the Track Record Period, we occupied certain land for our Ningwu Wind Power Projects and Zibo Hazardous Waste Incineration Project (Phase I) prior to the obtaining of the relevant land use right certificate. See "Business — Legal Compliance — Non-Compliance Relating to Our Ningwu Wind Power Projects" and "Business — Legal Compliance — Other Non-Compliance — Unauthorized Occupation of Land." For lack of land use rights, the relevant authorities may impose fine or penalty on us, require us to vacate the premises, demolish the relevant buildings built on the relevant land, or confiscate such buildings. Our project companies for Ningwu Wind Power Projects and Zibo Hazardous Waste Incineration Project (Phase I) have been subject to various such penalties. See "Business — Legal Compliance." Obtaining valid land use right certificates is also a prerequisite for subsequent construction related permits and approvals and the application for building ownership certificates. We have been subject to penalties for failure to obtain permit for commencement of construction work and may be subject to additional penalties with respect to other non-compliance. See "— We may fail to obtain or maintain the approvals, permits, licenses and certificates required for our operations." As advised by our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), properties without valid title are subject to material restrictions of property rights, and may not be sold or accepted by banks as security for mortgages until we obtain the proper title certificates. We cannot assure you that our title to or use of the relevant land and buildings will not be further challenged in the future or we will be able to obtain the proper land use rights for our future projects due to factors beyond our control. Any of these may have a material adverse effect on our business, financial condition, results of operation and prospects.

We have not obtained building ownership certificates with respect to some of our properties

As of the Latest Practicable Date, we had not obtained the building ownership certificates for buildings with an aggregate GFA of approximately 30,124 sq.m., representing approximately 3.7% of the aggregate GFA of the buildings occupied by us. These buildings are occupied by us for our Suzhou Hazardous Waste Landfill Project, Guanyun Hazardous Waste Landfill Project, Zibo Hazardous Waste Incineration Project (Phase I), Ningwu Wind Power Projects, and Suqian Biomass Heat Supply Project. See "Business — Properties — Our Owned Properties." Although we have not been subject to any fine, penalty or administrative order by the relevant authorities due to the lack of building ownership certificates and there is no PRC law which authorizes the government authorities to impose fine or penalty on us or to require us to vacate or demolish the relevant buildings due to the lack of building ownership certificates, there is no assurance that the PRC government will not issue new laws or regulations to penalize the lack of building ownership certificates for the buildings we own. There is also no assurance that the PRC government or any third party will not challenge our use or title of the relevant buildings for lack of building ownership certificates. Furthermore, due to lack of building ownership certificates, our rights with respect to the relevant buildings are materially restricted. As advised by our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), we cannot sell, transfer, pledge or otherwise dispose of the relevant buildings before registration of the building ownership and obtaining the ownership certificates with respect to such buildings. We are in the process of obtaining relevant building ownership certificates. There is no assurance that we will be able to obtain the relevant building ownership certificates without incurring additional costs or at all. Any of these may have a material adverse effect on our business, financial condition, results of operations and prospects.

We have failed to obtain, and may fail to maintain the approvals, permits, licenses and certificates required for the construction of our projects

We are required to obtain various approvals, permits, licenses and certificates from various governmental authorities for the development of our projects. In general, our projects under construction require an environmental assessment report approval, a construction planning permit and a permit for commencement of construction work. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), with respect to failure to obtain the relevant permits prior to construction, the competent authority may order us to rectify the non-compliance within the prescribed time and/or demolish the relevant buildings within the prescribed time, and may impose a fine up to 10% of the total construction costs of the relevant building for the lack of a construction planning permit, up to 2% of the total construction costs of the relevant building for the lack of a permit for commencement of construction work. With respect to failure to obtain the environmental assessment report approval prior to construction, the competent authority may order us to cease the construction and impose a fine of no less than 1% and up to 5% of the total construction costs. Once construction is completed, we must pass the relevant completion inspections by various governmental authorities to obtain a completion certificate for construction work, complete the registration of the completion certificate for construction work and complete the environmental inspection and acceptance and fire safety inspection. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), with respect to failure to obtain the construction completion certificate prior to commercial operation, the competent authority may order us to rectify the non-compliance and/or demolish the relevant buildings within the prescribed time or to cease operation, and may impose a fine of up to 4% of the total consideration of the construction contract of the relevant building. With respect to failure to complete the registration of the completion certificate for construction work, the competent authority may impose a fine of up to RMB500,000. With respect to failure to pass the environmental inspection and acceptance prior to commercial operation, the competent authority may order us to cease operation and may impose a fine of up to RMB100,000. With respect to failure to pass the fire safety inspection prior to commercial operation, the competent authority may order us to cease operation and may impose a fine of up to RMB300,000.

As of the Latest Practicable Date, we were unable to timely obtain the permit for commencement of construction work related to our Ningwu Wind Power Projects and were subject to penalties. We failed to timely complete the registration of the completion certificate for construction work for our Ningwu Wind Power Projects and Suzhou Hazardous Waste Landfill Project and may be subject to penalties. See "Business — Legal Compliance — Non-Compliance Relating to Our Ningwu Wind Power Projects" and "Business — Legal Compliance — Other Non-compliance — Late Registration for Completion Certificate for Construction Work." We cannot assure you that the relevant government authorities will not impose fine on us, order us to stop construction or demolish buildings constructed, or impose other penalties on us with respect to the relevant projects. There is no assurance that we will be able to obtain the relevant certificate or complete the required inspection in a timely manner or at all. Any of these may have a material adverse effect on our business, financial condition, results of operations and prospects.

We may fail to obtain or maintain the approvals, permits, licenses and certificates required for our operations

We are required to obtain various approvals, permits, licenses and certificates from various governmental authorities for our operations. Our biomass projects require electric power business licenses and pollutant discharge licenses. Our hazardous waste treatment projects are required to have hazardous waste business licenses and pollutant discharge licenses. Our solar energy and wind power projects are required to have electric power business licenses. We may also need to obtain special licenses, such as hazardous waste transportation licenses or special equipment use certificates, for our operations. See "Business — Licenses and Permits." Procedures for granting such permits vary geographically, and certain projects may not timely receive their permits for a variety of reasons. In addition, some of these approvals, licenses, permits and certificates are subject to periodic review and renewal by governmental authorities and the standards of compliance required in relation thereto may from time to time be subject to changes without substantial advance notice. For example, the hazardous waste business license is valid for five years and should be renewed upon expiration. Any changes in the existing policies in relation to the renewal criteria or standards of compliance may result in our failure to obtain or maintain such approvals, permits, licenses and certificates, imposition of fines and other penalties or incurrence of additional costs of compliance, which would in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

We are in the process of obtaining the pollutant discharge licenses for Guanyun Hazardous Waste Landfill Project and Binhai Hazardous Waste Landfill Project. We cannot assure you that we will be able to obtain the required approvals, licenses, permits and certificates in a timely manner or at all. If we fail to obtain the required approvals, permits, licenses and certificates, we may be subject to fines and penalties imposed by the relevant governmental authorities and may be required to suspend the operation of such facilities. Any penalties, allegations or proceeding arising from the lack of required approvals, licenses, permits and certificates may have an adverse effect on our business, financial condition, results of operations and prospects.

Concessions for certain of our integrated biomass and waste-to-energy projects were granted by the relevant governmental customers without their complying with the tender requirement under the Concession Measures

We rely on our government customers to comply with applicable laws and regulations in respect of the procedures for granting concession rights to us. In particular, the Concession Measures require municipal public utility authorities to grant concession rights for waste-to-energy projects through a tender process, if such projects are operated under concession rights. Such tender requirement under the Concession Measures is applicable to projects granted prior to June 1, 2015. See "Regulatory Overview — Project Development — Bidding and Tender Requirement." For all of the waste-to-energy projects of our integrated biomass and waste-to-energy projects granted prior to June 1, 2015, the relevant municipal public utility authority did not grant the concession rights to us through a tender process in compliance with the Concession Measures. These projects contributed nil, 20.0% and 12.0% of our revenue and nil, 20.1% and 12.1% of our profit for the years ended December 31, 2014, 2015 and 2016, respectively. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), as the Concession Measures are departmental rules, failure to comply with the Concession Measures by our governmental customers will not by itself render the relevant concession agreements invalid, while the legal implications and the potential liability for us are uncertain because the Concession Measures are silent on penalties and legal consequences with respect to concessionaires for non-compliance on the part of governmental authorities with respect to the tender requirements. We had no control over the concession right granting procedures, and will not be able to rectify such non-compliance with the Concession Measures after the fact. In the event that the relevant concession agreements are affected or challenged by third parties for such reasons, our business, financial condition and results of operations could be materially and adversely affected.

If we fail to comply with governmental procurement laws and regulations, we could lose business and be liable for various penalties or sanctions

We must comply with relevant laws and regulations relating to the formation, administration and performance of government contracts. These laws and regulations affect how we conduct business with our government customers. Failure to comply with these laws and regulations can lead to contractual damages or severe penalties, both civil and criminal, or suspension and disqualification from contracting with the local governments. For example, if a company makes an incorrect, false or fraudulent claim to the government for payment or approval, it could be subject to potentially substantial penalties. If we fail to comply with these laws and regulations, our reputation may be damaged, which could impair our ability to secure government contracts in the future or renew existing contracts. We are also routinely subject to governmental audits relating to our investment or concession agreements. A finding of significant operation deficiencies in our system audits or other reviews can result in withholding of payments until the deficiencies are corrected and our corrections are accepted by the local governments. Government audits and reviews may conclude that our practices are not consistent with applicable laws and regulations and result in adjustments to contract costs and mandatory customer refunds. Such adjustments can be applied retroactively, which could result in significant amount of refunds. Our receipt of adverse audit findings could materially and adversely affect our business, including our ability to secure new contracts and our competitive position in the bidding process. A determination of non-compliance with applicable contracting and procurement laws, regulations and standards could also result in the local governments imposing penalties and sanctions against us, including suspension of payments and increased government scrutiny that could delay or adversely affect our ability to invoice and receive timely payment on contracts, perform contracts, or compete for contracts with the local governments in future. Any of the above could have a material and adverse impact on our business, financial condition, results of operations and prospects.

Our facilities are subject to governmental actions on urban planning and re-development which may result in expropriation and unilateral termination of our facilities without adequate compensation

Our facilities in China are subject to political and regulatory uncertainties relating to urban planning, zoning and re-development, and may be affected by government actions to cancel contracts, renounce or default on contractual obligations, renegotiate terms unilaterally, or expropriate assets from time to time with little, if any, prior notice. There can be no assurance that we will identify and acquire the required land as per our schedule of implementation. Furthermore, there can be no assurance that the operations of our remaining facilities will not be suspended or terminated by the government due to changes in urban planning or other regulatory or policy reasons in the future. In the event of any suspension or termination, we may experience a material decrease in revenues and profits. Moreover, legal or financial remedies available to compensate us for expropriation or other governmental takings may be inadequate, which could result in the total loss of an investment in our facilities. Any of these could have a material adverse effect on our business, financial condition, results of operations and prospects.

The construction of our facilities is subject to risks which could give rise to delays or cost overruns

The design and construction of our facilities is generally undertaken by third-party contractors. There can be no assurance that such contractors will be able to complete construction in a timely and cost-effective manner and in accordance with the project design and specification. Construction delays or defects at any of our projects could result in loss or delayed receipt of revenues, increase in financing costs, reduced cash flows or failure to meet profit and earnings projections. Furthermore, the failure to complete project construction according to specifications can result in financial penalties, breach or termination of contracts, reduced plant efficiency, higher operating costs and reduced or delayed earnings, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, the construction of a facility, including its ancillary facilities, may be adversely affected by many factors which are commonly associated with the construction of infrastructure projects and which may be beyond our control, including but not limited to delays in receiving requisite approvals, licenses or permits, shortages of and delays in deliveries of equipment or materials, work strikes and labor disputes, unforeseen engineering, design, environmental or geological problems, weather interference and natural disasters, and unanticipated cost increases. For example, our Guanyun Hazardous Waste Landfill Project incurred cost overrun above the original budget as the actual geological conditions of the site chosen for Guanyun Hazardous Waste Landfill Project deviated in certain aspects from the initial study of its geological conditions when we estimated the construction costs which is unforeseeable and resulted in higher construction costs. Any such factors could give rise to delays or cost overruns and any insurance coverage or liquidated damages claims that we have may not be adequate to compensate us for these costs. In particular, fluctuations in prices of construction materials, equipment and components used in project construction may impact our financial performance as a whole. To the extent that increases in the prices of construction materials, equipment and components cannot be passed on to our customers or are not borne by the third-party contractors we engage to provide construction services, such increases could have a material adverse impact on our business, financial condition, results of operations and prospects.

We rely on third-party equipment suppliers

Our business is significantly affected by the availability, cost and quality of equipment, which we need in order to construct, develop, operate and maintain our facilities. The prices and availability of equipment depend on many factors beyond our control, including technology, economic conditions, competition, availability of quality suppliers, production levels and transportation costs in China. If, for any reason, one or more of the equipment suppliers that we rely upon ceases or reduces production, or provide us with equipment that does not meet our specifications, or at prices that are not competitive or not expected by us, we may be unable to quickly identify alternate suppliers on commercially reasonable terms. Our ability to meet our project requirements may be impaired, our construction schedules and our operations could be disrupted, operational efficiency of our facilities may be affected, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

Our leasehold interests in certain leased properties were subject to defects

As of the Latest Practicable Date, our leasehold interest in leased properties with an aggregate site area of approximately 130,007 sq.m., which accounted for approximately 4.9% of the total site area of the properties occupied by us, were subject to certain defects. See "Business — Properties — Our Leased Properties." According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), a lessor's failure to obtain proper title certificates for leased properties may preclude us from enforcing our rights under the relevant lease agreement. As a result, any dispute or claim in relation to the rights to lease and use the properties occupied by us, including any litigation involving allegations of illegal or unauthorized use of these properties, may require us to relocate our business operations. If any of our leases were terminated as a result of any challenge by third parties or any failure of our lessors to renew the leases or obtain their legal title or the requisite government approval or consent to lease the relevant properties, we may need to seek alternative premises and incur additional costs for relocation. Any such relocation could disrupt our operations and adversely affect our business, financial condition, results of operations and prospects. In addition, we have not filed premises leasing contracts we entered into with the competent real estate administrative department for records, and we may be subject to a fine of up to RMB10,000 for each incident of the failure to file leasing contracts with the competent real estate administrative department for records.

We may fail to comply with applicable laws, regulations or standards relating to our operations or to control the associated compliance costs

The nature of our business requires us to comply with applicable government policies, laws, regulations and industry standards relating to our operations. Such regulations cover a wide variety of matters, including but not limited to pollutant emission, environmental protection, labor regulations, social security insurance and worker safety. If our business operations fail to comply with any applicable laws or regulations, we may be subject to fines and penalties, and incur substantial expenses to mitigate, remedy or rectify such non-compliance. For example, after we acquired our Lianyungang Hazardous Waste Incineration Project (Phase I), due to obsolete equipment, backlog, and hidden defects that existed prior to our acquisition, we had to conduct a series of modifications and upgrades to comply with various sewage discharge, emission, storage, signage, record keeping and health and safety standards in order to renew the hazardous waste business license and commence operation. If we are unable to comply with the applicable laws, regulations and standards in the future, we could incur substantial liabilities and fines, and our reputation may be damaged accordingly. This may in turn have an adverse effect on our business, financial condition, results of operations and prospects. In addition, the PRC government may impose stricter environmental, health and safety protection standards and regulations in the future, which may require replacement or upgrade of our current system or equipment. For example, the flue gas treatment process of our Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass) were designed to comply with the requirements under

GB13223-2003 Emission Standard of Air Pollutants for Thermal Power Plants (the "**GB13223-2003 Standard**"). The Ministry of Environmental Protection of the PRC replaced the GB13223-2003 Standard with a new version (GB13223-2011) released in July 2011 which became effective in January 2012. As a result, our Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass) had to install an upgraded system to control flue gas emission. Installation of the upgraded system was completed and accepted by the relevant authority in November 2015. We cannot assure you that we will be able to comply with new legislation should the PRC government impose stricter environmental, health and safety protection standards and regulations in the future. Any increase in compliance or other operating costs resulting from the implementation of additional environmental, health and safety protection measures and/or failure to comply with new environmental, health and safety laws or regulations may have a material adverse effect on our business, financial condition, results of operations and prospects.

We had net cash outflow from operating activities for the year ended December 31, 2015

For the year ended December 31, 2015, we had net cash outflow from operating activities of HK$29.9 million, which was primarily due to the negative effect on our cash flow arising out of movements in working capital mainly including (i) an increase of HK$395.7 million in debtors, other receivables, deposits and prepayments due primarily to an increase in other receivables due to an increase in VAT recoverables, an increase in debtors due to an increase in trade receivables and an increase in prepayments to our construction contractors as a result of the increase in construction work, and (ii) an increase of HK$203.9 million in gross amounts due from customers for contract work due primarily to increases in construction service revenue related to Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy). Due to the intensive capital needs for the construction of our projects, we may experience negative cash flows during our expansion and may not be able to generate sufficient cash flow from our operating activities, and any shortage of working capital may require additional financing and may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our projects are capital intensive, and we may fail to obtain sufficient funding

Our business and operations are capital intensive as we require a significant amount of capital to expand our operations, and the recovery of the capital investment in a project could take a long period of time. Our projects typically require significant initial cash outlays as we acquire land use rights, construct facilities and purchase property, plant and equipment. The project construction phase typically lasts approximately two to 18 months. As of the Latest Practicable Date, we had 14 pipeline projects under construction, including 12 biomass projects and two hazardous waste treatment projects, in which we had made or were committed to make significant investments. For details of the historical and planned capital expenditures, see "Financial Information — Capital Expenditures and Investment." In addition, we are responsible for the cost of operations, repairs and maintenance during the life of these facilities or, with respect to the BOT projects, the respective concession periods. Expenses in connection with any major overhaul, renovations, remodeling or upgrade of our existing facilities or equipment could be substantial.

Therefore, our success is heavily dependent on our ability to obtain sufficient external financing, which is subject to a number of uncertainties, including, among others regulatory approvals required to obtain financing in the domestic or international markets, our financial condition, results of operations, cash flows and credit history, restrictive covenants under our existing debt instruments, the conditions of the global and domestic credit and capital markets, and changes in PRC monetary policies with respect to bank lending practices and conditions. In addition, with respect to each project we undertake, we are required by PRC laws to contribute at least 20% of the total project investment amounts from our own funds. The registered capital of our project companies, which are Sino-foreign equity joint ventures, is required by the relevant law related to Sino-foreign equity joint ventures to be at least one third of the total investment amount of such joint ventures if the total investment amount exceeds US$30 million. If we fail to generate sufficient cash from our operations, we may not have sufficient funds to finance the required portion to be contributed by us for our projects. In addition, if we incur substantial amounts of additional debt, our finance costs may increase substantially, which could have a material impact on our business, including increasing our vulnerability to general economic and industry conditions, requiring us to dedicate a substantial portion of cash flow to service our debts, limiting our flexibility in planning, and further increasing the costs of additional financing. If we fail to secure sufficient external financing or generate sufficient cash from our operations to finance our projects, or if our finance costs increase materially, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to successfully manage our growth

Our business has expanded from a total of eleven projects in operation, two projects under construction and seven projects at the planning stage as of January 1, 2014 to 24 projects in operation, 14 projects under construction and 30 projects at the planning stage as of the Latest Practicable Date. As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and to implement an effective management information system. To effectively manage our expanded operations, we need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff, on a significant scale, to satisfy our development requirements. In order to fund our ongoing operations and our future growth, we need to have sufficient internal sources of liquidity or access to additional financing from external sources. Furthermore, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. We will need to further strengthen our internal control and compliance functions to ensure that we are able to comply with our legal and contractual obligations and to reduce our operational and compliance risks. This will pose significant challenges to our management, administrative, financial and operational resources, and we may encounter difficulties in any of the above-mentioned efforts. If we fail to expand our business, maintain our competitive position, satisfy our contractual obligations, or sustain growth and profitability, our business, financial condition, results of operation and prospects will be materially and adversely affected.

Due to our rapid expansion, our historical results of operation may not be indicative of our future performance

Our business has expanded from a total of eleven projects in operation, two projects under construction and seven projects at the planning stage as of January 1, 2014 to 24 projects in operation, 14 projects under construction and 30 projects at the planning stage as of the Latest Practicable Date. Due to our significant and rapid growth, some of our projects only recently commenced commercial operation and have limited operation history, and we have a large portfolio of pipeline projects compared with our projects in operation. Therefore, our historical financial results may be of limited value in assessing our performance, and period-to-period comparisons of our operating results and our results of operations for any period should not be relied upon as an indication of our performance for any future period. Our results of operations, financial condition and future success depend, to a significant extent, on our ability to continue to identify suitable new projects, obtain required regulatory approvals, arrange financing from various sources, complete the projects currently under construction or at the planning stage in a cost-effective and timely manner, and effectively manage and operate projects in operation, as well as other risk factors mentioned in this Prospectus. There can be no assurance that we will be able to increase or maintain our historical revenue or profit levels.

We depend on our key personnel and skilled labor

Our future success is heavily dependent upon the continued service of our key executive officers and other key employees. Our key executive officers have an average of ten years of experience in the environmental protection industry. We also rely on a number of key technology officers and staff for the operation and maintenance of our facilities to maintain our competitiveness. If one or more of our key personnel are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all and may incur additional expenses to recruit and train new personnel, our business could be severely disrupted, and our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, our ability to develop and implement new technologies, respond to changes in industry trends and offer high-quality services depends on our ability to hire and retain qualified employees in the long term. We are in competition with other companies in similar industries when recruiting adequately skilled employees. Due to the specialized nature of our work, there is a limited supply of such employees. If we are unable to attract and retain a sufficient number of suitably skilled and qualified employees, our business, financial condition, results of operations and prospects would be materially and adversely affected.

We may not have adequate insurance to cover all hazards

Our main assets include, among others, power generation and interconnection infrastructure, incineration systems, boilers, furnaces, solar panels and wind turbines. Operating these assets involves risks and hazards that may adversely affect our operations, including equipment failure, natural disasters, environmental hazards and industrial accidents. These hazards can cause significant personal injury or death, severe damage to, and destruction of, property, plant and equipment, contamination of, or damage to, the environment and suspension of our business operations. For example, some of our solar panels at Changzhou Rooftop Solar Energy Project were destroyed in April 2015 by a severe storm, and required replacement. We may also face civil liabilities or fines in the ordinary course of business as a result of damages suffered by third parties, which may require us to make indemnification payments in accordance with applicable laws. In addition, the operation of our facilities may be interrupted upon the occurrence of many factors beyond our control, including:

- supply interruptions;
- the breakdown or failure of equipment or processes;
- difficulty or inability to find suitable replacement parts for equipment;
- unplanned outages or disruption in the transmission of electricity generated due to system failures;
- permit and other regulatory issues, license revocation and changes in legal requirements;
- extreme weather conditions;
- workplace accidents involving personal injuries or deaths;
- unforeseen engineering and environmental problems; or
- unanticipated cost overruns.

We cannot assure you that we maintain adequate insurance or will be able to adequately control the impact of these events. We have entered into insurance policies to cover certain risks associated with our business. However, our insurance policies may have limitations and qualifications, and we cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise. For example, certain solar panels for our Changzhou Rooftop Solar Energy Project were damaged due to the storm in April 2015 and relevant insurance company indemnified us approximately RMB2.6 million under our property damage insurance which did not fully cover our damages. In addition, we cannot assure you that we will be able to renew these policies on similar, or otherwise acceptable, terms, if at all. If we were to incur a serious uninsured loss, or a loss that significantly exceeded the limits of our insurance policies, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Unauthorized use of our technology or any claims or litigation that we may initiate in the future to protect our intellectual property rights may have material adverse impact on our business

Our business relies substantially on a combination of patents and other proprietary rights. See "Business — Intellectual Property." Our intellectual property has contributed significantly to the efficiency of our facilities, the quality of our operation and our ability to secure new projects and purchase orders. Such intellectual property is subject to risks of infringement. If we fail to protect our intellectual property rights adequately, our competitors might gain access to our technology. We cannot guarantee that the steps we have taken will prevent unauthorized use or misappropriation of our technology. In addition, we rely on China Everbright Group to take actions to protect the

"Everbright" brand. Monitoring unauthorized use of our intellectual property is difficult and expensive and we may not be able to immediately detect the unauthorized use of our intellectual property and take remedial steps to protect our rights. Additionally, applicable laws may not fully protect our intellectual property rights. Any claims or litigation that we may initiate in the future to protect our intellectual property rights could be time-consuming and expensive, diverting resources from our business regardless of whether or not the disputes are decided in our favor. Moreover, any significant infringement upon our technologies could weaken our competitive position, increase our operating costs and have a material adverse effect on our business, financial condition, results of operations and prospects.

We may infringe on the intellectual property rights of others, and we may face claims that may be costly to resolve or limit our ability to use such technology in the future

As we expand our business, third parties may assert that our technologies or techniques violate their intellectual property rights. Successful intellectual property claims against us could result in significant financial liability or prevent us from operating our business or parts of our business. Despite our efforts to comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights which may force us to alter our technologies, obtain additional licenses or cease significant portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of their merits, such claims could adversely affect our relationships with current or future customers, result in costly litigation, cause product shipment delays or stoppages, divert management's attention and resources, subject us to significant liabilities, require us to enter into additional royalty or licensing agreements or require us to cease certain activities. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

Future acquisitions may be expensive or fail, and we may fail to successfully integrate any acquired businesses into our existing operations

We may expand in the future through acquisitions of facilities which complement our existing business operations. For example, in January 2014, we acquired Lianyungang Hazardous Waste Incineration Project (Phase I), a hazardous waste treatment plant in Lianyungang, from Suzukigumi Co., Ltd. We may in the future continue to evaluate and enter into discussions regarding similar investments and acquisitions. We cannot assure you that we will be able to continue identifying suitable acquisition targets in the future. The process of integrating an acquired company, business, asset or technology may create unexpected operating difficulties and expenditures. The implementation of our acquisition strategies is subject to a number of risks, including:

- significant costs of identifying and consummating acquisitions;
- the failure to integrate the acquired business and its personnel into our existing business;
- higher costs of integration than we may anticipate;
- liabilities for activities or conditions of the acquired businesses before the acquisition;

- litigation or other claims in connection with the acquired businesses;
- any delay or failure in realizing the expected benefits of the acquired business or its services;
- difficulties in obtaining regulatory approvals;
- changes in market circumstances and demands; and
- diversion of our management's time and attention from other business concerns.

We have encountered some of such risks and difficulties with respect to our acquisition of Lianyungang Hazardous Waste Incineration Project (Phase I). After the acquisition, due to obsolete equipment, backlog, and hidden defects that existed prior to our acquisition, we had to conduct a series of modifications and upgrades to comply with various sewage discharge, emission, storage, signage, record keeping and health and safety standards in order to renew the hazardous waste business license and commence operation. Our failure to address these risks or other problems encountered in connection with our future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm our business generally. Even if we are able to successfully acquire suitable businesses or make such investments, we cannot assure you that we will achieve our expected returns on such acquisitions or investments. If we fail to successfully acquire our targeted businesses or integrate any acquired businesses into our existing operations, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our efforts to expand into international markets may not be successful

Despite our focus on the PRC markets in foreseeable future, we may expand into markets outside the PRC to increase our revenues and enhance our reputation. In September 2011, our only offshore project, German Ground Solar Energy Project, started commercial operation. We have limited experience in international operation, and any future international expansion could face considerable business and regulatory risks in our expansion into international markets, including:

- market demand for our services;
- a lack of local presence and familiarity with the cultural, regulatory and business environment and practices;
- shortage of personnel with necessary language skills and technical capabilities;
- a lack of familiarity with international suppliers and sub-contractors;
- the burden or cost of complying with foreign laws and regulations, including unexpected changes in laws that may have an adverse effect on foreign businesses;
- inherent difficulties and delays in contract enforcement through the use of foreign legal systems;
- difficulties identifying suitable investment opportunities in a foreign jurisdiction;
- changes in political, regulatory or economic conditions;

- political and social instability, wars and terrorism;
- volatility in currency exchange rates;
- potentially adverse tax consequences;
- foreign exchange control or regulatory restrictions that could prevent us from repatriating income earned in such countries;
- difficulties in obtaining necessary permits, approvals, licenses or authorizations for our business and operations; and
- longer payment cycles and problems in collecting accounts receivables.

We cannot assure you that our efforts to enter into any international markets will be successful. Any of the foregoing risks could result in failure to introduce our services in those markets, which in turn could materially and adversely affect our business, financial condition, results of operations and prospects.

The appraised fair value of our construction services may be different from the actual realizable value and is subject to change.

The fair value of our construction services with respect to each project accounted for as service concession arrangement is determined by external independent third party valuers. See "Financial Information — Critical Accounting Policies, Estimates and Judgments — Construction Contracts." Such appraisal is based on multiple assumptions, including but not limited to, no material changes to government policies, political, legal, fiscal, market or economic conditions, taxation law, and construction markets in the PRC, compliance with laws, continued involvement of and the ability to retain competent management, key personnel and technical staff, no encumbrances or restrictions materially affecting the value, etc. In addition, the appraised value of our projects accounted for as service concession arrangements is based on key metrics including mark-up or operating margin of comparable companies in the same industries. Although our independent third party valuers adopted valuation methodologies used in valuing similar types of projects, the assumptions adopted and the key metrics used as at the dates of appraisals may differ from the prevailing market condition at a later date. As a result, the appraised value of our projects may differ materially from the future payments we could realize from the relevant projects during the operational phase. For further details regarding valuation methodologies and a sensitivity analysis, see "Financial Information — Impact of the Accounting Treatment for Service Concession Arrangements — Projects Accounted for as Service Concession Arrangements." In the case that we do not receive sufficient cash payments during the operational phase if the relevant project does not materialize or if the actual cash receipts in the operational phase are smaller than expected, we may need to recognize impairment or write-offs in the subsequent period for the related intangible assets or gross amounts due from customers for contract work. See "Financial Information — Critical Accounting Policies, Estimates and Judgments — Impairment of Receivables," "Financial Information — Critical Accounting Policies, Estimates and Judgments — Impairment of Other Assets," and "Risk Factors — Risks Relating to Our Business and Industry — Our results may fluctuate due to our accounting treatment with respect to service concession arrangements."

We may be involved in disputes or legal and other proceedings arising out of our operations from time to time

We may be involved in disputes with various parties, including the local governments, suppliers, customers, brokers and contractors. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development and operation schedule, and the diversion of resources and management's attention, regardless of the outcome. We may also have disagreements with regulatory authorities in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that result in penalties or delay or disrupt the development and operations of our facilities. We may also be involved in disputes with parties who do not have direct business with us. For example, if our biomass brokers do not pay the farmers from whom they collect biomass raw materials, such farmers may make claims for payment against us despite the absence of direct contractual relationship between us and such individual farmers. In such cases, our reputation, business, financial condition, results of operations and prospects could be materially and adversely affected.

In particular, resolution of disputes with any governmental entities may be costly and difficult. Any disputes with governmental entities could potentially lead to termination of our investment or concession agreements with the governments for our projects if the disputes are not successfully resolved and it may take a substantially longer period of time to resolve such disputes than to resolve disputes with private counterparties. Our remedies for contractual breaches by governmental counterparties may be limited or unavailable because the contractual parties are public entities, making it difficult and time consuming to enforce any claims against them through legal proceedings. In some circumstances, governmental entities may require us to change our construction methods, operation or other performance terms, or direct us to redesign our projects or purchase specific equipment or undertake additional obligations, thereby subjecting us to additional costs. Resolution of any disagreement with such counterparties with respect to such changes may be costly and time-consuming. If the governmental entities change or terminate any contract with us, our revenues could be reduced, our business plans may be adversely affected and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our Controlling Shareholder may exert substantial influence over us and may not act in the best interests of our independent Shareholders

Immediately upon completion of the Capitalization Issue and the Global Offering, our Controlling Shareholder will own approximately 72.0% of our issued Shares (or approximately 69.1% if the Over-allotment Option is exercised in full). Subject to our Memorandum and Articles of Association and applicable laws and regulations, our Controlling Shareholder will, through its representatives on our Board or by voting at the general meetings of shareholders, be able to influence our major corporate policy decisions, including our senior management, business strategies and policies, the timing and amount of dividend distributions, any plans relating to material property transactions, major overseas investments, mergers and acquisitions, issuances of securities and adjustments to our capital structure, amendment to our Memorandum and Articles of Association and other actions that require the approval of our Board of Directors and Shareholders. The interests of our Controlling Shareholder may not necessarily be aligned with the interests of our Shareholders as a whole, and this concentration of ownership may also have the effect of delaying, deferring or preventing a change in control of our Company. We cannot guarantee that our Controlling Shareholder will influence our Company to pursue actions that are in the best interests of the other shareholders.

We may not be successful as an independent company with public shareholders

Prior to completion of the Spin-off, we operated as business divisions of CEIL. We relied on, among other things, the financing and the business reputation of CEIL. Following completion of the Listing, we will operate as an independent company. No member of the Remaining CEIL Group will be under any obligation to provide any assistance to us. For further information on the relationship between the Remaining CEIL Group and us, see "Relationships with our Controlling Shareholder." As a listed company with public shareholders, we will continue to implement and improve our financial and management control systems to operate independently. If we fail to continue to implement and improve these control measures in a timely manner, our business, financial condition, results of operations and prospects could be adversely affected.

The "Everbright" brand name may be harmed or damaged, which may materially and adversely affect our business, financial condition, results of operations and prospects

We market our services primarily under the "Everbright" brand name. As a member of China Everbright Group, we have benefited from the reputation, customer network and the established market leadership of China Everbright Group and CEIL. We do not own the "Everbright" brand name and obtained the right to use this brand name under the relevant licensing agreement. See "Business — Intellectual Property — Name and Trademark." We and many other subsidiaries of China Everbright Group share the common brand name "Everbright." We cannot assure you that there will not be any negative news or media coverage related to any of these subsidiaries which may harm or damage the "Everbright" brand name and its reputation. We may not be able to protect "Everbright" brand name as we are not in a position to control or influence the conduct of the other parties that share such brand names with us. We also rely on China Everbright Group to enforce our rights relating to the "Everbright" brand name against infringement. Any damage to the "Everbright" brand name and any failure to protect the "Everbright" brand name could harm our reputation and result in the loss of our competitive advantage and materially and adversely affect our reputation, business, financial condition, results of operations and prospects.

We are a holding company and depend on distributions from our subsidiaries. Any inability to receive distribution and dividends from our subsidiaries may have a material adverse effect on our business, financial condition and results of operations

We are a holding company incorporated in the Cayman Islands, and we conduct businesses primarily through our subsidiaries in China. Therefore, the availability of funds to pay dividends to our Shareholders depends upon dividends received from these subsidiaries. If any of our subsidiaries incurs indebtedness or losses, such indebtedness or losses may impair its ability to pay dividends or other distributions to us. As a result, our ability to pay dividends will be restricted. The PRC laws and regulations require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including the HKFRS, International Financial Reporting Standards and U.S. Generally Accepted Accounting Principles. The PRC laws and regulations also require foreign-invested enterprises to set aside a portion of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends. In addition, restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries have entered into or may enter into in the future also restrict or may restrict in the future the ability of our subsidiaries to provide capital or declare dividends to us and our ability to receive distributions. These restrictions on the availability and usage of our major source of funding may impact our ability to pay dividends to our Shareholders.

Risks Relating to China

Adverse changes in economic and political policies of the PRC government could have a material adverse effect on the overall economic growth in China, which could materially and adversely affect our business

During the Track Record Period, substantially all of our operations are conducted in China and substantially all of our revenues are generated from China. Accordingly, our business, financial condition, results of operations and prospects are influenced by economic, political and legal developments in China. China's economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past 30 years, the growth has been uneven across different regions and periods and among various economic sectors. The PRC government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

China has been one of the world's fastest growing economies as measured by GDP growth in the past 30 years and has become the world's second largest economy by gross GDP since 2010. However, such growth may not continue and any slow-down may have a negative effect on our business. Since the second half of 2008, the global economic slowdown, the weak U.S. economy and the sovereign debt crisis in Europe have collectively increased downward pressure on China's economic growth. China's real GDP growth rate has decreased from 10.6% in 2010 to 6.9% in 2015 and China's economy is still facing considerable downward pressure. Since mid-June 2015, the PRC stock market has experienced a sharp decline and volatility, which led to increased concerns regarding financial stability in China and elsewhere in the world. If the economic growth of China continued to slow down, our business, financial condition, results of operations and prospects will be materially and adversely affected.

The PRC legal system embodies uncertainties which could limit the legal protections available to us and our shareholders

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, court decisions may be cited for reference in subsequent legal proceedings but have limited precedential value. Since 1979, the PRC government began to promulgate a comprehensive system of laws and regulations governing general economic and business matters. However, these laws, regulations and legal requirements are constantly changing and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to us and our Shareholders. In addition, we cannot predict the effect of future developments in the PRC legal system, particularly with regard to environmental protection, foreign investment and foreign exchange control, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. Furthermore, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

Changes in the PRC governmental standards, rules and regulations may have a significant impact on our business

Currently, our business and operations in the PRC entail the procurement of permits, licenses and certificates from the relevant government authorities and are subject to the inspection and testing by the relevant regulatory authorities. Thus, our business and operations in the PRC are subject to PRC government standards, rules and regulations. From time to time, changes in the standards, rules and regulations or the implementation thereof may require us to obtain additional approvals and licenses from the PRC authorities and enhance our existing measures to comply with evolving inspection and testing methodologies prescribed under the applicable standards for the conduct of our operations in the PRC. In such event, we may incur additional expenses in order to comply with such requirements. This will in turn affect our financial performance as our business costs will increase. Furthermore, we cannot assure you that such approvals or licenses will be granted to us promptly or at all. In addition, we may be subject to evolving inspection and testing methodologies adopted by the relevant regulatory authorities which are different from the applicable standards. If we experience delay in or are unable to obtain any required approvals or licenses, or fail to comply with the applicable standards due to different inspection or testing methodologies adopted by different regulatory bodies or other reasons, our operations and business in the PRC, and hence our overall financial performance will be adversely affected.

Compliance with M&A Rules, security review and other related procedures could make it more difficult for us to pursue growth through acquisitions in China

In August 2006, six PRC regulatory authorities, including the MOFCOM, the State Assets Supervision and Administration Commission, the SAT, the SAIC, the CSRC, and the SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "**M&A Rules**"), which became effective in September 2006 and were amended in June 2009. The M&A Rules establish procedures and requirements that could make some acquisitions of Chinese companies by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a Chinese domestic enterprise. In addition, the Notice on Launching the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors issued by the State Council in February 2011 requires acquisitions by foreign investors of domestic companies engaged in military-related or certain other industries that are crucial to national security to be subject to prior security review. Moreover, the Anti-Monopoly Law requires that clearance of anti-monopoly review with the MOFCOM be required in advance of any concentration of undertaking if certain thresholds are triggered. We may expand our business in part by acquiring additional projects and complementary businesses in China. Complying with the requirements of the M&A Rules, security review rules and other PRC regulations to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business.

We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in our global income being subject to 25% PRC enterprise income tax

The PRC Enterprise Income Tax Law provides that an enterprise established outside China whose "*de facto* management body" is located in China is considered a "PRC resident enterprise" and will generally be subject to the uniform 25% enterprise income tax rate on its global income. Under the Implementation Rules of the PRC Enterprise Income Tax Law, "*de facto* management body" is defined as the organization body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

In April 2009, the SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of *De Facto* Management Bodies ("**Circular 82**"), which was later amended and supplemented by the SAT in January 2014. Circular 82 sets out the standards and procedures for determining whether the "*de facto* management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following requirements are satisfied: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. Further to Circular 82, the SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-controlled Offshore Incorporated Resident Enterprises (For Trial Implementation) ("**Bulletin 45**") to provide more guidance on the implementation of Circular 82 and clarify the reporting and filing obligations of such "Chinese-controlled offshore-incorporated resident enterprises." Effective in September 2011, Bulletin 45 provides procedures and administrative details for the determination of PRC resident enterprise status and administration on post-determination matters. Although Circular 82 and Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general, regardless of whether they are controlled by Chinese enterprises or Chinese individuals. Our tax resident status is subject to the determination by the PRC tax authorities and there are uncertainties as to whether a company incorporated overseas with Chinese controlling shareholders should be treated as a PRC resident enterprise before a determination by the competent PRC tax authorities is made. If we were treated as a PRC resident enterprise, the 25% PRC income tax on our global taxable income could materially and adversely affect our financial condition and ability to satisfy any cash requirements we may have.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises ("**Circular 698**") issued by the SAT in December 2009 with retroactive effect from January 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company, or an Indirect Transfer, and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC tax (including withholding tax) at a rate of up to 10%. Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction.

In March 2011, the SAT released the SAT Public Notice (2011) No. 24 ("**Notice 24**"), to clarify several issues related to Circular 698, which became effective in April 2011. According to Notice 24, the term "effective tax" refers to the effective tax on the gain derived from disposition of the equity interests of an overseas holding company, and the term "does not impose income tax" refers to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the jurisdiction where the overseas holding company is a resident.

In February 2015, the SAT issued the Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprise ("**Circular 7**"). This regulation repealed certain provisions in Circular 698 and stipulated certain rules clarifying Circular 698. Circular 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny on, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**"). For example, when a non-resident enterprise transfers equity interests in an overseas holding company that directly or indirectly holds certain PRC Taxable Assets and if the transfer is believed by the PRC tax authorities to have no reasonable commercial purpose, Circular 7 allows the PRC tax authorities to reclassify this indirect transfer of PRC Taxable Assets as a direct transfer and impose on the non-resident enterprise PRC enterprise income tax at the rate of 10% in respect of the taxable income. That said, Circular 7 contains certain tax exemptions including, for example, (i) when a non-resident enterprise derives income from an indirect transfer of PRC Taxable Assets by acquiring and selling share of a listed overseas holding company in the public market, (ii) where a non-resident enterprise transfers PRC Taxable Assets that it directly holds and an applicable tax treaty or arrangement exempts this transfer from PRC enterprise income tax and (iii) where the transactions qualify as a legitimate corporate reorganization. It remains unclear whether any exemption under Circular 7 will be applicable to the transfer of our Shares outside of the HKSE or to any future acquisition or disposal by us outside China involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7. Therefore, the PRC tax authorities may deem any transfer of our Shares outside of the HKSE by our Shareholders that are non-resident enterprise, or any future acquisition or disposal by us outside of China involving PRC Taxable Assets, to be subject to the foregoing regulations, which may subject our Shareholder or us to additional PRC tax reporting obligation or tax liabilities.

You may be subject to PRC withholding tax on dividends from us and PRC income tax on any gain realized on the transfer of our Shares

Under the PRC Enterprise Income Tax Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides otherwise, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources paid to investors that are non-PRC resident enterprises, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is generally subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to PRC income tax at a rate of 20% for individuals. Any PRC tax may be reduced or exempt under applicable tax treaties or similar arrangements.

If we are treated as a PRC resident enterprise as described under "— We may be classified as a 'PRC resident enterprise' for PRC enterprise income tax purposes, which could result in our global income being subject to 25% PRC enterprise income tax," dividends we pay with respect to our Shares, or the gain realized from the transfer of our Shares, may be treated as income derived from sources within the PRC and as a result be subject to the PRC income taxes described above. If PRC income tax is imposed on gains realized through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not be able to obtain benefits under such tax treaties or arrangements.

PRC regulations of loans to and direct investment in PRC entities by offshore holding companies may delay or prevent us from transferring funds to our PRC operating subsidiaries

We may transfer funds to our PRC operating subsidiaries or finance their operations by means of shareholder loans or capital contributions, including transferring the net proceeds of the Global Offering to our PRC operating subsidiaries upon completion of the Global Offering. Any loans to our PRC operating subsidiaries, which are foreign-invested enterprises, cannot exceed statutory limits based on the difference between their registered capital and investment amount, and shall be registered with SAFE or its local counterparts. Furthermore, any equity contributions we make to our PRC operating subsidiaries shall be approved by the MOFCOM or its local counterparts. We may not be able to obtain these government registrations or approvals on a timely basis, or at all. If we fail to receive such registrations or approvals, our ability to provide loans or capital contributions to our PRC operating subsidiaries may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC government, including restrictions on our PRC subsidiary's abilities to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiary

In October 2005, the SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles ("**Circular 75**") to regulate the roundtrip investments by PRC residents. In July 2014, SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles ("**Circular 37**"), which abolishes Circular 75 and requires PRC residents to register with local branches of SAFE before they use lawful domestic or overseas assets or equity interests to make capital contributions to offshore special purpose companies directly established or indirectly controlled by PRC residents for the purpose of overseas investment or financing. Circular 37 further requires that PRC residents who have made capital contributions to offshore special purpose companies but have not completed the SAFE registration for overseas investments shall submit detailed explanations to local branches of SAFE for remedial registrations. The local branches of SAFE will examine the legitimacy and justifiability of the application, and will impose punishments if any prior violations of SAFE regulations are discovered. Failure to comply with the registration procedures set forth in the Circular 37 may result in restrictions imposed on the subsequent foreign exchange activities of the relevant domestic residents, including remitting back of dividends and profits. Domestic residents who invest special purpose vehicles with legitimate assets or equity interests inside and outside China prior to the implementation of Circular 37, but fail to conduct the foreign exchange registration of overseas investments shall submit explanatory statement and state the reasons to the bureau of foreign exchange administration. The bureau of foreign exchange administration may allow complementary registration under the principal of legality and legitimacy. In the event of any violation of foreign exchange regulations by domestic residents who apply for the foresaid complementary registration, administration penalty would be imposed in accordance with relevant laws. According to the Circular on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies ("**Circular 13**") which was promulgated in February 2015 and became effective in June 2015, the above mentioned registration under Circular 37 will be handled directly by the bank that has obtained the financial institution identification code issued by the foreign exchange regulatory authorities and that has opened the capital account information system at the foreign exchange regulatory authority in the place where it is located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

We cannot assure you that our current shareholders and/or beneficial owners do not fall within the ambit of Circular 37 and Circular 13, and if they have made or will make necessary applications, filings and amendments as required under Circular 37, Circular 13 or other related SAFE regulations and rules in case they are PRC residents. We cannot assure you that they or we will not be punished due to any non-compliance with SAFE regulations. In addition, we may not be informed of the identities of all the PRC residents holding direct or indirect interest in our company, and we cannot provide any assurances that these PRC residents will make or obtain any applicable registrations or comply with other requirements under Circular 37, Circular 13 or other related rules. Failure of our current or future shareholders or beneficial owners who are PRC residents to comply with the SAFE regulations may subject us to fines or other legal sanctions, restrict our cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares

Currently, Renminbi still cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange laws and regulations which would affect exchange rates and our foreign exchange transactions. There can be no guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require prior approval from the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Our foreign exchange transactions under the capital account, however, must be approved in advance by the SAFE. We cannot assure you that we will be able to obtain such approval in a timely manner, or at all.

There can be no assurance that the policies regarding foreign exchange transactions under the current account and the capital account will continue in the future. In addition, these foreign exchange policies may restrict our ability to obtain sufficient foreign exchange, which could have an effect on our foreign exchange transactions and the fulfillment of our other foreign exchange requirements. If there are changes in the policies regarding the payment of dividends in foreign currencies to shareholders or other changes in foreign exchange policies resulting in insufficient foreign exchange, our payment of dividends in foreign currencies may be affected. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for foreign exchange transactions, our business, financial condition and results of operations may be adversely affected.

Fluctuations in exchange rates could result in foreign currency exchange losses

The value of the Renminbi against the Hong Kong dollar and the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. In July 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and adopted a more flexible managed floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band that is based on market supply and demand with reference to a basket of currencies. The PRC government has since then introduced various further changes to the exchange rate system, and the floating band was gradually widened to 2% in March 2014. In August 2015, the PBOC authorized market-makers to provide central parity quotations to the China Foreign Exchange Trading Center with reference to the interbank foreign exchange market closing rate of the previous trading date, the supply and demand for foreign exchange, as well as changes in major international currency exchange rates. Shortly after the announcement, the central parity rate of the Renminbi against the U.S. dollar depreciated substantially. In November 2015, the International Monetary Fund approved to add Renminbi to its Special Drawing Rights basket, which will take effect in October 2016. This represented a major step in the internationalization of the Renminbi. With the development of foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to liberalize the exchange rate system. With an increased floating range of the Renminbi value against foreign currencies, the Renminbi may further appreciate or depreciate significantly in value against the Hong Kong dollar and the U.S. dollar or other foreign currencies in the long-term.

Certain of our assets are denominated in foreign currencies such as the U.S. dollar and Hong Kong dollar. In addition, the proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our foreign currency-denominated assets and our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. As we do not have a foreign currency hedging policy, we cannot assure you that we will be able to reduce our foreign currency risk exposure relating to our foreign currency-dominated assets. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Furthermore, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

It may be difficult to effect service of process on our Directors or executive officers who reside in the PRC or to enforce against us or them in mainland China any judgments obtained from non-PRC courts

A majority of our senior management members reside in mainland China, and substantially all of our assets, and substantially all of the assets of those persons are located in mainland China. Therefore, it may be difficult for investors to effect service of process upon those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other developed countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible. In July 2006, the PRC and Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned. However, investors are reminded that only an enforceable final judgment requiring payment of money arising out of a commercial contract with an exclusive jurisdiction clause and granted by Hong Kong courts may be recognized by the PRC courts, subject to the requirements and restrictions set forth in the arrangement.

Furthermore, an original action may be brought in China against us or our Directors or officers only if the actions are not required to be arbitrated in the first place by the PRC law and upon satisfaction of the conditions for institution of a cause of action pursuant to the PRC Civil Procedure Law. As a result of the conditions set forth in the PRC Civil Procedure Law, and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, there remains uncertainty on whether an investor like you will be able to bring an original action in China in this fashion.

The enforcement of the Labor Contract Law and other labor-related regulations in the PRC may adversely affect our business and profitability

The PRC Labor Contract Law and the Implementation Rules on PRC Labor Contract Law took effect in January 2008 and September 2008, respectively. The PRC Labor Contract Law was further amended in December 2012, which became effective in July 2013. These labor laws and rules impose stringent requirements on employers in relation to entering into fixed term employment contracts, hiring of temporary employees and dismissal of employees. According to the PRC Labor Contract Law, an employer is obligated to sign a non-fixed term labor contract with an employee if the employer continues to employ the employee after two consecutive fixed term labor contracts or the employee has already worked for the employer for 10 years consecutively. The employer also has to pay compensation to employees if the employer terminates a non-fixed term labor contract. Unless an employee refuses to extend an expired labor contract, compensation is also required when the labor contract expires and the employer does not extend the labor contract with the employee under the same terms or terms which are better than those in the original labor contract. A minimum wage requirement has also been imposed by the PRC Labor Contract Law. In addition, under the Regulations on Paid Annual Leave for Employees and its implementation measures, which became effective in January 2008 and September 2008, respectively, employees who have worked continuously for more than one year are entitled to a paid vacation ranging from five to 15 days, depending on the length of the employees' work time. Employees who waive their vacation time at the request of employers shall be compensated for three times their normal daily salaries for each vacation day being waived. Such laws and regulations may increase our labor costs. In addition, certain companies operating in the PRC have experienced labor unrest conditions in recent years. We cannot assure you that labor disputes, work stoppages or strikes will not arise in the future. Increases in our labor costs and future disputes with our employees could significantly disrupt our operations and expansion plans, and thus materially and adversely affect our business, financial condition or results of operations.

We face risks related to natural disasters, health epidemics and other outbreaks of contagious diseases

Our business could be adversely affected by natural disasters, health epidemics or other outbreaks of contagious disease. In May 2008, China experienced an earthquake with a reported magnitude of 8.0 on the Richter scale in Sichuan Province, resulting in the death of tens of thousands of people. Another earthquake and aftershocks struck Sichuan Province in April 2013. There have been recent reports on the occurrences of avian flu caused by the H9N7 virus in various parts of China, including a few confirmed human cases. Since April 2009, there have been reports on the occurrences of H1N1 flu in Mexico, the United States, China and certain other countries and regions around the world. An outbreak of avian flu or H1N1 flu in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries including China. Additionally, any recurrence of SARS, a highly contagious form of atypical pneumonia, similar to the occurrence in 2003 that affected China, Hong Kong, Taiwan, Singapore, Vietnam and certain other countries and regions, would also have similar adverse effects. In 2014, the outbreak of Ebola fever in West Africa received considerable worldwide media attention. Experts warned at that time that China was at serious risk of Ebola because of the large numbers of travelers from Africa as well as poor hospital standards. These natural disasters, outbreaks of contagious diseases, and other adverse public health developments in China could severely disrupt our business operations and adversely affect our financial condition and results of operations. We have not adopted any written preventive measures or contingency plans to combat any future natural disasters or outbreaks of avian flu, H1N1 flu, SARS or any other epidemic.

Risks Relating to the Global Offering

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile

Prior to the completion of the Global Offering, there has been no public market for our Shares. The Offer Price is the result of negotiations between us and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), which may not be indicative of the price at which our

Shares will be traded following completion of the Global Offering. In addition, there can be no guarantee that an active trading market for our Shares will develop; or, if it does develop, that it will be sustained following completion of the Global Offering; or that the market price of our Shares will not decline below the Offer Price.

The trading price of our Shares may be volatile, which could result in substantial losses to you

The trading price of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in Hong Kong may affect the volatility in the price of and trading volumes for our Shares. Recently, a number of PRC-based companies have listed their securities, or are in the process of preparing for listing their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial public offerings. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, earnings and cash flow could cause the market price of our Shares to change substantially. Investors' perception of our business and financial practices, including our accounting treatments, or those of our peers, may also cause the market price of our Shares to fluctuate. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

You will incur immediate and substantial dilution and may experience further dilution in the future

As the Offer Price of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the Global Offering, purchasers of our Shares in the Global Offering will experience an immediate dilution in *pro forma* adjusted consolidated net tangible assets of HK$2.11 per Share (assuming an Offer Price of HK$5.54 per Share, being the mid-point of the stated Offer Price range, and assuming the Over-allotment Option for the Global Offering is not exercised). Our existing Shareholders will receive an increase in the *pro forma* adjusted consolidated net tangible asset value per Share of their shares. In addition, holders of our Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional shares in the future to raise additional capital.

The sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares

Future sales of a substantial number of our Shares by our existing shareholders, or the possibility of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our Controlling Shareholder are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange. While we currently are not aware of any intention of our Controlling Shareholder to dispose of significant amounts of their Shares after the completion of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

You may experience difficulties in enforcing your Shareholder rights because we are incorporated in the Cayman Islands; Cayman Islands law may be different from the law of Hong Kong and other jurisdictions and may not provide the same protections to minority shareholders

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of the Cayman Islands differs in some respects from that of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by, among other things, our Memorandum of Association, our Articles of Association, the Cayman Companies Law and the common law applicable in the Cayman Islands. The rights of shareholders to take legal action against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the Cayman Companies Law, the common law applicable in the Cayman Islands and the Articles. The common law applicable in the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may differ in some respects from those under statutes or judicial precedents in Hong Kong, the United States or other jurisdictions where investors may be located.

As a result, our Shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, Directors or major Shareholders than they would as shareholders of a Hong Kong company, a United States company or companies incorporated in other jurisdictions.

There can be no assurance if and when we will pay dividends in the future

Subject to the Cayman Companies Law and our Articles of Association, our Company may in a general meeting declare dividends, but no dividends shall exceed the amount recommended by our Board. Our Board may, subject to our Articles of Association, from time to time, pay to our

Shareholders such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company. Our Board may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of our Company as it thinks fit. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under HKFRS, our Articles of Association and the Cayman Companies Law and the common law applicable in the Cayman Islands, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. As a result, although we have paid dividends in the past, there can be no assurance whether, when and in what form we will pay dividends in the future. See the section headed "Financial Information — Dividend and Distributable Reserves" for more details of our dividend.

There can be no assurance of the accuracy or completeness of certain facts, forecasts and other statistics obtained from various government publications, market data providers and other independent third-party sources, including the industry expert report, contained in this Prospectus

Certain facts, forecasts and other statistics relating to China and other countries and regions and the clean energy market in China contained in this Prospectus have been derived from various government publications, market data providers and other independent third-party sources, including Frost & Sullivan, an industry expert, and generally are believed to be reliable. However, we cannot guarantee the accuracy and completeness of such information. These facts, forecasts and other statistics have not been independently verified by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, their respective directors and advisers or any other parties involved in the Global Offering and none of them make any representation as to the accuracy or completeness of such information. Furthermore, such facts, forecasts and other statistics may not be prepared on a comparable basis or may not be consistent with other information compiled within or outside China. In addition, any policies, plans, or PRC laws discussed in this Prospectus including but not limited to the 13th Five-Year Plan issued by the PRC government, may not be enforced or realized. For these reasons, you should not place undue reliance on such information as a basis for making your investment in our Shares.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Hong Kong Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries confirm that, to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

UNDERWRITING

For applicants under the Hong Kong Public Offering, this Prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The listing of, and permission to deal in, the Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or about April 27, 2017, subject to determination of the pricing of the Offer Shares. If, for any reason, the Offer Price is not agreed among us and the Joint Global Coordinators (on behalf of the Underwriters), the Global Offering will not proceed. For further details about the Underwriters and the underwriting arrangements, please refer to the section entitled "Underwriting" in this Prospectus.

INFORMATION ON THE GLOBAL OFFERING

You should rely only on the information contained in this Prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this Prospectus. Any information or representation not made in this Prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this Prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this Prospectus or imply that the information contained in this Prospectus is correct as of any date subsequent to the date of this Prospectus.

Details of the structure of the Global Offering, including its conditions, are set out in the section entitled "Structure of the Global Offering" in this Prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in the section entitled "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this Prospectus and in the relevant Application Forms.

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be fixed among the Joint Global Coordinators (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, April 27, 2017 and, in any event, not later than Friday, May 5, 2017 (unless otherwise determined between the Joint Global Coordinators (on behalf of the Underwriters) and our Company). If, for whatever reason, the Offer Price is not agreed between the Joint Global Coordinators and our Company on or before Friday, May 5, 2017, the Global Offering will not become unconditional and will lapse immediately.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Offer Shares (including the Reserved Shares) will be required to, or be deemed by his acquisition of the Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this Prospectus and the related Application Forms.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this Prospectus and/or the Application Forms in any jurisdiction other than Hong Kong (save for the Preferential Offering made to the Qualifying CEIL Shareholders). Accordingly, without limitation to the following, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this Prospectus, and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Hong Kong Offer Shares and the Reserved Shares have not been publicly offered or sold directly or indirectly in the PRC or the U.S.

Australia

This Prospectus does not constitute a disclosure document under Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia (**Corporations Act**). It does not and is not required to, contain all the information which would be required under the Corporations Act to be included in such a disclosure document, and has not been lodged with the Australian Securities and Investments Commission.

The Company intends to make a Preferential Offering of the Reserved Shares to Qualifying CEIL Shareholders who receive the offer in Australia without disclosure pursuant to section 708 of the Corporations Act.

Any Qualifying CEIL Shareholders who receive the offer in Australia and to whom the Reserved Shares are issued under the Preferential Offering must not, within 12 months after that offer, issue, offer, transfer or assign those Reserved Shares to any person except in circumstances where disclosure to investors is not required under Chapter 6D of the Corporations Act.

Macau

As at the Latest Practicable Date, there were CEIL Shareholders with addresses in Macau recorded in the register of members of CEIL. The Preferential Offering will be extended to such shareholders of CEIL. The Reserved Shares have not been and will not be registered with the Monetary Authority of Macau pursuant to the Macau Financial System Act, and disclosure under the relevant securities laws and regulations has not been and will not be made in respect of the Reserved Shares. The Reserved Shares may not be offered or sold directly or indirectly in Macau or to any resident of Macau, or offered or sold to any person for re-offering or re-sale directly or indirectly in Macau or to any resident of Macau, except when in compliance with the Macau Financial System Act and other applicable laws, regulations and governmental or regulatory guidelines of Macau.

PRC

This Prospectus has not been and is not intended to be filed with or approved by the CSRC or any other regulatory authority in the PRC. The Reserved Shares shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless such person or entity has obtained the necessary and appropriate approvals and/or has filed with the relevant PRC authorities in accordance with applicable PRC laws and regulations.

This Prospectus or any other related document or material shall not be distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the Reserved Shares in the PRC, except to the extent consistent with applicable PRC laws and regulations, and shall not be made publicly available in the PRC.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Capitalization Issue and the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option).

Dealings in the Shares on the Stock Exchange are expected to commence on Monday, May 8, 2017. Save as disclosed in this Prospectus, no part of the Company's share or loan capital is listed or dealt in on any other stock exchange and no listing or permission to deal in the Shares is being or is proposed to be sought on any other stock exchange as of the date of this Prospectus. All the Offer Shares will be registered on the Hong Kong Share Register of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(l) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be void if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by the Stock Exchange.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisors as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising any rights attached to them. Our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, employees, agents or representatives or advisors or any other person or party involved in the Global Offering do not accept responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the Shares or exercising any rights attached to them.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out in "Structure of the Global Offering" in this Prospectus.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES AND RESERVED SHARES

The procedures for applying for the Hong Kong Offer Shares and Reserved Shares are set out in the section entitled "How to Apply for Hong Kong Offer Shares and Reserved Shares" of this Prospectus and on the related Application Forms.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Particulars of the structure of the Global Offering, including its conditions, are set out in the section entitled "Structure of the Global Offering" of this Prospectus.

PRACTICE NOTE 15 OF THE HONG KONG LISTING RULES

CEIL is required to comply with the requirements of Practice Note 15 of the Hong Kong Listing Rules which, among other things, require us to offer the Assured Entitlements to Qualifying CEIL Shareholders. For further details of the Assured Entitlements, please refer to the section headed "Structure of the Global Offering — The Preferential Offering" in this Prospectus.

SHARE REGISTRAR AND HONG KONG STAMP DUTY

Our Company's principal share register will be maintained by its principal share registrar and transfer office, Estera Trust (Cayman) Limited, in the Cayman Islands. All of the Shares allocated pursuant to the Global Offering will be registered on the Company's branch share register to be maintained in Hong Kong by its Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong. No stamp duty is payable by applicants in the Global Offering. Dealings in the Shares registered in our Company's Hong Kong Branch Share Registrar will be subject to Hong Kong stamp duty. The current ad valorem rate of Hong Kong stamp duty is 0.1% on the higher of the consideration for or the market value of the Shares and it is charged on the purchaser on every purchase and on the vendor on every sale of the Shares. In other words, a total stamp duty of 0.2% is currently payable on a typical sale and purchase transaction involving the Shares. Unless determined otherwise by our Board, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on the Hong Kong branch share register of our Company, by ordinary post, at the shareholders' risk, to the registered address of each shareholder or if joint shareholders, to the registered address of that shareholder whose name stands first in the register in respect of the joint holding, or to such person and such address as the shareholder or joint shareholders may in writing direct.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

COMMENCEMENT OF DEALINGS IN SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Monday, May 8, 2017. Shares will be traded in board lots of 1,000 Shares each.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi and U.S. dollars amounts into Hong Kong Dollars at specified rates. No representation is made that the amounts denominated in one currency could actually be converted into another currency at the rates indicated or at all. Unless we indicate otherwise, (i) the translation of Hong Kong Dollars into U.S. dollars was made at the rate of HK$7.7714 to US$1.00, as set forth in the H.10 weekly statistical release of the Federal Reserve Board dated March 31, 2017; and (ii) the translation of Renminbi into Hong Kong Dollars was made at the rate of RMB0.8874 to HK$1.00, the median rate set by PBOC for interbank foreign exchange transactions prevailing on April 7, 2017. Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

LANGUAGE

If there is any inconsistency between this Prospectus and the Chinese translation of this Prospectus, this Prospectus shall prevail. However, the English names of the PRC nationals, entities, departments, authorities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency, the Chinese name prevails.

WAIVER IN RESPECT OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules following the completion of the Global Offering. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver in respect of certain non-exempt continuing connected transactions. Further details of such non-exempt continuing connected transactions and the waiver are set forth in the section headed "Connected Transactions".

WAIVER AND CONSENT IN RESPECT OF ALLOCATION OF SHARES TO DIRECTORS AND CLOSE ASSOCIATES IN PREFERENTIAL OFFERING

The Qualifying CEIL Shareholders who are entitled to participate in the Preferential Offering (details of which are set out in the section headed "Structure of the Global Offering — The Preferential Offering") include certain of the Directors and/or their close associates. In the absence of a written waiver and consent from the Hong Kong Stock Exchange, participation by the Directors and/or their close associates who are Qualifying CEIL Shareholders in the Preferential Offering would be prohibited by Rule 10.03 and paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules which restrict share allocations to directors of the listing applicant or their close associates, whether in their own names or through nominees, unless the conditions set out in Rule 10.03 of the Hong Kong Listing Rules are fulfilled.

Rule 10.03 of the Hong Kong Listing Rules provides that directors of the listing applicant and their close associates may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of a new applicant if (i) no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities and (ii) the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules is fulfilled. The Reserved Shares offered to the Directors (and/or their close associates) who are Qualifying CEIL Shareholders are to be offered on a preferential basis pursuant to the Preferential Offering and therefore the condition set out in Rule 10.03(1) is not fulfilled. However, the Directors (and/or their close associates) who are eligible to participate in the Preferential Offering will be participating in their capacity as Qualifying CEIL Shareholders (rather than in their capacity as Directors or close associates of Directors), on the same terms as all other Qualifying CEIL Shareholders, and no preferential treatment will be given to them in the allocation of the Reserved Shares under the Preferential Offering as compared to any other Qualifying CEIL Shareholders.

In view of the above, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with Rule 10.03 of the Hong Kong Listing Rules and a consent under Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules for the inclusion of the Directors and/or their close associates who are Qualifying CEIL Shareholders in the Preferential Offering, subject to the conditions that (a) no preferential treatment will be given to the Directors (and/or their close associates) who are Qualifying CEIL Shareholders in the allocation of the Reserved Shares under the Preferential Offering and (b) the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules will be complied with.

WAIVERS AND CONSENTS IN RESPECT OF ALLOCATION OF SHARES TO CONNECTED CLIENTS OF CERTAIN JOINT BOOKRUNNERS AND CLOSE ASSOCIATES OF AN EXISTING SHAREHOLDER

Paragraph 5(1) of Appendix 6 to the Hong Kong Listing Rules provides that no allocations will be permitted to "connected clients" of the lead broker or of any distributors without the prior written consent of the Hong Kong Stock Exchange.

Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules provides that, unless with the prior written consent of the Hong Kong Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Hong Kong Listing Rules are fulfilled.

Rule 10.04 of the Hong Kong Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Hong Kong Listing Rules are fulfilled.

The conditions in Rules 10.03(1) and (2) of the Hong Kong Listing Rules are as follows: (i) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum public float requirement under Rule 8.08(1) of the Hong Kong Listing Rules is fulfilled.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rule 10.04 of the Hong Kong Listing Rules and a consent under Paragraphs 5(1) and 5(2) of Appendix 6 to the Hong Kong Listing Rules to permit the Company to allocate Shares to Beijing Hanguang Investment Corporation (an indirect wholly-owned subsidiary of China Investment Corporation), which is a connected client of the Joint Bookrunners (except China Merchants Securities (HK) Co., Limited) and a close associate of Central Huijin (an indirect controlling shareholder of China Everbright Green Holdings, the existing Shareholder of the Company). For further information, please refer to the section headed "Cornerstone Investors" in this Prospectus.

China Structural Reform Fund Corporation Limited ("**China Structural Reform Fund**") has agreed to be a cornerstone investor in the Global Offering. For the purpose of the cornerstone investment, China Structural Reform Fund has engaged China International Capital Corporation Limited (the "**QDII Manager**"), an asset manager that is a qualified domestic institutional investor as approved by the relevant PRC authority, to subscribe for and hold the relevant Offer Shares on a non-discretionary basis on behalf of China Structural Reform Fund. We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rule 10.04 of the Hong Kong Listing Rules and a consent under Paragraphs 5(1) and 5(2) of Appendix 6 to the Hong Kong Listing Rules to permit the Company to allocate Shares to the QDII Manager, which is (i) a connected client of the Joint Bookrunners (except China Merchants Securities (HK) Co., Limited); and (ii) a close associate of Central Huijin (an indirect controlling shareholder of China Everbright Green Holdings, the existing Shareholder of the Company). For further information, please refer to the section headed "Cornerstone Investors" in this Prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Qian Xiaodong (錢曉東)	Flat B, 19/F Hang Shun Mansion 68-82 Jaffe Road Wan Chai Hong Kong	Chinese
Mr. Yang Zhiqiang (楊志強)	Flat F, 35/F, Tower 16 South Horizons Ap Lei Chau Hong Kong	Chinese (Hong Kong)
Mr. Wang Yungang (王雲剛)	Flat 9B, Building 11 Bihaiyuntian, Futian 68 Bai Shi Road Shenzhen PRC	Chinese
Non-Executive Directors		
Mr. Chen Xiaoping (陳小平)	Unit 7, 17/F., Block 22 Heng Fa Chuen No. 100 Shing Tai Road Hong Kong	Chinese
Mr. Hu Yanguo (胡延國)	House 1404, 14/F., Block A Building 16, No. 78 (Zhushenghuayuan) No. 6 Zizhu Road Xiangmi Lake Road Futian Shenzhen PRC	Chinese
Mr. Tang Xianqing (唐賢清)	Room 1502, Block G 725 Tianhe North Road Guangzhou Guangdong 314003 PRC	Chinese

Name	Address	Nationality
Independent Non-Executive Directors		
Mr. Chow Siu Lui (鄒小磊)	Room B, 20/F Serene Court 8 Kotewall Road Hong Kong	Chinese (Hong Kong)
Mr. Philip Tsao (曹為實)	23F, 190 Chung Cheng Road Shihlin, Taipei 11148 Taiwan	Chinese (Hong Kong)
Prof. Yan Houmin (嚴厚民)	Flat A, 3/F Block 2, Deerhill Bay Tai Po, New Territories Hong Kong	Chinese (Hong Kong)

Please refer to the section entitled "Directors and Senior Management" in this Prospectus for further information with respect to our Directors.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong CEB International Capital Corporation Limited 22/F, AIA Central No.1 Connaught Road Central Central Hong Kong
Joint Global Coordinators	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong CEB International Capital Corporation Limited 22/F, AIA Central No.1 Connaught Road Central Central Hong Kong China Everbright Securities (HK) Limited 24/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong

Joint Bookrunners and Joint Lead Managers	China International Capital Corporation Hong Kong Securities Limited 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	CEB International Capital Corporation Limited 22/F, AIA Central No.1 Connaught Road Central Central Hong Kong
	China Everbright Securities (HK) Limited 24/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
	CCB International Capital Limited 12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
	China Merchants Securities (HK) Co., Limited 48th Floor, One Exchange Square 8 Connaught Place Central Hong Kong
Legal Advisors to the Company	*As to Hong Kong and United States law* Davis Polk & Wardwell 18th Floor, The Hong Kong Club Building 3A Chater Road, Central, Hong Kong
	As to PRC law AllBright Law Offices 23/F, Tower 1 Excellence Century Center, Fuhua 3 Road Futian District, Shenzhen, PRC
	&
	Grandall Law Firm (Beijing) 9/F, Taikang Financial Tower 38 North Road East Third Ring Beijing
	As to Cayman Islands law Appleby 2206-19 Jardine House 1 Connaught Place Central, Hong Kong

Legal Advisors to the Underwriters	*As to Hong Kong and United States law* Herbert Smith Freehills 23/F Gloucester Tower, 15 Queen's Road Central Central, Hong Kong
	As to PRC law Haiwen & Partners 20/F, Fortune Financial Center 5 Dong San Huan Central Road Chaoyang District, Beijing, PRC
Auditors and Reporting Accountants	KPMG 8th Floor Prince's Building 10 Chater Road Central Hong Kong
Independent Industry Consultant	Frost & Sullivan Level 8, Two Exchange Square 8 Connaught Road Central Hong Kong
Technical Consultant	Nexant Inc. 44 South Broadway White Plains, New York 10601-4425, USA
Independent Valuers	Grant Sherman Appraisal Limited Unit 1005, 10/F AXA Centre 151 Gloucester Road Wanchai Hong Kong
	RHL Appraisal Limited Rm 1010, Star House Tsim Sha Tsui Hong Kong
Receiving Banks	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong
	Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street, Central Hong Kong
Compliance Advisor	Guotai Junan Capital Limited 27th Floor, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Corporate Headquarters and Principal Place of Business in Hong Kong	Room 3602, 36/F Far East Finance Centre 16 Harcourt Road Hong Kong
Company's website	www.ebgreentech.com *(The contents of this website do not form part of this Prospectus)*
Company Secretary	Ms. Tai Wing Kwan, Catherine
Authorized Representatives	Mr. Qian Xiaodong Mr. Yang Zhiqiang
Audit and Risk Management Committee	Mr. Chow Siu Lui (*Chairman*) Mr. Philip Tsao Prof. Yan Houmin
Remuneration Committee	Mr. Philip Tsao (*Chairman*) Mr. Qian Xiaodong Mr. Chow Siu Lui Prof. Yan Houmin
Nomination Committee	Mr. Chen Xiaoping (*Chairman*) Mr. Philip Tsao Mr. Chow Siu Lui Prof. Yan Houmin
Principal Share Registrar and Transfer Office	Estera Trust (Cayman) Limited Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Grand Cayman
Hong Kong Branch Share Registrar	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong

Principal Bankers

China Development Bank Corporation
18 Fu Xing Men Nei Da Jie
Xicheng Qu, Beijing, 100031
China

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

Bank of China, Shenzhen Branch
International Finance Building
2022 Jianshe Road, Luohu District
Shenzhen 578005
Guangdong Province, China

Bank of Communications Co., Ltd. Hong Kong Branch
20 Pedder Street
Central, Hong Kong

China Everbright Bank Co., Ltd
Everbright Center,
No.25 Taipingqiao Ave
Xicheng District
Beijing, China

Industrial and Commercial Bank of China (Asia) Limited
33/F., ICBC Tower
3 Garden Road
Central, Hong Kong

The Bank of East Asia Limited
10 Des Voeux Road Central, Hong Kong

Fubon Bank (Hong Kong) Limited
Fubon Bank Building
38 Des Voeux Road Central, Hong Kong

Far Eastern International Bank, Hong Kong Branch
20/F, No. 8 , Queen's Road
Central, Hong Kong

Agricultural Bank of China Limited
No.69, Jianguomennei Street
Dongcheng District
Beijing, China

China Construction Bank Corporation
No. 25, Finance Street, Xicheng District
Beijing, China

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

Hang Seng Bank (China) Limited
34/F & 36/F, Hang Seng Bank Tower
1000 Lujiazui Ring Road, Pudong
Shanghai, China

Except as otherwise provided in this Prospectus, the information and statistics set out in this section have been extracted from various official government publications and other publications as well as the industry report we commissioned from an independent industry consultant, Frost & Sullivan. We believe that the sources of such information are appropriate sources for such information and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted rendering such information false or misleading in any material respect. The information has not been independently verified by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, representatives, affiliates or other advisors or any other persons involved in the Global Offering (other than our independent industry consultant, Frost & Sullivan), and no representation is given as to its accuracy. We have engaged Frost & Sullivan to prepare the reports for use in whole or in part in this Prospectus. Our Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the Frost & Sullivan Report, which may qualify, contradict or have an impact on the information as disclosed in this section.

REPORT COMMISSIONED FROM FROST & SULLIVAN

We commissioned Frost & Sullivan, an independent advisory firm with relevant industry experience, to conduct an analysis of, and to report on, the biomass, hazardous waste treatment, solar energy and wind power industries in China. The report we commissioned, or the Frost & Sullivan Report, has been prepared by Frost & Sullivan independent of our influence. We agreed to pay Frost & Sullivan a fee of RMB1,450,000, which we consider reflects market rates. Our payment of such fee is not contingent upon the results of the report or the analysis therein. Founded in 1961, Frost & Sullivan has 40 global offices with more than 2,000 industry consultants, market research analysts, technology analyst and economists. It offers industry research and market strategies and provides growth consulting and corporate training. Frost & Sullivan has been covering the Chinese market from its offices in China since the 1990's. Its industry coverage in China includes automotive, transportation, chemicals, energy and power systems, environmental technologies, electronics, information and communication technologies and healthcare, among others. The Frost & Sullivan Report we commissioned includes information related to China's biomass, hazardous waste treatment, solar energy and wind power industries, including government regulations and initiatives, statistics relating to tariffs, waste production, waste treatment and future estimates and trends. Frost & Sullivan's independent research was undertaken through both primary and secondary research obtained from various public and private sources, as well as our management with respect to our market position. Primary research involved interviewing leading industry participants and third-party industry associations. Secondary research involved reviewing company reports, government publications, independent research reports and journals and data based on Frost & Sullivan's own research databases.

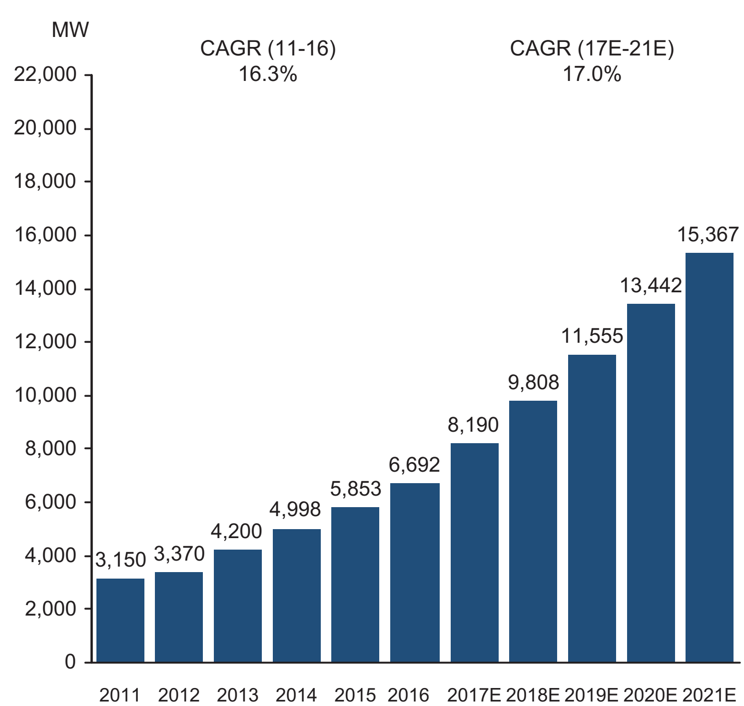
OVERVIEW OF CHINA'S BIOMASS POWER INDUSTRY

Biomass power production is the process of transforming chemical energy in biomass raw materials, such as wood residue or agricultural waste, into thermal energy through controlled direct combustion, and transforming the released thermal energy into electricity through boilers, turbines and generators similar to thermal electricity generation from other sources such as coal, oil, natural gas and nuclear power.

Biomass power generation is at its early stage of development in China. According to Frost & Sullivan, the total cumulative biomass power generation capacity represented less than 1% of the total power generation capacity in operation in China, which amounted to 1,628.7 GW as of December 31, 2016. Although biomass resources, such as firewood and agricultural residue, are abundant and have been a significant source of energy in China, particularly in rural areas, they are primarily used for conventional energy consumption such as cooking and heating, according to Frost & Sullivan. Biomass as a clean and low-cost source for electricity and heat in rural areas based on modern biomass technologies is in urgent need of development, as reflected by the goal of installing a cumulative biomass power generation capacity (including power generation capacity of waste-to-energy projects) of 15,000 MW by 2020 for biomass power under the 13th Five-Year Plan for Biomass Energy promulgated by the NEA in October 2016. According to Frost & Sullivan, the total cumulative biomass power generation capacity reached 6,692 MW as of December 31, 2016.

The following chart sets forth the cumulative biomass power generation capacity in China:

Cumulative Biomass Power Generation Capacity in China: 2011-2021E



Source: Frost & Sullivan Report

Key Drivers for China's Biomass Power Industry

Favorable policy support

According to the Medium- and Long-Term Plan for Renewable Energy promulgated by the NDRC in 2007, the PRC government set a goal to install a cumulative power generation capacity of 30.0 GW for biomass power by 2020. In order to encourage the development of the biomass power industry, the NDRC issued the Notice on Improving the Pricing Policy Regarding Electricity Generated from Agricultural Waste and Forestry Residue issued in July 2010, which set a uniform benchmark on-grid tariff of RMB0.75/kWh applicable to all biomass power projects. This is significantly higher than the on-grid tariff for conventional coal electricity, which ranges from RMB0.30/kWh to RMB0.50/kWh, according to Frost & Sullivan. Moreover, local governments have adopted specific policies to support the development of the biomass industry, including, for example, subsidies for treatment of biomass supply and reduced interest on project financing loans for biomass facilities. According to Frost & Sullivan, development of carbon emission market in China in the future, which is expected to launch in 2017, may provide an additional revenue source to the biomass industry. Such favorable regulatory environment is expected to continue in the future in support of the biomass power industry to reach the capacity target according to Frost & Sullivan.

Demand for air pollution control and reduction of greenhouse emissions

Air pollution has become a significant public health issue in China and has attracted intense attention nationwide. Public awareness and demand for pollution control is particularly acute in regions with high population density and severe pollution, including eastern provinces like Jiangsu Province, Shandong Province and Anhui Province. As compared to the incineration of biomass raw materials in the open air commonly done in rural China, which has a negative impact on air quality, controlled biomass combustion to produce electricity and heat is a low emission source of energy as it produces negligible amounts of sulfur dioxide and nitrous oxide emissions as compared with fossil fuels and is expected to play an important role in controlling air pollution in China.

In addition, the PRC government has publicly announced its commitment under the Copenhagen Accord signed in December 2009, and promised that China will reduce its carbon intensity, or CO_2 emission per unit of GDP, by 40-45% from the 2005 level, and to increase the share of non-fossil fuels in primary energy usage to 15% by 2020. The Paris Agreement, which governs greenhouse gases emissions measures, was adopted in December 2015 by all of the 195 UNFCCC countries including major developed and developing countries. As a leading contributor to this agreement, China has submitted an Intended Nationally Determined Contribution, pledging to hit the CO_2 emissions peak around 2030, slash CO_2 emissions per unit of GDP by 60-65% from the 2005 level, and ensure that non-fossil fuels will be responsible for over 20% of primary energy consumption by around 2030. In addition, biomass resources consume carbon dioxide during the growing cycle, and would otherwise have to be disposed of by either incineration or use as compost. To the extent that energy produced at a biomass plant replaces energy that would have been required from a coal, oil or gas power facility, greenhouse gas emissions are reduced.

Enormous under-utilized biomass resource

According to Frost & Sullivan, available biomass resources in China amounted to 239.8 million tons of straw and 154.8 million tons of forestry residues in 2010. Annual available biomass energy in China under current technology is estimated by the NEA to be 460 million tons of coal equivalent, which, according to Frost & Sullivan, would have accounted for over 10% of China's energy consumption in 2016. However, the current utilization of such resources is low, indicating strong potential for the growth of biomass power industry.

Construction of rural power grid and development of rural areas

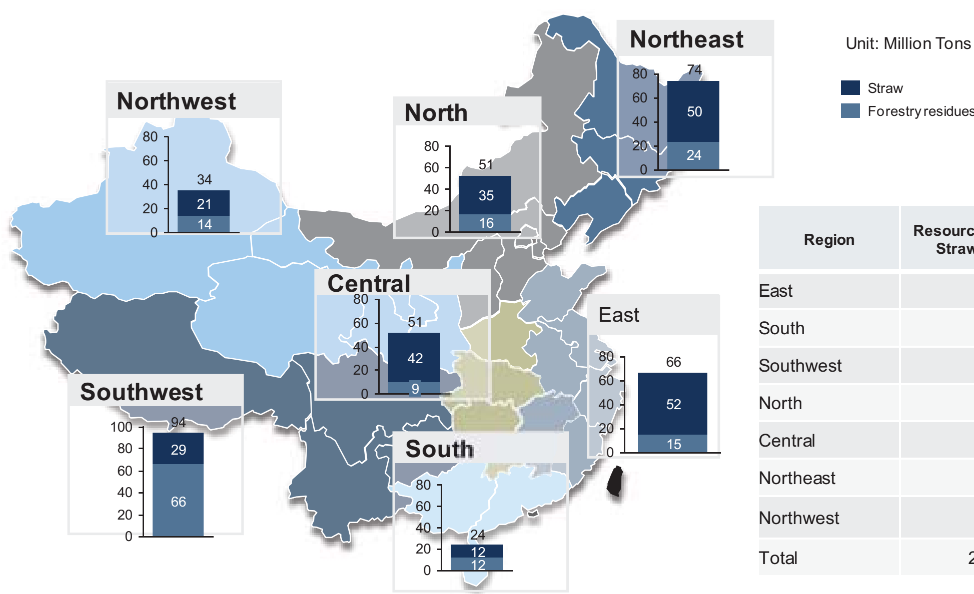
According to Frost & Sullivan, China's power grid companies have been increasing their investment in grid construction in rural areas during recent years, which may facilitate construction of biomass power plants which are typically located in those areas. According to Frost & Sullivan, two major power grid companies in China, the State Grid Corporation of China and China Southern Power Grid, have invested more than RMB500 billion in total on grid construction and improvement in rural areas during 2011 to 2016. In addition, building biomass power facilities could increase living standards, promote industrialization and generate employment in rural areas. Through payment for agricultural and forestry residue, biomass power plants also provide an additional revenue source for farmers. According to Frost & Sullivan, due to these benefits, local governments that endeavor to improve the income of farmers are expected to continue to support construction of additional biomass facilities.

Biomass Supply

Regional Distribution

Regional distribution of biomass raw materials is uneven across China. Currently, the main raw materials for direct combustion biomass power generation in China are straw and forestry residues, according to Frost & Sullivan. The following chart sets forth the distribution of available straw and forestry residues in China in 2010:

Distribution of Available Biomass Resources in China: 2010



Region	Resource of Straw	Resource of Forestry Residues
East	51.5	14.7
South	11.7	11.8
Southwest	28.9	65.5
North	34.9	16.3
Central	41.8	9.2
Northeast	50.4	23.5
Northwest	20.6	13.8
Total	239.8	154.8

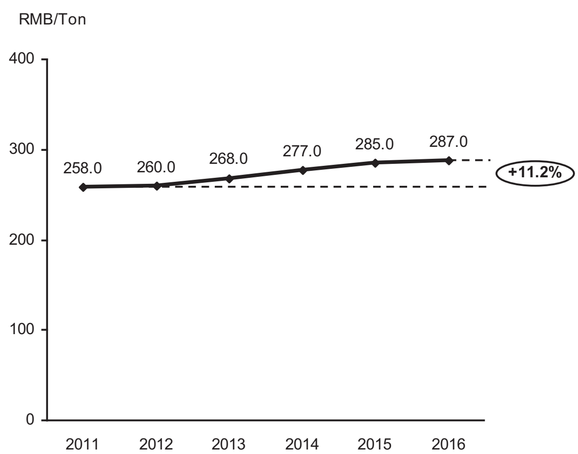
Source: Energy Research Institute, Frost & Sullivan Report

Note: *Data in later years is not available as the survey of national biomass resource is not conducted regularly. In addition, the distribution of biomass resource is proportional to outputs of agricultural and forestry products which are stable over years.*

Supply Networks

According to Frost & Sullivan, land, equipment and construction costs are the major cost components at the construction stage of biomass facilities and these costs have historically fluctuated based on the time and the location of each individual project. During the operational stage, fuel supply is typically the major component of operating costs for biomass facilities. For individual batches of biomass raw materials, the price varies between RMB100/ton and RMB400/ton. The average price of biomass raw materials in China increased by 11.2% from approximately RMB258/ton in 2011 to approximately RMB287/ton in 2016. The following chart sets forth the average unit price of biomass raw materials in China for the relevant periods:

Unit Price of Biomass Raw Material in China: 2011-2016



Source: Frost & Sullivan Report

According to Frost & Sullivan, access to an efficient supply network is vital to the profitability of a biomass power company. Collection, transportation and storage of biomass raw materials are costly. As a result, despite the high price of biomass raw materials when it reaches the biomass power facilities, individual farmers and brokers who sell the biomass raw materials only enjoy modest income. This has reduced their enthusiasm for spending additional efforts to collect and supply biomass raw materials. As the industry develops, biomass facilities with higher operational efficiency could potentially offer higher overall purchase prices, further driving up the supply of biomass raw materials and increasing the utilization of the biomass resources in China. According to Frost & Sullivan, without efficient supply networks, players with poor management are expected to suffer losses and exit the market despite government subsidies for the biomass industry.

According to Frost & Sullivan, major players are making an effort to optimize their biomass supply system in order to lower collection cost and ensure a stable supply. In addition, pursuant to the

Notice on the Administration of the Construction of Biomass Energy Generation Projects promulgated by the NDRC in August 2010, once a biomass facility is constructed, additional biomass facilities may not be constructed within a radius of 100km. Due to the exclusivity created by such rule, major players are investing heavily in building regional supply networks to ensure a robust supply of biomass raw materials.

Biomass Power Generation Technologies

The core technology of biomass power production converts biomass raw materials to generate electricity through controlled combustion. In order to do this, the biomass material is inserted into a boiler. The combustion is controlled based on the required quantity of materials and the temperature of the air. The vapor that is produced in the boiler is then injected into a turbine, where the energy which it releases is transferred into mechanical energy. The mechanical energy produced by the turbine is then transformed into electricity by a generator.

A biomass facility may integrate other components that have synergies with the electricity generation system. For example:

- *Electricity and heat cogeneration*. A biomass facility may integrate a steam generation system to form an electricity and heat cogeneration facility. As such, the waste heat from a biomass electricity generation system may be recovered to supply heat. According to Frost & Sullivan, such integration, with mature technology and good effects of energy saving and emission reduction, improves the overall efficiency of the biomass facility. Cogeneration facilities are also encouraged by the PRC government and, according to Frost & Sullivan, have attracted more investments recently.

- *Biomass and household waste-to-energy facility*. A biomass facility may also integrate a household waste-to-energy power generation system. According to Frost & Sullivan, such combination could lower the aggregate initial investment compared to the cost of two separate facilities by sharing common components of power generation systems, and the combined system would have higher operating efficiency. However, such integration requires the capability to develop and operate both biomass facilities and waste-to-energy facilities, and according to Frost & Sullivan, only players with expertise in both biomass and waste-to-energy businesses could adopt such business model. According to Frost & Sullivan, we were the only company in China that integrates biomass and waste-to-energy in one plant under operation as of December 31, 2016.

The relevant technologies are also rapidly changing. According to Frost & Sullivan, new technologies such as high pressure/subcritical furnace and straw densification may reduce the amount of biomass raw materials required per unit of electricity generated in the near future. In addition, according to Frost & Sullivan, the development of biomass incineration technology by equipment suppliers in China and the availability of indigenous biomass boilers is expected to drive down the initial investment and improve the attractiveness of biomass projects.

Environmental Impact of Biomass Power Plants

According to Frost & Sullivan, similar to the combustion of other solid fossil fuels such as coal, the combustion of biomass materials emits air pollutants such as particulate matter (PM), nitrogen oxides (NOx), carbon monoxide (CO), carbon dioxide (CO_2), sulfur oxide (SOx), sulfur dioxide (SO_2), lead, mercury and other hazardous air pollutants (HAPs). While biomass power generation generates a substantially lower level of emission than fossil fuel power generation and open air incineration of biomass materials as it produces smaller amounts of NOx and SOx, the emission of CO_2 per kWh of electricity generated by coal, oil, natural gas and biomass fuel are approximately 1.0 kg, 0.8 kg, 0.5 kg and 1.4 kg, respectively, according to Frost & Sullivan. Depending on the composition of biomass raw materials used, biomass power plants may emit more CO_2 than fossil fueled power plants as wood and certain other types of biomass materials are carbon-rich, but not particularly energy-rich, especially when compared with natural gas power plants. Biomass power plants may also be less efficient than gas and coal-fueled power plants, partly because biomass fuels tend to have relatively higher moisture content.

As such, without the implementation of proper emission control measures and the use of quality biomass materials, biomass power plants could be a source of air pollution. According to the MEP, biomass power plants with unit boiler output of over 65t/h are subject to the Emission Standard of Air Pollutants for Thermal Power Plants (GB 13223-2011) and those with unit boiler output of 65t/h or below are subject to the Emission Standard of Air Pollutants for Boilers (GB 13271-2014). Although biomass power plants have to conform to these same emission standards that also apply to coal and gas plants, the monitoring and supervision of biomass power plants are less strict than those of coal and gas plants, as the latter are more commonly identified as key pollutant sources. The lower level of monitoring and supervision of biomass plants may result in emission levels of NOx, SOx and PM that exceed the strict emission standards for coal and gas plants.

Competitive Landscape of Biomass Power Industry in China

Since 2010, the number of biomass projects has been expanding. Due to the aggressive expansion of leading biomass companies, the market concentration has also gradually increased. According to Frost & Sullivan, China's biomass power market is currently led by Kaidi and NBE followed by a large amount of smaller players. Kaidi primarily occupies southern regions in China, while NBE primarily occupies northern regions in China. Chant Group has announced expansion plans in biomass power market in late 2015 and 2016, ranking as the third largest player in 2016. According to Frost & Sullivan, we ranked fourth in China in terms of aggregate power generation designed capacity of biomass projects in operation, under construction and at the planning stage as of December 31, 2016 whereas we ranked third as of December 31, 2015 although our aggregate power generation designed capacity increased from 391.0 MW as of December 31, 2015 to 616.0 MW as of December 31, 2016. We ranked eighth in terms of aggregate power generation designed capacity of biomass projects in operation in China as of December 31, 2016 while we ranked 13th as of December 31, 2015.

The following table sets forth the market shares in terms of aggregate power generation designed capacity for all biomass projects in operation, under construction and at the planning stage as of December 31, 2016:

Biomass Power Generation Market Shares: 2016

Company Name	Designed Capacity	Market Share
	(MW)	*(%)*
1 Kaidi Ecological Environment Technology Co., Ltd	2,804.0	20.8
2 National Bio Energy Co., Ltd.	1,550.0	11.5
3 Guangdong Chant Group Co., Ltd	1,037.0	7.7
4 The Company	***616.0***	***4.6***
5 Shandong Qiquan Group Co., Ltd	390.0	2.9
Others	7,075.8	52.5
Total	**13,472.8**	**100.0**

Source: Frost & Sullivan Report

Note: *The designed capacity of projects under construction and at the planning stage is obtained from annual reports and other publications, expert interviews and government documents for permits of projects of the relevant companies.*

The following table sets forth the market shares in terms of aggregate power generation designed capacity for biomass projects in operation as of December 31, 2016:

Biomass Power Generation Market Shares by Projects in Operation: 2016

Company Name	Designed Capacity	Market Share
	(MW)	*(%)*
1 Kaidi Ecological Environment Technology Co., Ltd	1,092	16.3
2 National Bio Energy Co., Ltd.	993	14.8
3 Shandong Qiquan Group Co., Ltd	310	4.6
4 China Guodian Corporation	178	2.7
5 Guangdong Chant Group Co., Ltd	162	2.4
6 Anneng Group Co., Ltd	150	2.2
7 China Datang Corporation	150	2.2
8 The Company	***145***	***2.2***
9 China National Environmental Protection Group	132	2.0
10 Reang Eco-energy Co., Ltd	130	1.9
Others	3,250	48.7
Total	**6,692**	**100.0**

Source: Frost & Sullivan Report

Note: *Among the Company's biomass projects, Sucheng Biomass Heat Supply Project only supplies heat and Xuyi Biomass Electricity and Heat Cogeneration Project supplies heat in addition to electricity, thus their designed capacity is less than similar projects supplying only electricity and our calculation in the table excluded the steam generation capacity.*

Barriers to Entry

Capital barriers. Biomass facilities normally require a large initial capital investment. According to Frost & Sullivan, to achieve an economical scale, a biomass power plant typically requires an initial investment of RMB300 million. In addition, most biomass projects are subject to a long payback period of more than 10 years. The application for subsidies for construction is also time consuming. High initial capital investment requires industry participants to possess substantial capital and strong financing abilities.

Management expertise. Management's in-depth expertise and experience in project selection, planning, financing, construction, testing and operation, as well as the ability to assure high levels of operational stability and efficiency and regulatory compliance, are essential to the success of a biomass project. In particular, the fuel price for a biomass power plant is relatively high due to the collection and transportation cost. Due to their smaller scale, biomass power units usually have lower power efficiency than coal-fired units. Therefore, despite high on-grid tariffs, the profitability of biomass power plants varies largely according to the ability of the operator to control supply prices and ensure operational efficiency. As a result, inexperienced players may have difficulties achieving profitability.

Biomass supply. Stable supply of biomass raw materials is critical to the profitability of biomass facilities. As biomass resources are scattered in rural areas where the collection and transportation system is typically underdeveloped, it is costly to establish a supply system. Furthermore, the total output of biomass resources is limited in a given region, and the cost to transport biomass resources from other regions is high. Therefore, the first mover in a particular region will likely prevent entry of other competitors. Moreover, once a biomass facility is constructed, additional biomass facilities may not be constructed within a radius of 100km under the Notice on the Administration of the Construction of Biomass Energy Generation Projects promulgated by the NDRC in August 2010.

Technological barriers. Equipment used in biomass facilities is highly specialized and technology-intensive, and is required to conform to strict standards in the power generation process. Biomass technology is in a developing stage in China, and Chinese biomass power companies still primarily rely on imported technology and equipment. Therefore, cooperation with domestic enterprises with strong research and development capability or with foreign equipment manufacturers is necessary to enter the market.

CHINA'S HAZARDOUS WASTE TREATMENT INDUSTRY

Hazardous waste are solid and liquid wastes, including industrial and medical wastes, that have one or more hazardous characteristics such as corrosivity, toxicity, ignitability, reactivity and infectivity, or that are likely to be harmful to the environment or human body and therefore need to be treated as hazardous. The National Catalog of Hazardous Wastes promulgated by the MEP and the NDRC in 2016 categorizes hazardous wastes into 46 categories.

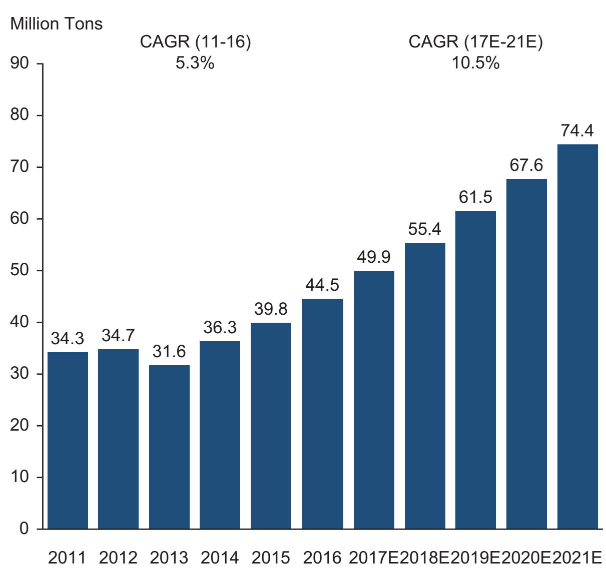
In China, there are two major final hazardous waste treatment methods: resource utilization and disposal. Resource utilization treatment recycles and extracts valuable components, such as precious metals, from the hazardous waste. Disposal is used for useless waste or waste for which no other treatment method is available, and aims to eliminate or reduce the hazardous characteristics of the waste to minimize its environmental impact. Landfill and incineration are the two most common disposal methods in China. Before final treatment, hazardous wastes may require various pretreatment procedures according to their nature, such as physico-chemical method, or solidification or stabilization procedures. In this section, data and discussions related to hazardous waste volume cover the total amount of hazardous waste produced, treated and disposed in China. Data and discussions related to hazardous waste treatment capacity focus only on hazardous waste treatment facilities operated by independent companies, i.e. the centralized hazardous waste treatment facilities.

Key Drivers for China's Hazardous Waste Treatment Industry

Huge demand for treatment from enormous output of hazardous waste

The enormous output volume of hazardous waste in China, and the resulting huge demand for treatment, is the primary driver for the hazardous waste industry. Hazardous waste output in China reached 44.5 million tons in 2016, and is expected to increase at a CAGR of 10.5% from 49.9 million tons in 2017 to 74.4 million tons in 2021. The following chart sets forth the output of hazardous waste in China for the relevant periods:

Output of Hazardous Waste in China: 2011-2021E



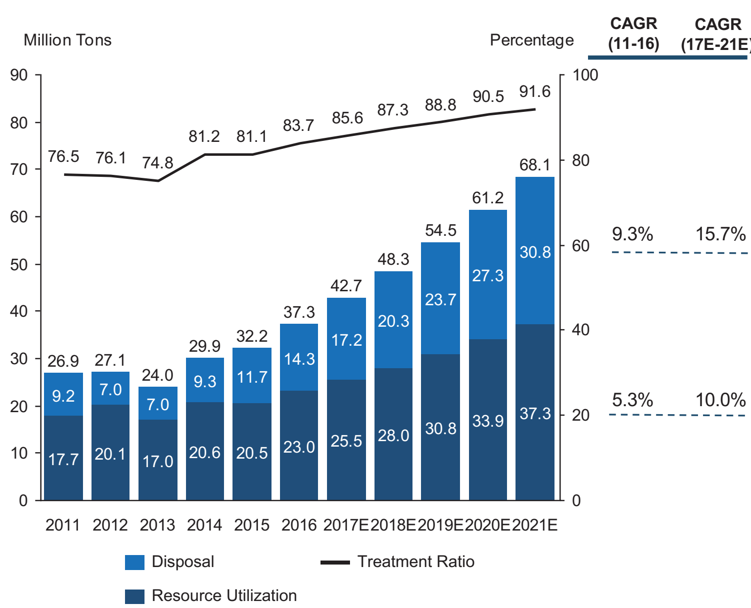
Source: MEP, Frost & Sullivan Report

According to Frost & Sullivan, the actual output of hazardous waste in China is believed to be larger as the available data do not account for illegal disposal of hazardous waste. As environmental protection is becoming a more urgent public health issue, more rigorous regulatory supervision and higher environmental protection standards are expected to be enforced in China, which, according to Frost & Sullivan, is expected to drive the demand for hazardous waste treatment services. In addition to treatment demand for newly generated waste, demand may also come from previously generated hazardous waste, which has yet to be treated or disposed of, according to Frost & Sullivan.

Shortage of treatment capacity

The treatment volume of hazardous waste is smaller than the output volume in China, with treatment volume being 37.3 million tons in 2016. Despite increase in treatment volume, the treatment rate remained at 83.7% in 2016, indicating overall shortage of supply of treatment capacity. According to Frost & Sullivan, the actual treatment rate may be lower considering the large volume of hazardous wastes illegally disposed of. The following chart sets forth the treatment volume and treatment rate of hazardous waste in China for the relevant periods:

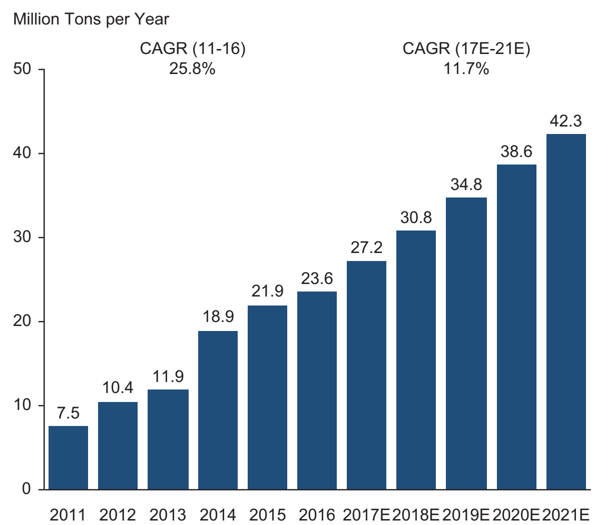
Hazardous Waste Treatment Volume and Treatment Rate in China: 2011-2021E



Source: MEP, Frost & Sullivan Report

We primarily engage in hazardous waste treatment through disposal. According to Frost & Sullivan, the annual disposal capacity of hazardous waste treatment facilities in China, not including treatment capacity of resource utilization, reached 23.6 million tons in 2016. As disposal capacity witnessed a rapid growth, many treatment facilities also experience low rates of utilization, according to Frost & Sullivan. The following chart sets forth the disposal capacity of centralized hazardous waste treatment facilities in China for the relevant periods:

Disposal Capacity of Centralized Hazardous Waste Treatment Facilities in China: 2011-2021E



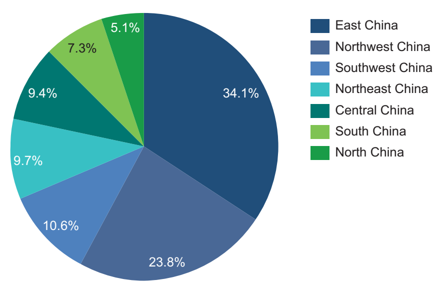
Source: Frost & Sullivan Report

Unbalanced regional distribution of treatment capacity

According to Frost & Sullivan, the distribution of hazardous waste output and treatment capacity is uneven across China, which presents growth opportunities for the hazardous waste treatment industry in regions with a shortage of hazardous waste treatment facilities. Industrial regions in East China and Northwest China have a large share of hazardous waste output. Economically developed regions like East China and South China have a large share of hazardous waste treatment capacity. Our hazardous waste disposal projects are primarily located in East China. The following chart sets forth the regional output of hazardous waste in China in 2016:

Output of Hazardous Waste by Region: 2016

(Total Output: 44.5 million tons)



Source: MEP, Frost & Sullivan Report

Favorable policy support and rigorous enforcement

According to Frost & Sullivan, the PRC government is expected to continue to increase investment on environmental protection during the 13th Five-Year Plan period from 2016 to 2020, and the hazardous waste treatment industry is expected to maintain a rapid growth. In May 2014, the MEP transferred the authority to approve and issue hazardous waste treatment permits to provincial departments. Pursuant to the amended Environmental Protection Law, which became effective in January 2015, governments at all levels must establish hazardous waste treatment facilities and ensure their normal operation. Various other laws and regulations have emphasized the management, monitoring, registration, supervision and enforcement of hazardous waste. According to Frost & Sullivan, higher environmental protection standards and more rigorous enforcement across China should further increase hazardous waste treatment, reduce illegal disposal, drive technological upgrades, and drive the demand for hazardous waste treatment services.

Demand for technology upgrades

According to Frost & Sullivan, due to inferior technologies, many hazardous waste treatment facilities in China have a low utilization of capacity due to instability of equipment, or cause secondary pollution during the treatment process. According to Frost & Sullivan, as the standards for hazardous waste treatment become higher, stronger demand for technology upgrade is expected in the next few years.

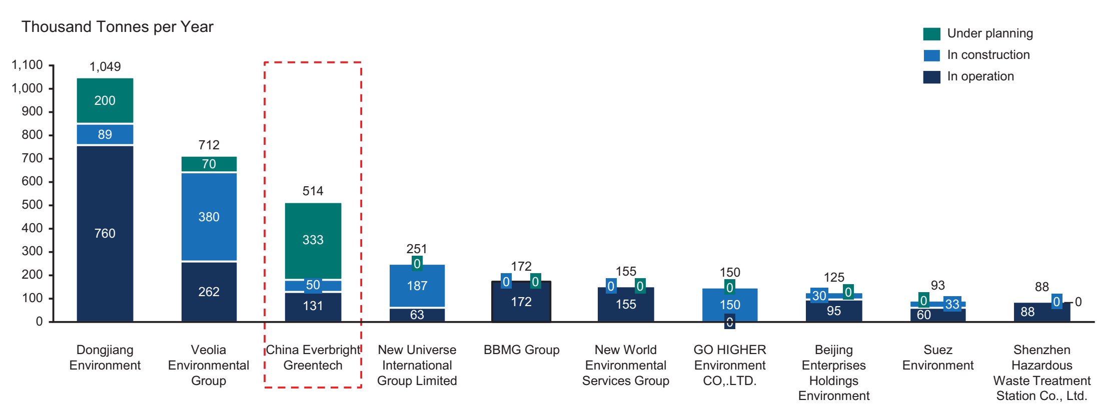
In addition, with the accelerating technological development of waste-generating industrial companies, characteristics of hazardous wastes generated may evolve or change. As a result, hazardous waste treatment companies need to collaborate with waste-generating companies in order to develop technologies and services to more effectively treat hazardous wastes. According to Frost & Sullivan, hazardous waste treatment is expected to become highly customized, and hazardous waste treatment companies are expected to be increasingly integrated into the whole industry chain.

Competitive Landscape of Hazardous Waste Treatment Industry in China

According to Frost & Sullivan, the hazardous waste disposal industry in China is highly fragmented. The number of hazardous waste treatment facilities in China has increased from 644 in 2011 to 993 in 2016, representing a CAGR of 9.0%. The ten largest companies accounted for only 7.9% of the total disposal designed capacity in 2016. At the same time, the hazardous waste treatment industry is slowly consolidating, according to Frost & Sullivan. The average treatment capacity per facility expanded significantly from 54.7 tons/day in 2011 to 140.7 tons/day in 2016, representing a CAGR of 20.8%.

In 2016, we ranked third in China in terms of total hazardous waste disposal designed capacity, including projects in operation, under construction and at the planning stage, according to Frost & Sullivan. The following table sets forth the ranking in terms of total hazardous waste disposal designed capacity of centralized hazardous waste facilities as of December 31, 2016:

Disposal Designed Capacity Ranking of Centralized Hazardous Waste Treatment Facilities in China: 2016



Source: Frost & Sullivan Report

Note: *The designed capacity of projects under construction and at the planning stage is obtained from annual reports and other publications, expert interviews and government documents for permits of projects of the relevant companies.*

In 2016, we had around 0.6% of the total market share and ranked fifth in terms of hazardous waste disposal designed capacity in operation in China whereas we ranked eighth in 2015. In 2016, the largest hazardous waste treatment company, Dongjiang Environmental Company Limited, had 3.2% of the market share, according to Frost & Sullivan. The following table sets forth the respective market shares of the top 10 centralized hazardous waste disposal companies in China in terms of hazardous waste disposal designed capacity in operation as of December 31, 2016:

Disposal Designed Capacity in Operation of Centralized Hazardous Waste Treatment Facilities Market Shares in China: 2016

	Company Name	Designed Capacity	Market Share
		(thousand tons)	*(%)*
1	Dongjiang Environmental Company Limited	760.4	3.2
2	Veolia Environmental Group	262.0	1.1
3	BBMG Group Co., Ltd	172.0	0.7
4	New World Environmental Services Group	154.7	0.7
5	***The Company***	***131.0***	***0.6***
6	Beijing Enterprises Holdings Environment Technology Co., Ltd.	95.1	0.4
7	Shenzhen Hazardous Waste Treatment Station Co., Ltd.	87.9	0.4
8	Tus-Sound Environmental Resources Co., Ltd.	75.4	0.3
9	New Universe Environmental Group Limited	63.2	0.3
10	Suez Environment Group	60.0	0.3
	Others	21,769.0	92.0
	Total	**23,630.7**	**100.0**

Source: Frost & Sullivan Report

According to Frost & Sullivan, East China, where our hazardous waste projects are located, had the largest market share of 34.1% in terms of total hazardous waste output in 2016. We ranked first in terms of hazardous waste disposal designed capacity for all projects in operation, under construction and at the planning stage among all centralized hazardous waste treatment facilities in East China as of December 31, 2016 and as of December 31, 2015 according to Frost & Sullivan. The following table sets forth the market shares of us and our peers in East China in terms of hazardous waste disposal designed capacity for all projects in operation, under construction and at the planning stage as of December 31, 2016.

Centralized Hazardous Waste Treatment Facilities Disposal Designed Capacity Market Shares in East China: 2016

Company Name	Designed Capacity	Market Share
	(thousand tons)	*(%)*
1 The Company	***484.2***	***3.3***
2 Dongjiang Environmental Company Limited	445.9	3.0
3 New Universe Environmental Group Limited	250.5	1.7
4 New World Environmental Services Group	139.7	1.0
5 Veolia Environmental Group	127.6	0.9
Others	13,194.9	90.1
Total	**14,642.8**	**100.0**

Source: Frost & Sullivan Report

Barriers to Entry

Permit requirements. In many regions of China, a hazardous waste treatment project is exclusive for a given area due to the requirements to centrally plan and operate such facilities pursuant to the amended Environmental Protection Law. Only companies that have obtained the hazardous waste treatment permit are qualified to provide hazardous waste treatment services. According to Frost & Sullivan, in light of the risk and the importance of the hazardous waste treatment business, the PRC government is more likely to grant such permits to established companies that have successful experience and expertise in hazardous waste treatment. Therefore, a strong relationship with the local government through previous projects is crucial for hazardous waste treatment companies. With the rapid development of the industry and the existence of a number of established companies, new participants may face a strong barrier in qualifying for the hazardous waste treatment permit, according to Frost & Sullivan.

Capital barrier. Hazardous waste treatment facilities normally require a large initial capital investment. According to Frost & Sullivan, a landfill disposal facility with total capacity of 300,000 tons typically requires an initial investment of approximately RMB100 million. In addition, the construction cycle for hazardous waste treatment projects is typically long, ranging from three to five years. As a result of the high initial capital requirements, industry participants need to have substantial capital and strong financing abilities to enter the market.

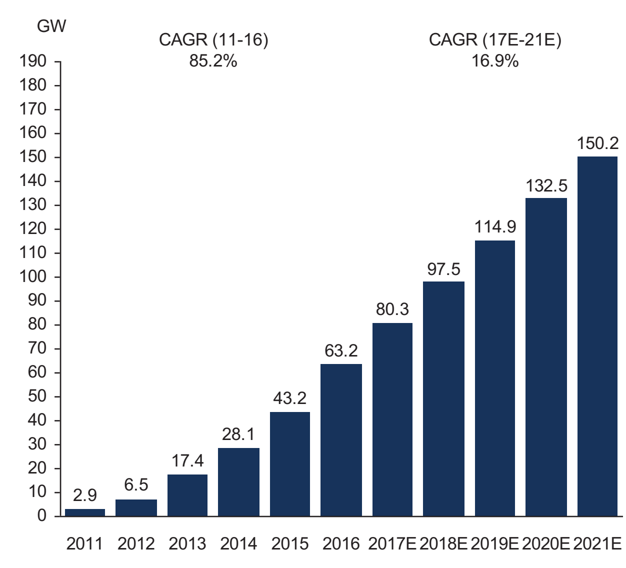
Technological barrier. New participants must also demonstrate their technical capabilities with advanced treatment technology. According to Frost & Sullivan, there are many hazardous waste treatment facilities in China which lack advanced technology, and face instability of equipment and under-utilization problems. In addition, poor quality equipment and processes are likely to create secondary pollution, according to Frost & Sullivan. As a result, going forward, a company with advanced technology will likely be more welcomed by the market which lack advanced technology may not be able to survive in the market.

OVERVIEW OF CHINA'S SOLAR ENERGY AND WIND POWER INDUSTRY

Overview of China's Solar Energy Industry

Solar energy refers to photovoltaic power generation. China's cumulative solar energy generation capacity has experienced rapid growth and reached 63.2 GW in 2016, representing approximately 3.8% of the total power generation capacity in operation in China, and is expected to continue to grow at a CAGR of 16.9% from 2017 to 2021. The following chart sets forth the cumulative solar energy generation capacity for on-grid projects in China:

Solar Energy Cumulative Capacity in China: 2011-2021E



Source: Frost & Sullivan Report

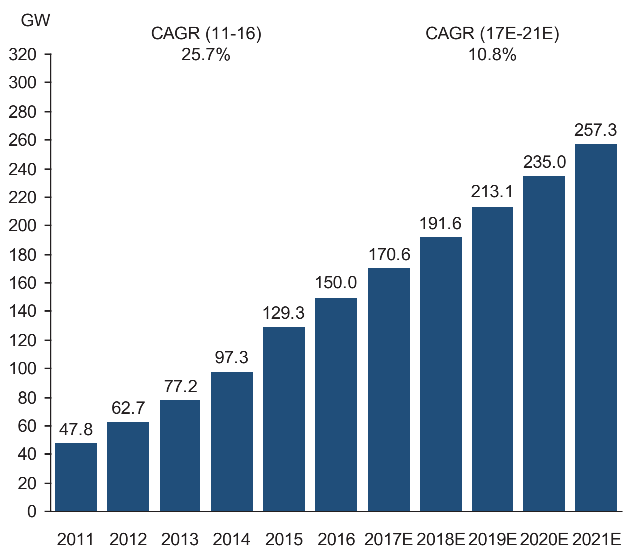
Growth drivers. According to Frost & Sullivan, a favorable regulatory environment, advances in technology, and the growing awareness of the need for, and government support for, environmental protection in China will continue to contribute to the growth of solar energy industry. For example, in 2015, the NEA issued guidance to install additional solar energy facilities with a total capacity of 17.8 GW. Under the Strategic Plan of Energy Development (2014-2020) issued by the State Council in June 2014, China targets to install a cumulative solar energy generation capacity of 100 GW by 2020. Local governments also provide subsidies to solar energy projects. The maturity of photovoltaic technology in China has led to a decrease in manufacturing cost and has contributed to the sustainable development of the whole photovoltaic industry value chain. As photovoltaic technology is environment-friendly and pollution-free, it also contributes to China's drive to reduce carbon emissions.

Industry trends. According to Frost & Sullivan, favorable policies are expected to stimulate the growth of the distributed solar energy market. Manufacturers are also expected to focus on research and development efforts to achieve higher conversion efficiency of solar panels. Due to the high initial capital requirement and long payback period, the solar energy market is expected to experience consolidation. Solar energy companies may also benefit from diversified financing channels with the development of favorable government policy in China. Favorable government policies depend, to a large extent, on political developments relating to environmental concerns and the development of the relevant industry. Given the technological improvement and decrease of development costs of renewable energy projects, the PRC government may reduce the economic incentives including the preferential on-grid tariffs for renewable energy projects. On December 26, 2016, the NDRC published the Notice Regarding Adjustment to On-Grid Tariffs of Solar Energy and Ground Wind Power Projects (國家發改委關於調整光伏發電陸上風電標杆上網電價的通知) (the "**On-Grid Tariffs Adjustment Notice**"), according to which, for solar energy projects commencing operation on or after January 1, 2017, the on-grid tariff will be lowered to RMB0.65/kWh, RMB0.75/kWh and RMB0.85/kWh, representing RMB0.15/kWh, RMB0.13/kWh and RMB0.13/kWh decrease for the three resource zones for solar energy projects in China.

Overview of China's Wind Power Industry

China's cumulative wind power generation capacity has reached 150.0 GW at the end of 2016, representing approximately 9.1% of the total power generation capacity in operation in China, and is expected to continue to grow at a CAGR of 10.8% from 2017 to 2021. The following chart sets forth the cumulative wind power generation capacity for on-grid facilities in China:

Wind Power Cumulative Capacity in China: 2011-2021E



Source: Frost & Sullivan Report

Growth drivers. According to Frost & Sullivan, a favorable regulatory environment, the growing awareness of environmental protection, and growth of offshore wind power facilities in China will contribute to the growth of the wind power industry. In the 13th Five-Year Plan on Development of Renewable Energy issued in 2016, China targets to install a cumulative wind power capacity of 210 GW by 2020. Wind power facilities also enjoy preferential on-grid tariffs based on their resource region. As wind power is environment-friendly and pollution-free, it also contributes to China's drive to reduce carbon emission. In addition, China has abundant offshore wind resources, which is expected to drive the growth of wind power industry with the development of technology.

Industry trends. According to Frost & Sullivan, the wind power industry is expected to increasingly feature larger wind turbines, which could reduce installation and maintenance costs, minimize land requirements, and lead to more stable operations. Technological advances may also improve conversion efficiency and lower costs, and enable the utilization of offshore wind resources in harsh environments with abundant wind resources. As the industry develops, requirements for construction and operation skills will also become more crucial to ensure accurate resource assessment and operational efficiency. Given the technological improvement and decrease of development costs of renewable energy projects, the PRC government may reduce the economic incentives including the preferential on-grid tariffs for renewable energy projects. According to the On-Grid Tariffs Adjustment Notice, for ground wind power projects approved on or after January 1, 2018, the on-grid tariff will be lowered to RMB0.40/kWh, RMB0.45/kWh, RMB0.49/kWh and RMB0.57/kWh, representing RMB0.07/kWh, RMB0.05/kWh, RMB0.05/kWh and RMB0.03/kWh decrease for the four resource zones for wind power projects in China.

SPECIALTY ENVIRONMENTAL PROTECTION SERVICE PROVIDERS IN CHINA

According to Frost & Sullivan, we are one of a few environmental protection service providers that provide services across both the environmental protection and clean energy industries in China and have a leading market position in both the waste treatment sector of the environmental protection industry and the biomass sector in the clean energy industry. Our competitors are either focusing on hazardous waste treatment industry such as New World Environment Services Group, Dongjiang Environmental Company Limited or Tus-Sound Environment Resources Co., Ltd. or clean energy industry such as NBE, China Longyuan Power Group Corporation Limited or Huadian Fuxin Energy Corporation Limited. Only a few companies have strong presence in both hazardous waste treatment market and clean energy market like us, according to Frost & Sullivan. According to Frost & Sullivan, we are regarded as a specialty environment protection service provider in that we have a special focus on both solid waste treatment and clean energy businesses.

REPORT COMMISSIONED FROM NEXANT

We commissioned Nexant Inc. ("**Nexant**"), an independent technical consultant, to conduct due diligence, and to report on, certain of our biomass, hazardous waste treatment, solar energy and wind power projects they visited. The report we commissioned, or the Nexant Report, has been prepared by Nexant independent of our influence. We have selected six projects to be included in Nexant Report, namely Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass), Sucheng Biomass Heat Supply Project, Zibo Hazardous Waste Incineration Project (Phase I), Guanyun Hazardous Waste Landfill Project, Zhenjiang Rooftop Solar Energy Project and Ningwu Wind Power Projects, with the aim to represent different types of our projects in different stages including projects in operation and projects under construction. Due to the diversity and number of our projects, representative projects were selected for purposes of the technical report taking into account the following factors:

- **Segment**: we selected the projects to cover each of our three segments.

- **Type of project**: within each segment, we selected projects to cover as many types of facilities and technologies as possible, including biomass power generation projects, biomass heat generation projects, hazardous waste landfill projects, hazardous waste incineration projects, solar energy projects, and wind power projects.

- **Status of projects**: whenever possible, within each segment, we selected projects that were in trial operation or in operation in order to facilitate the technical assessment.

- **Location of projects**: we selected projects covering six cities and four provinces so as to give a more diverse geographical analysis.

The following table sets forth the business segment and project type for each of the six projects included in the Nexant Report:

	Biomass		Hazardous Waste		Solar/Wind	
	Power	Heat	Landfill	Incineration	Solar	Wind
Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass)	√					
Sucheng Biomass Heat Supply Project		√				
Guanyun Hazardous Waste Landfill Project			√			
Zibo Hazardous Waste Incineration Project (Phase I)				√		
Zhenjiang Rooftop Solar Energy Project					√	
Ningwu Wind Power Projects						√

We also considered the below factors when selecting each of the six projects included in the Nexant Report:

- Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass): Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass) commenced commercial operation in September 2011 and had the longest operating track record among our biomass projects in operation, and therefore could better demonstrate the operating performance of our typical biomass direct combustion projects.

- Sucheng Biomass Heat Supply Project: This project was our only pure biomass heat supply project in operation at the time of project selection.

- Guanyun Hazardous Waste Landfill Project: Guanyun Hazardous Waste Landfill Project is located in shoal area, which requires more advanced technologies and is more challenging in terms of its construction and operation compared to our other hazardous waste landfill projects in different geological conditions. We believe this project can best demonstrate our ability to construct and operate hazardous waste landfill projects in challenging geological conditions which require advance technologies.

- Zibo Hazardous Waste Incineration Project (Phase I): This project commenced commercial operation in September 2016 and was the only project in operation among all of our self-developed hazardous waste incineration projects at the time of project selection. Lianyungang Hazardous Waste Incineration Project was the only other hazardous waste incineration project in operation, but it was acquired from a third party and was not representative of our self-developed incineration projects, which will constitute the majority of our incineration projects in the future.

- Zhenjiang Rooftop Solar Energy Project: This is our largest solar energy project in terms of power generation designed capacity, representing 29% of the total power generation designed capacity of all of our solar energy projects as of the Latest Practicable Date.

- Ningwu Wind Power Projects: They are our only wind power projects.

We have included the Nexant Report in Appendix III to this Prospectus in order to provide investors with a better understanding of the operational and technical aspects of our projects which is in line with the market practice by companies in similar industries as us during public offerings in Hong Kong.

Substantially all of our operations are conducted in China. The following is a summary of the PRC laws and regulations that are material to our business operations within the territory of the PRC.

POLICY ON FOREIGN INVESTMENT

Under the Foreign Investment Industries Guidance Catalog (as amended in 2007) (外商投資產業指導目錄(2007年修訂)), which was promulgated by the NDRC and the MOFCOM and amended in 2011 and 2015 respectively, the environmental protection industry, including biomass, hazardous waste treatment, solar energy and wind power industries, falls within the category of industries in which foreign investment is encouraged. Foreign investors may participate in the construction and operation of environmental protection projects in China through joint ventures or wholly foreign owned subsidiaries.

APPROVAL, REGISTERED CAPITAL AND CAPITAL FUND SYSTEMS FOR INVESTMENT PROJECTS

Approval System of Investment Projects

The Decision on Institutional Reform of Investment System (國務院關於投資體制改革的決定), which was promulgated by the State Council and became effective on July 16, 2004, provides that investment projects are subject to approval or filing requirement. The State Council issued the 2014 Catalog of Investment Projects Requiring Approval by the Government (政府核准的投資項目目錄(2014年本)) on October 31, 2014 which was abolished by the 2016 Catalog of Investment Projects Requiring Approval by the Government (政府核准的投資目錄（2016年本）) (the "**Investment Approval Catalogs**") both of which set forth the types of projects requiring approval of competent project approval authorities. Projects that are not listed on the Investment Approval Catalogs do not require prior approval. According to the Investment Approval Catalog and applicable regulations, biomass and wind power projects generally require examination and approval by local governmental authorities.

Registered Capital System

According to the Provisional Regulations for the Proportion of Registered Capital to Total Investment Amount of Sino-foreign Equity Joint Ventures (國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定) (the "**Provisional Regulations**"), which was promulgated by the SAIC and effective from March 1, 1987, the registered capital of a Sino-foreign equity joint venture shall be appropriate for the scale and scope of its production and operations.

Under the Provisional Regulations, where the total investment amount of a Sino-foreign equity joint venture is between US$3 million and US$10 million (US$10 million inclusive), its registered capital shall be at least 50% of its total investment amount; where the total investment amount of a Sino-foreign equity joint venture is between US$10 million and US$30 million (US$30 million inclusive), its registered capital shall be at least 40% of its total investment amount; where the total investment amount of a Sino-foreign equity joint venture exceeds US$30 million, its registered capital shall be at least one-third of its total investment amount.

Capital Fund System

According to the Notice of the State Council on Trial Implementation of Capital Fund System in Fixed Asset Investment Projects (國務院關於固定資產投資項目試行資本金制度的通知), which was promulgated and implemented by the State Council on August 23, 1996, the Notice of the State Council on Adjusting the Proportions of Capital Fund in Fixed Asset Investment Projects (國務院關於調整固定資產投資項目資本金比例的通知), which was promulgated by the State Council and effective from May 25, 2009, and the Notice of the State Council on Adjusting and Improving the Capital Fund System for Fixed Asset Investment Projects (國務院關於調整和完善固定資產投資項目資本金制度的通知), which was promulgated by the State Council and effective from September 9, 2015, a capital fund system is adopted for fixed asset investment projects.

Under the capital fund system, shareholders of a project company must contribute a certain percentage of the total investment amount as equity capital into the project company, and may borrow the remaining portion from external sources such as banks. The proportion of such contribution in biomass, hazardous waste treatment, solar energy and wind power projects must be no less than 20% of the total investment amount, and the specific proportion will be determined by the approving authority of the relevant project after reviewing the feasibility study report, taking into consideration the project's future economic benefits and the banks' willingness to issue loans.

POLICY ON BIOMASS, SOLAR AND WIND ENERGY

Pursuant to the PRC Renewable Energy Law (中華人民共和國可再生能源法), which was enacted on December 26, 2009 and amended by the Decision of the Standing Committee of the NPC on Amending the Renewable Energy Law of the PRC (全國人大常委會關於修改<中華人民共和國可再生能源法>的決定) on April 1, 2010, China has implemented a mandatory off-take system that requires power grid companies to purchase all electricity generated from renewable sources. The department in charge of energy under the State Council shall act jointly with the national electricity regulatory bodies and the department of finance under the State Council to determine the ratios of electricity generated from renewable sources to the total electricity generation as part of the national plans, and to establish practical rules on the priority given to the purchase of electricity generated from renewable sources. Such practical rules will be enforced under the supervision of the department in charge of energy under the State Council and national electricity regulatory bodies.

Power grid companies shall enter into electricity grid connection agreements with officially licensed or enrolled renewable energy power generation enterprises, and shall within the coverage of their power grids purchase all of the electricity generated from renewable sources that meets relevant technical standards.

Pursuant to the Notice of the NDRC on Issuing Administrative Provisions on Renewable Energy Power Generation (國家發改委關於印發<可再生能源發電有關管理規定>的通知), which became effective on January 5, 2006, the on-grid tariff for electricity generated from renewable sources shall be determined by price regulatory authorities of the State Council based on the types of renewable sources and resource zones. The on-grid tariff for electricity generated by renewable energy projects established through public bidding shall be the price of the winning bid.

Biomass Power Generation

According to the Notice of the NDRC on Improving the Pricing Policy Regarding Electricity Generated from Agricultural Waste and Forestry Residue (國家發展改革委關於完善農林生物質發電價格政策的通知), which became effective on July 1, 2010, for biomass projects approved after July 1, 2010 and not established through public bidding, the benchmark on-grid tariff is RMB0.75/kWh, inclusive of VAT. For biomass projects established through concession bidding, the on-grid tariff shall be the price of the winning bid. However, such price shall not be higher than the benchmark on-grid tariff. Biomass projects refer to projects using agricultural waste and forestry residue as raw materials.

Household Waste-to-Energy

According to the Notice of the NDRC in Relation to the Optimization of Waste-to-Energy Power Tariff Policy (國家發展改革委關於完善垃圾焚燒發電價格政策的通知), which became effective on April 1, 2012, for household waste-to-energy projects approved after January 1, 2006 and using domestic waste as the raw material, the on-grid tariff is calculated based on the amount of waste to be treated and the on-grid electricity. Each ton of domestic waste received is first presumed to generate 280kWh of on-grid electricity and is priced at a uniform benchmark on-grid tariff of RMB0.65/kWh, inclusive of VAT. The remaining on-grid electricity is priced on the basis of on-grid tariff for local coal-fueled generators. If the presumed on-grid electricity is less than 50% of the actual on-grid electricity, the relevant project will be treated as a conventional power generation project which is not entitled to waste-to-energy subsidies. If the presumed on-grid electricity is higher than 50% of but lower than the actual on-grid electricity, the presumed on-grid electricity will be treated as the waste-to-energy on-grid electricity. When the presumed on-grid electricity is higher than the actual on-grid electricity, the actual on-grid electricity will be treated as the waste-to-energy on-grid electricity.

Wind Power

According to the Notice of the NDRC on Improving the Policies for On-Grid Wind Power Tariffs (國家發展改革委關於完善風力發電上網電價政策的通知), which became effective on August 1, 2009, for wind power projects approved after August 1, 2009, the benchmark on-grid tariff for ground wind power is set based on the specific resource zones where the project is located. There are currently four resource zones, and the current on-grid tariffs with respect to these resource zones are RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh and RMB0.61/kWh, respectively. According to the NDRC Notice Regarding Adjustment to On-Grid Tariffs of Solar Energy and Ground Wind Power Projects (國家發改委關於調整光伏發電陸上風電標杆上網電價的通知), which was published on December 26, 2016, for ground wind power projects approved on or after January 1, 2018, the on-grid tariff will be lowered to RMB0.40/kWh, RMB0.45/kWh, RMB0.49/kWh and RMB0.57/kWh for the four resource zones for wind power projects in China. For Shanxi Province, where our wind power projects are located, the on-grid tariff is RMB0.61/kWh.

Solar Energy

According to the Notice of the NDRC on Improving the Policies for On-Grid Solar Energy Tariffs (國家發展改革委關於完善太陽能光伏發電上網電價政策的通知), which became effective on July 24, 2011, the on-grid tariffs for solar energy are subject to a national benchmark standard. Specifically, for solar energy projects outside Tibet approved after July 1, 2011, or approved before July 1, 2011 but not established and operated before December 31, 2011, the benchmark on-grid tariff is RMB1.0/kWh, inclusive of VAT. For solar energy projects established through concession bidding, the on-grid tariff shall be the price of the winning bid. However, such price shall not be higher than the benchmark tariff. The benchmark tariffs for certain solar energy projects are also subject to local governmental policies in certain regions such as Jiangsu Province.

Pursuant to the Notice of the NDRC on Utilizing the Price Leverage Effects to Encourage the Healthy Development of the Solar Energy Industry (國家發展改革委關於發揮價格槓桿作用促進光伏產業健康發展的通知), which became effective on August 26, 2013 and is applicable to solar energy projects filed for record or approval after September 1, 2013, or before September 1, 2013 but operated on or after January 1, 2014, the benchmark on-grid tariff for solar energy projects was set at RMB0.90/kWh, RMB0.95/kWh and RMB1.00/kWh based on local solar energy resources and generating plant construction costs. Pursuant to the NDRC Notice Regarding Adjustment to On-Grid Tariffs of Solar Energy and Ground Wind Power Projects (國家發改委關於調整光伏發電陸上風電標杆上網電價的通知), which was published on December 26, 2016, for solar energy projects commencing operation on or after January 1, 2017, the on-grid tariff will be lowered to RMB0.65/kWh, RMB0.75/kWh and RMB0.85/kWh for the three resource zones for solar energy projects in China.

PRICING FOR HAZARDOUS WASTE TREATMENT

According to the Notice of Implementing Hazardous Waste Treatment Fee Mechanism to Encourage the Industrialization of Hazardous Waste Treatment (關於實行危險廢物處置收費制度促進危險廢物處置產業化的通知) jointly promulgated by the NDRC, MEP, Ministry of Health, Ministry of Finance (the "**MOF**") and Ministry of Construction and became effective on November 18, 2003, the amount of the hazardous waste treatment fee shall be determined on the general principle of providing compensation for the costs of hazardous waste treatment and providing reasonable profits to the hazardous waste treatment companies. The specific principle and method for determining the treatment fees shall be formulated by the price administration department of each province, autonomous region or municipality directly under the central government. The specific standards for collecting waste treatment fees shall be formulated by the price administration department of the government in a prefecture-level city, while at the same time, it shall be put on record with the price administration department of a provincial government.

PRICING FOR HEAT SUPPLY

According to the Interim Provisions on the Administration of the Construction of Power Generating Projects of Heat-Electricity Cogeneration and Comprehensive Utilization of Coal Sludge (熱電聯產和煤矸石綜合利用發電項目建設管理暫行規定), which became effective on January 17, 2007, the initial price of heat supply produced from a heat-electricity cogeneration project shall be determined by the price administration department of a government in the provincial level or an authorized government in the municipal or county level, based on the principle of providing reasonable compensation for the costs of the heat supply and providing reasonable profits to the heat supply companies.

PROJECT DEVELOPMENT

Concession Arrangements

According to the Opinion on Accelerating the Marketization of Municipal Public Utilities Industry (關於加快市政公用行業市場化進程的意見), which became effective on December 27, 2002, government authorities are required to select investors and operators of waste-to-energy projects through public bidding and enter into concession agreements to grant concession rights to service concession providers for municipal public utilities projects. According to the Measures for the Administration on the Concession of Municipal Public Utilities (市政公用事業特許經營管理辦法) (the "**Concession Measures**") promulgated by the former Ministry of Construction, which became effective on May 1, 2004, and the Opinion of Ministry of Construction on Strengthening the Supervision of Municipal Public Utilities (建設部關於加強市政公用事業監管的意見), which became effective on September 10, 2005, provisions regarding concessions rights for municipal public utilities are applicable to waste-to-energy projects if such projects are operated under concession rights. The Administrative Measures for the Franchising of Infrastructure and Public Utilities (基礎設施和公用事業特許經營管理辦法), which became effective on June 1, 2015, further sets forth concession rules applicable to infrastructure and public utilities in energy, environmental protection and municipal engineering sectors, such as the extension of the terms for concession rights for a period beyond 30 years based on the nature of the project.

Bidding and Tender Requirements

Pursuant to the Government Procurement Law of the PRC (中華人民共和國政府採購法), which was amended and became effective on August 31, 2014, government procurement may be conducted in the form of public bidding, invitation bidding, competitive negotiation or other methods recognized by relevant authorities. Although public bidding is generally deemed as the primary method for government procurement, services and/or constructions are allowed to be procured by the government through competitive negotiation under one of the following circumstances:(i) after conducting public bidding, no tender has been submitted, no eligible tender is presented or no re-bidding is achieved; (ii) detailed specifications or specific requirements cannot be determined due to complex technologies or unusual natural conditions; (iii) the time required for conducting public bidding cannot meet the urgent demand for relevant services and/or constructions; or (iv) the total price of the services and/or construction cannot be determined prior to public bidding.

Pursuant to the Concession Measures, concession rights for waste-to-energy projects shall be granted by municipal public utility authorities through a tender process, if such projects are operated under concession rights. Such tender requirement under the Concession Measures is applicable to projects granted prior to June 1, 2015. For projects granted on or after June 1, 2015, the Administrative Measures for the Franchising of Infrastructure and Public Utilities (基礎設施和公用事業特許經營管理辦法) which was jointly promulgated by several governmental authorities of the PRC including the NDRC and became effective on June 1, 2015, also allows competitive negotiation for this type of projects in addition to the tender process.

BUSINESS LICENSES AND QUALIFICATIONS

Electric Power Business License

According to the Regulations on Supervision of Electric Power (電力監管條例), which was promulgated by the State Council and became effective on May 1, 2005, and the Regulations on the Administration of Power Business Permit (電力業務許可證管理規定), which was promulgated by the former Electricity Regulation Committee and became effective on December 1, 2005, anyone engaging in the electric power business in the PRC shall obtain an electric power business license from electricity regulatory authorities. Entities or individuals who fail to obtain such license may not conduct any electric power business, otherwise the illegal gains from such electric power business will be confiscated, and the entities or individuals will be subject to a fine in an amount no more than 5 times of the illegal gains.

The electric power business license is valid for 20 years. Within 30 days prior to the expiration of the license, licensees who seek for renewals shall submit the applications to the electricity regulatory authorities.

Hazardous Waste Business License

According to the Measures for the Administration on Hazardous Waste Business Licensing (危險廢物經營許可證管理辦法), which was promulgated by the State Council, became effective on July 1, 2004 and was amended on December 7, 2013, entities engaging in the hazardous waste collection, storage and treatment business shall obtain a hazardous waste business license from environmental protection regulatory authorities under the municipal government at county level or above. Entities may not engage in the hazardous waste collection, storage or treatment business without a valid hazardous waste business license or full compliance with such license, otherwise the illegal gains will be confiscated, and the entities will be subject to a fine in an amount no more than the illegal gains.

The comprehensive hazardous waste business license is valid for five years, and the hazardous waste business license for waste collection activities is valid for three years. Within 30 days prior to the expiration of the license, licensees who seek for renewals shall submit the applications to the original approving environmental protection authorities.

Water Withdrawal License

According to the Water Law of the People's Republic of China (中華人民共和國水法), which was enacted by the NPC and became effective on October 1, 2002, the Regulations on Administration of Water Withdrawal Licensing and Collection of Water Resources Charges (取水許可和水資源費徵收管理條例), which was promulgated by the State Council and became effective on April 15, 2006, and the Measures on Administration of Water Withdrawal Licensing (取水許可管理辦法), which was promulgated by the Ministry of Water Resources and became effective on April 9, 2008, except for the ones lawfully exempted from applying for a water withdrawal license, entities and individuals that obtain water resources from rivers, lakes or underground, and have water extradition works or facilities completed and conducted 30-day trial run, shall apply for water license with the competent departments of water administration or drainage management under the municipal government at county level or above, and obtain the water rights, subject to water resources fee. Water extraction shall be limited within the approved annual water withdrawal plan, and any exceeding portion shall be charged with an extra fee. Violation of such water withdrawal licensing requirements may result in a fine of up to RMB100,000.

Water license generally lasts for five years but not more than ten years. Within 45 days prior to the expiration of the license, licensees who seek for renewals shall submit the applications to the original approving authorities.

Pollutant Discharge License

The PRC Air Pollution Prevention and Control Law (中華人民共和國大氣污染防治法), which became effective on January 1, 2016, and the PRC Water Pollution Prevention and Control Law (中華人民共和國水污染防治法), which became effective on June 1, 2008, announced the implementation of pollutants discharge licensing system. The violation of each law may result in a fine of up to RMB1,000,000. Certain local regulations have set out specific requirements for the approval of pollutant discharge licenses, such as the Measures for the Administration of Water Pollutants Discharge Licenses of Jiangsu Province (江蘇省排放水污染物許可證管理辦法), which was promulgated by the government of Jiangsu Province and became effective on October 1, 2011, and the Measures on the Prevention and Control of Air Pollution of Anhui Province (安徽省大氣污染防治條例), which was promulgated by the People's Congress of Anhui Province and became effective on March 1, 2015.

According to the Interim Measures for the Administration of Pollutant Discharge Licenses (排污許可證管理暫行規定), which became effective on December 23, 2016, pollutant discharge licenses shall be approved and issued by the competent environmental protection administration at county level or above. Pollutant discharge licenses are generally valid for three to five years. No later than 30 days before the expiration of the terms of each license, licensees who seek for extensions shall apply for a new license with the original issuing authorities.

Land, Planning and Construction Permits

Pursuant to the PRC Land Administration Law (中華人民共和國土地管理法), which was amended on August 28, 2004 with retroactive effect from January 1, 1999, state-owned land and collectively owned land may be granted or allocated to be used by entities or individuals in accordance with the law. Entities and individuals with land use rights have obligations to protect, manage and rationally utilize the land. The PRC government at or above the county level shall register and put on record the right to use the state-owned land by the entities or individuals, and issue certificates to certify and confirm such land use rights.

Pursuant to the Notice on the Adoption of Real Estate Register and Certificate Formats (Trial) (關於啟用不動產登記簿證樣式(試行)的通知) which was issued by the Ministry of Land and Resources of the PRC and became effective on March 1, 2015, a real estate right certificate mechanism was introduced and adopted to replace the functions of the land use right certificates. Commencing from March 1, 2015, the real estate registration authorities shall issue real estate right certificates instead of land use right certificates as proof of the underlying real estate rights. However, land use right certificates issued prior to the adoption of the real estate right certificate mechanism by a local authority shall remain effective until their dates of expiration.

According to the PRC Urban and Rural Planning Law (中華人民共和國城鄉規劃法), which was amended and became effective on April 24, 2015, a construction land planning permit is required for the use of both allocated land and granted land. Entities or individuals engaged in construction activities shall also obtain a construction work planning permit prior to the construction of any buildings, structures, roads, pipelines or other construction works within the planned area in a city or town. Entities or individuals who fail to obtain such construction land planning permit may be subject to a fine of up to 10% of the total construction costs, and a confiscation of illegal gains.

According to the PRC Construction Law (中華人民共和國建築法), which became effective on July 1, 2011, and the Administrative Regulations on the Quality of Construction Projects (建設工程質量管理條例), which became effective on January 30, 2000, an entity engaged in construction activities shall, prior to the commencement of a construction project, apply for a construction work commencement permit with competent construction administrative authorities at or above the county level of the project location, except for small projects that fall within the scope as determined by the competent construction administrative authorities, which are exempt from such requirements. Construction entities that illegally commence the project without obtaining a construction work commencement permit shall be ordered to stop the construction work and to carry out remedial actions within a prescribed time limit and may be subject to a fine in an amount between 1% to 2% of the total contractual price of the project.

Inspection and Acceptance on Completion of Construction Projects

According to the Rules on the Administration of Construction Quality (建設工程質量管理條例), which became effective on January 30, 2000, and Administrative Measures for the Filing of As-built Inspection and Acceptance of Housing, Building and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法), which was amended and became effective on October 19, 2009, a construction project shall not be delivered for use unless it has passed the acceptance inspections. The relevant construction entities shall issue certificate(s) of acceptance inspections on construction completion ("Completion Certificates") to confirm that the project has passed acceptance inspections of completion in relation to the construction quality of the project, and file the Completion Certificates to a competent construction administrative department at or above the county level at the place where the project is located within 15 days from the day when the construction project passes the acceptance inspections.

Where a construction entity illegally delivers the construction project for use without obtaining the acceptance inspections or in circumstances where it failed to pass the acceptance inspections, it shall be ordered to carry out remedial actions and also pay a fine of not less than 2% but not exceeding 4% of the contractual project price, and shall be obliged to compensate for the losses and damages, if any. If the construction entity fails to file a record of passing the acceptance inspections in respect of the project within 15 days from the day when the construction project passes the acceptance inspections, it shall be ordered to carry out remedial actions within a prescribed time limit and shall be fined not less than RMB200,000 but not exceeding RMB500,000.

LAWS, REGULATIONS AND POLICIES ON ENVIRONMENTAL PROTECTION

According to the PRC Environmental Protection Law (中華人民共和國環境保護法), which was amended and became effective on January 1, 2015, entities that cause pollution or other toxics to the environment shall implement environmental protection measures and establish an environmental protection liability system against relevant personnel. Such entities shall take effective measures to prevent and control pollution and damages to the environment. The design, construction and commission of facilities for the prevention and control of pollution shall be conducted at the same time with that of the project's main body. No permission shall be given for a construction project to be commissioned or utilized until such facilities have been examined and accepted by the competent environmental protection administrative authorities.

According to the Laws of the PRC on the Prevention and Treatment of Water Pollution (中華人民共和國水污染防治法), which became effective on November 1, 1984 and amended on May 15, 1996 and February 28, 2008, environmental impact assessment shall be conducted on any new construction, reconstruction and expansion of projects or other installations on water which directly or indirectly discharge pollutants into the water according to law. Enterprises and institutions that discharge pollutants directly or indirectly into the water shall obtain the Pollutants Discharge Permit. Enterprises and institutions that discharge pollutants directly into the water shall pay pollutant discharge fees based on the types and quantity of the sewage, and the pollutant discharge charging standards.

According to the Law of the PRC on Prevention and Treatment of Atmospheric Pollution (中華人民共和國大氣污染防治法), which became effective on June 1, 1988 and amended on August 29, 1995, April 29, 2000 and August 29, 2015, entities that construct projects capable to discharge pollutants into the air shall conduct environmental impact assessments and disclose documents related to such environmental impact assessments. The pollutants discharged into the air shall comply with relevant discharge standards and be within the limits under the volume control target requirements of key atmospheric pollutants. The total volume control targets and related implementation measures shall be jointly established by the environmental protection authorities and other relevant departments of the State Council.

13th Five-Year Plan and Other Environmental Policies

On March 16, 2016, the State Council promulgated the 13th Five-Year Plan of the PRC on National Economic and Social Development (中華人民共和國國民經濟和社會發展第十三個五年計劃綱要), which states that the Chinese government will actively promote the innovation on energy technologies and establish a safe, efficient, economic and clean modern energy industry system, will focus on raising energy output, improving energy supply structure and accelerating renewable development, especially to accelerate the development of biomass energy, solar energy, wind power, hydropower and geothermal energy, and to safely and efficiently develop nuclear power.

Environmental Impact Assessment

According to the Regulations on the Administration of Construction Project Environmental Protection (建設項目環境保護管理條例), which became effective on November 29, 1998, and the PRC Environmental Impact Appraisal Law (中華人民共和國環境影響評價法), which became effective on

September 1, 2003 and was further amended and implemented on September 1, 2016, the PRC has established a system to appraise the environmental impact of construction projects and categorize the appraisal based on the degree of impact on the environment from the construction projects. In the case of potentially significant environmental impact, an environmental impact appraisal report shall provide a comprehensive appraisal on the impact. In the case of potentially slight environmental impact, an environmental impact report form shall provide an analysis or special appraisal on such impact. In the case of minimal environmental impact, no appraisal is required but an environmental impact form shall be filed. Such environmental impact appraisal documents in relation to the construction project shall be submitted to competent environmental protection administrative authorities for approval in accordance with requirements of the State Council. The construction entity may not commence the construction of the projects without obtaining the approval from the environmental protection administrative authorities.

According to the Administration Measures for Examination and Approval of Environmental Protection Facilities of Construction Projects (建設項目竣工環境保護驗收管理辦法), which became effective on February 1, 2002, the environmental inspection and acceptance reports shall be prepared and issued by certified institutes with relevant qualifications. A construction entity shall, before the construction project commences operation, file an application with the competent environmental protection administrative authority for inspection on the completed construction.

Emission Standards

A CDM is an arrangement under the Kyoto Protocol and UNFCCC. It allows industrialized countries with a greenhouse gas emission reduction commitment to invest in emission reducing projects in developing countries in order to earn CERs. These credits can be used by investors from industrialized countries against domestic emission reduction targets or sold to other interested parties, and therefore provides an alternative to more expensive emission reductions in their own countries.

The PRC approved and ratified the UNFCCC in 1993 and the Kyoto Protocol in 2002, but with no binding obligation to meet emission reduction targets. Among the central organizations that are responsible for policy-making, approval and supervision of CDM projects in the PRC, the National Climate Change Coordination Committee is responsible for policy-making and general coordination, while the National CDM Board is responsible for the examination and approval of CDM projects to be implemented in the PRC.

On August 3, 2011, the Measures for Operation and Management of Clean Development Mechanism Projects (清潔發展機制項目運行管理辦法) (the "**CDM Measures**") were promulgated by the NDRC jointly with the Ministry of Science and Technology (the "**MOST**"), the Ministry of Foreign Affairs (the "**MFA**") and the MOF. The CDM Measures set forth general rules and specific requirements for the application for, and approval of, CDM projects, including, among others, the following:

- only companies wholly-owned or controlled by Chinese parties may carry out CDM projects in the PRC. Consequently, a company controlled by foreign parties does not qualify to apply for PRC government's approval for a CDM project.

- the approval procedures of CDM projects includes (i) a review by experts from relevant organizations appointed by the NDRC, (ii) an examination of applications for approval of a CDM project by the National CDM Board and (iii) approval jointly by the NDRC, MOST and MFA, promulgated by the NDRC.
- the CDM Board will review the price of the sale of the CERs generated in the PRC.
- for CDM projects, (i) CERs produced from a particular CDM project are owned by the PRC project owner and (ii) the PRC government imposes a levy on the proceeds from selling CERs under a CDM project at various levels depending on the types of projects. With respect to wind power projects that develop and utilize renewable energy and are encouraged as a matter of the government policy, only 2.0% of the proceeds are payable to the PRC government.

On November 25, 2009, a standing meeting was held in State Council, at which it was decided that by 2020, CO_2 emission per unit of GDP of China will be reduced by 40.0% to 45.0% from that of 2005, and such index shall be a restraining guideline, and incorporated into the mid-and long-term plans of social economic development, and related domestic statistics monitoring and examination methods will be made.

LABOR PROTECTION

Pursuant to the PRC Labor Law (中華人民共和國勞動法), which became effective on August 27, 2009, the PRC Labor Contract Law (中華人民共和國勞動合同法), which became effective on January 1, 2008 and amended on July 1, 2013, and the Regulation on the Implementation of the Labor Contract Law of the PRC (中華人民共和國勞動合同法實施條例), which became effective on September 18, 2008, employers and employees shall enter into written employment contracts to establish their employment relationship. The employment contracts shall set forth the terms, duties, remuneration, disciplinary rules of the employment and conditions to terminate the employment contracts.

Employers and employees shall fulfill their respective obligations pursuant to the terms of the employment contracts. Remunerations of the employees shall not be lower than the minimum wage standards as stipulated by local governments, and employers shall pay remuneration to employees on time and in full as required under the contracts and strictly adhere to the working quota standards. The employment contracts can only be terminated in accordance with relevant labor laws.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法), which became effective on July 1, 2011, employees shall participate in basic pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance schemes. Basic pension insurance, basic medical insurance and unemployment insurance contributions shall be paid by both employers and employees while contributions for work-related injury insurance and maternity insurance shall solely be borne by employers.

Pursuant to the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), which became effective on April 3, 1999 and was amended on March 24, 2002, each PRC company shall register with applicable housing provident fund management center and establish a special housing provident fund account in an entrusted bank. Each PRC company and their employees are both required to contribute to the provident fund and each of their respective deposits shall not be less than 5% of the employee's monthly average wage of the preceding year.

LAWS AND REGULATIONS ON INTELLECTUAL PROPERTY

Patent

Pursuant to the Patent Law of the PRC (中華人民共和國專利法), which became effective on April 1, 1985 and amended and effective from October 1, 2009, an individual or entity may apply for patent rights in connection with any inventions, utility models or designs. The validity term of the patent rights for each invention shall be 20 years while the validity terms of utility models and designs shall be ten years, all commencing from the date of application. Unless otherwise stipulated by law, no individual or entity may, without the authorization of the patent owner, exploit the patents, that is, to make, use, offer to sell, sell or import patented products, use the patented process, or use, offer to sell, sell or import any product manufactured directly through the patented process, for commercial purposes.

Trademark

Pursuant to the Trademark Law of the PRC (中華人民共和國商標法),which was amended on August 30, 2013 and became effective on May 1, 2014 (the "**Trademark Law**"), the right to exclusive use of a registered trademark shall be limited to trademarks which have been approved for registration and to goods for which the use of trademark has been approved. The period of validity of a registered trademark shall be ten years, commencing from the date of registration, and may be extended thereafter, with each extension for ten years. According to the Trademark Law, using a trademark that is identical with or similar to a registered trademark in connection with the same or similar goods without the authorization of the owner of the registered trademark constitutes an infringement of the exclusive right to use a registered trademark. The infringer may be required in accordance with the regulations to undertake to cease the infringement, take remedial action, and pay damages, etc.

TAXATION LAWS AND REGULATIONS

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), which became effective on January 1, 2008 (the "**EIT Law**"), and the Implementation Rules to the Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例), which became effective on January 1, 2008 (the "**Implementation Rules**"), both domestic and foreign-invested enterprises are generally subject to the same income tax rate of 25%. Resident enterprises, namely, the enterprises set up in the PRC under the PRC law, or incorporated under the laws of a foreign jurisdiction but with its actual administrative organization in the PRC, must pay enterprise income tax for incomes originating from both within and outside the PRC. In addition, non-resident enterprises that have set up branch offices or establishments in the PRC must pay enterprise income tax in relation to income sourced within the PRC and obtained by such branch offices or establishments, as well as income generated from outside the PRC but with actual connections to such branch offices or establishments. Moreover, non-resident enterprises with no branch offices or establishments in the PRC, or no actual connection between their income and their branch offices or establishments, must also pay enterprise income tax in relation to income sourced within the PRC.

According to the EIT Law and the Implementation Rules, an environmental protection project or energy and water saving project that meets certain requirements is entitled to an enterprise income tax exemption for the first three years after such project generates revenue and a 50% reduction from enterprise income tax for the following three years. The scope and categories of such projects are specified in the Catalog of Enterprise Income Tax Preferences for Environmental Protection and Energy and Water Saving Projects (Trial) (環境保護、節能節水項目企業所得稅優惠目錄(試行)) issued by the MOF, the SAT and the NDRC, which became effective on December 31, 2009. The waste-to-energy portion in our integrated biomass and waste-to-energy projects, hazardous waste treatment projects, solar energy projects and wind power projects are listed in this catalog, and the relevant project companies are entitled to the tax exemption and reduction based on the above schedule.

According to the Implementation Rules on the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例), as biomass raw materials are listed in the Catalog of Resources Entitled to Beneficial Enterprise Income Tax Treatment for Comprehensive Utilization (2008) (資源綜合利用企業所得稅優惠目錄(2008)), the revenue of an eligible operating company under PRC GAAP is deemed to be 90% of the actual revenue for purposes of calculating the amount of its enterprise income tax.

Business Tax

According to the Letter of Reply Regarding Business Tax on Waste Treatment of the SAT (國家稅務總局關於垃圾處置費徵收營業稅問題的批覆), which became effective on November 30, 2005, income generated from waste treatment activities conducted by entities and individuals is not subject to business tax.

Value-added Tax

According to the Notice on the Value-Added Tax Policy Concerning Utilization of Resources and Other Products (關於資源綜合利用及其他產品增值稅政策的通知) promulgated by the SAT in December 2008, a biomass operating company is entitled to a 100% refund of VAT for electricity generated before July 2015. This notice was replaced by the Notice on Issuing the Catalog of Value-Added Tax Preferential Policies for Products and Labor Services Involving Comprehensive Utilization of Resources (關於印發《資源綜合利用產品和勞務增值稅優惠目錄》的通知), which became effective in July 2015, according to which a biomass operating company is entitled to a 100% refund of VAT for electricity and heat generated from biomass raw materials and a waste-to-energy operating company is be entitled to 70% refund of VAT for household waste treatment service fees.

According to the Notice on VAT Policy for Photovoltaic Electricity Generation (關於光伏發電增值稅政策的通知) jointly issued by the MOF and the SAT in September 2013, solar energy project companies were entitled to 50% refund of VAT for electricity generated until December 31, 2015. Such 50% refund was further extended from January 1, 2016 to December 31, 2018 pursuant to the Notice on Continuing on VAT Policy for Photovoltaic Electricity Generation (關於繼續執行光伏發電增值税政策的通知) jointly issued by the MOF and the SAT in July 2016. According to the Notice on VAT Policies for Wind Power Generation Projects issued by the MOF and the SAT in June 2015, wind power project companies are entitled to 50% refund of VAT for electricity generated.

LAWS AND REGULATIONS ON FOREIGN EXCHANGE AND DIVIDENDS

Foreign Currency Exchange

According to the Foreign Exchange Administration Rules of the PRC (中華人民共和國外匯管理條例), which became effective on April 1, 1996 and was amended on August 5, 2008, foreign exchange settlement does not apply to capital items, such as capital transfer, direct investment, equity investment, derivative products or loans unless prior approval by competent foreign exchange administrative authorities is obtained. Foreign institutions or individuals conducting direct investment in the PRC shall register with the foreign exchange administrative department after obtaining the approval from the competent authority. Capital item foreign exchange and settlement funds shall be used for the purposes approved by national foreign exchange administrative authorities. The PRC institutions or individuals conducting direct investment overseas or issuing or trading negotiable securities or derivative products overseas shall complete the registration according to the requirements of the national foreign exchange administrative authorities. The foreign exchange income of a domestic institution or individual may be transferred back into the PRC or deposited overseas. The terms or conditions for such transfer or deposit are subject to regulations of relevant foreign exchange authorities. Payment and receipt of foreign exchange under current items shall be based on true and legal transactions.

The transfer of capital item foreign exchange overseas shall be conducted pursuant to the requirements of the national foreign exchange administrative authorities. The foreign exchange funds to be transferred overseas shall be self-owned funds or purchased from financial institutions engaged in foreign exchange settlement business.

Dividend Distribution

According to the Law of the PRC on Foreign-funded Enterprises (中華人民共和國外資企業法), which was amended on October 31, 2000, and further amended on September 3, 2016 and its implementation rules, foreign-funded enterprises shall open bank accounts with the Bank of China or a bank designated by national foreign exchange administrative authorities. Foreign exchange income of foreign-funded enterprises shall be deposited into the foreign exchange account at the deposit bank, and the foreign exchange expenses shall be deducted from the foreign exchange account as well. Foreign investors may remit abroad their legitimate profit, other lawful incomes and liquidated funds received from the foreign-funded enterprises.

The PRC and the Hong Kong SAR signed the Arrangement between the Mainland of China and the Hong Kong SAR for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) (the "**Comprehensive Arrangement**") on August 21, 2006, which became effective on December 8, 2006. According to the Comprehensive Arrangement, dividends paid by a PRC resident company to a Hong Kong resident company are subject to a withholding tax rate of 5%, provided that such Hong Kong resident company directly holds at least 25% of the equity interests of the PRC resident company. The withholding tax rate of 10% applies to dividends paid by a PRC resident company to a Hong Kong resident company if such Hong Kong resident company holds less than 25% of the equity interests of the PRC resident company.

Moreover, according to the Notice of the State Administration of Taxation on Relevant Issues concerning the Implementation of Dividend Clauses in Tax Agreements (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which became effective on February 20, 2009, each of the following conditions must be satisfied in order for a taxpayer to enjoy the preferential tax treatments under the tax agreement for dividends received from a PRC resident enterprise where required by a treaty: (1) such taxpayer that receives dividends shall, pursuant to the provisions of the tax agreement, be a company; (2) the taxpayer shall directly hold at least the requisite prescribed proportion of the owner's equity interests and voting shares of the PRC resident company; and (3) the proportion of equities owned by such taxpayer in the PRC resident company shall, at any time within the consecutive 12 months prior to obtaining the dividends, comply with the proportion requirements under the tax agreement.

According to the Administrative Measures for Non-resident Taxpayers to Enjoy Treatments under Tax Treaties (非居民納稅人享受稅收協定待遇管理辦法), which became effective on November 1, 2015, non-resident taxpayers (as defined under the EIT Law) entitled to preferential tax benefits under the tax treaties will spontaneously enjoy such benefits when they file their own tax returns, or when their withholding agents file the withholding tax returns for such taxpayers, to the competent tax authorities.

OUR HISTORY

Our Development

Our origin can be traced back to 2006 when CEIL Group expanded its operations into the greentech business. In October 2006, we entered into a concession agreement with the government of Suzhou, Jiangsu Province, with respect to our first hazardous waste landfill project, Suzhou Hazardous Waste Landfill Project. It was constructed in two phases. Phase I commenced operation in July 2007, and has been filled, capped and closed. Phase II has a hazardous waste processing designed capacity of 40,000 tons per annum, and commenced commercial operation in January 2013. Our hazardous waste treatment business continued to expand across Jiangsu Province and Shandong Province.

In February 2010, our biomass business began when we entered into an investment agreement with the government of Dangshan, Anhui Province, with respect to our first biomass project, Dangshan biomass direct combustion project, which commenced its commercial operation in September 2011. In April 2014, we entered into an additional concession agreement with Dangshan government with respect to an additional waste-to-energy project. The two projects form an integrated biomass and waste-to-energy facility, which is our first pair of integrated biomass and waste-to-energy projects, and the waste-to-energy facility started to generate operation revenue in April 2016. We have entered into several investment agreements with local governments with respect to integrated biomass and waste-to-energy projects across Anhui Province, Jiangsu Province and Sichuan Province.

In June 2010, our business then grew to include the solar energy business when we entered into an investment agreement with the government of Zhenjiang, Jiangsu Province, with respect to our first solar energy project, Zhenjiang Ground Solar Energy Project. We continued to develop our solar energy projects across Jiangsu Province and Anhui Province. In July 2011, our first overseas project, German Ground Solar Energy Project, commenced its commercial operation. Our first wind power projects, Ningwu Wind Power Projects, started generating revenue in the second half of 2015.

As of the Latest Practicable Date, we have grown our business to seven biomass projects in operation, 12 biomass projects under construction and 18 biomass projects at the planning stage, eight hazardous waste treatment projects in operation, two hazardous waste treatment projects under construction and 12 hazardous waste treatment projects at the planning stage; and seven solar energy projects and two wind power projects in operation.

In 2015, our Company was incorporated in the Cayman Islands as an indirect wholly-owned subsidiary of CEIL to hold the greentech business of the CEIL Group.

Key Business Milestones

The following table shows various key milestones in the history of our corporate and business development:

October 2006	The concession agreement for the Suzhou Hazardous Waste Landfill Project (Phase I) was entered into with the government of Suzhou, Jiangsu Province. This project is our first hazardous waste landfill project
July 2007	The Suzhou Hazardous Waste Landfill Project (Phase I) commenced commercial operation
February 2010	The investment agreement for the Dangshan biomass direct combustion project, which later became Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass), was entered into with the government of Dangshan, Anhui Province. This project is our first biomass project
June 2010	The investment agreement for the Zhenjiang Ground Solar Energy Project was entered into with the government of Zhenjiang, Jiangsu Province. This project is our first solar energy project
December 2010	The Zhenjiang Ground Solar Energy Project commenced commercial operation
December 2010	Two separate investment agreements for the Ningwu Wind Power Projects were entered into with the government of Ningwu, Shanxi Province. These projects are our first wind power projects
March 2011	All the shares in Solarpark Schönewalde AG & Co. KG were acquired for the construction of the German Ground Solar Energy Project in Germany. This project is our first overseas project
July 2011	The German Ground Solar Energy Project commenced commercial operation
September 2011	The Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass) commenced commercial operation
January 2013	The Suzhou Hazardous Waste Landfill Project (Phase II) commenced commercial operation
May 2013	The investment agreement for the Zibo Hazardous Waste Incineration Projects (Phase I and Phase II) was entered into with the government of Zibo, Shandong Province. These projects are our first hazardous waste incineration projects

April 2014	An additional concession agreement for a waste-to-energy project, which is integrated with the biomass project to form the Dangshan Integrated Biomass and Waste-to-Energy Projects, was entered into with Dangshan government
September to October 2015	Ningwu Wind Power Projects started generating revenue
April 2016	The waste-to-energy project of the first pair of integrated biomass and waste-to-energy projects, Dangshan Integrated Biomass and Waste-to-Energy Project, started generating operation revenue
September 2016	Sucheng Biomass Heat Supply Project, our first biomass heat generation project, commenced commercial operation
October 2016	The investment agreement for the Jiangsu Xinyi Animal Carcass Harmless Treatment Project, our first animal carcass harmless treatment project, was entered into with the Forestry and Animal Husbandry Administration Office of Xinyi Agriculture Commission

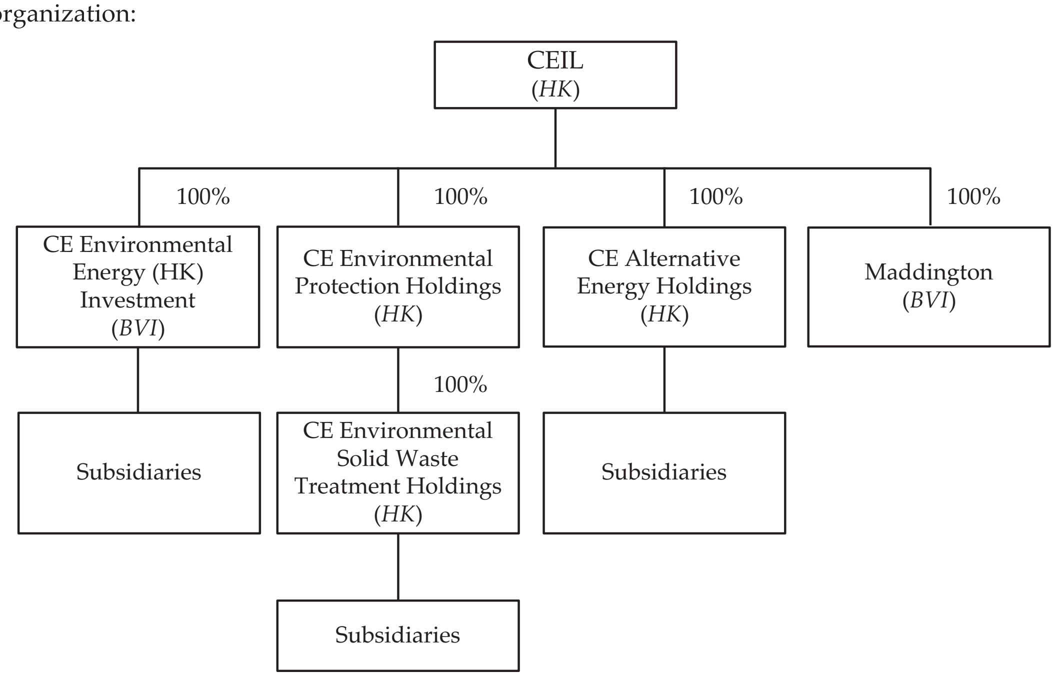
Our Operating Subsidiaries

Our business is primarily conducted by operating subsidiaries established by us at our project locations, except for Everbright Environmental Protection (Lianyungang) Waste Disposal Company Limited in which we acquired 100% equity interests in January 2014. For further details, see "Appendix I — Accountants' Report — Note 1".

PRE-IPO REORGANIZATION

Corporate Structure Immediately Prior to the Pre-IPO Reorganization

The following chart sets forth CEIL Group structure immediately prior to the Pre-IPO Reorganization:



In preparation for the Listing, we carried out the following principal steps with respect to the Pre-IPO Reorganization. All steps involved in the Pre-IPO Reorganization were conducted in accordance with applicable laws and regulations.

1. Incorporation of China Everbright Green Holdings, EB Renewable Energy Holdings, the Company and EB Renewable Energy and Hazardous Waste Investment

On July 22, 2015, China Everbright Green Holdings was incorporated as a company limited by shares under the laws of the BVI. On the date of incorporation, China Everbright Green Holdings issued and allotted one ordinary share of par value US$1.00 to CEIL. As a result, CEIL became the sole shareholder of China Everbright Green Holdings.

On July 22, 2015, EB Renewable Energy Holdings was incorporated as a company limited by shares under the laws of the BVI. On the date of incorporation, EB Renewable Energy Holdings issued and allotted one ordinary share to CEIL. As a result, CEIL became the sole shareholder of EB Renewable Energy Holdings.

On October 13, 2015, the Company was incorporated as an exempted company with limited liability under the laws of the Cayman Islands. On the date of incorporation, the Company issued and allotted one ordinary share of par value US$1.00 to the subscriber, which transferred the said one share to China Everbright Green Holdings. As a result, China Everbright Green Holdings became the sole shareholder of the Company.

On October 23, 2015, EB Renewable Energy and Hazardous Waste Investment was incorporated as a company limited by shares under the laws of the BVI. On the date of incorporation, EB Renewable Energy and Hazardous Waste Investment respectively issued and allotted one ordinary share to the Company. As a result, the Company became the sole shareholder of EB Renewable Energy and Hazardous Waste Investment.

2. Transfer of shares in CE Alternative Energy Holdings by CEIL and allotment of shares by EB Renewable Energy Holdings to CEIL

Pursuant to a share transfer agreement dated November 5, 2015 entered into between CEIL as the transferor and EB Renewable Energy Holdings as the transferee, CEIL transferred 100 shares, representing all of the issued shares in CE Alternative Energy Holdings, to EB Renewable Energy Holdings in consideration of which EB Renewable Energy Holdings issued and allotted 49 newly issued and allotted shares to CEIL. Upon completion of the transfer, CEIL ceased to be a shareholder of CE Alternative Energy Holdings and EB Renewable Energy Holdings became the sole shareholder of CE Alternative Energy Holdings.

3. Transfer of shares in EB Renewable Energy Holdings by CEIL and allotment of shares by China Everbright Green Holdings to CEIL

Pursuant to a share transfer agreement dated November 20, 2015 entered into between CEIL as transferor and China Everbright Green Holdings as transferee, CEIL transferred 100 shares, representing all of the issued shares of EB Renewable Energy Holdings to China Everbright Green

Holdings in consideration of which China Everbright Green Holdings issued and allotted 99 newly issued and allotted ordinary shares of par value US$1.00 each to CEIL. Upon completion of the transfer, CEIL ceased to be a shareholder of EB Renewable Energy Holdings while China Everbright Green Holdings became the sole shareholder of EB Renewable Energy Holdings.

4. Transfer of shares in EB Renewable Energy Holdings by China Everbright Green Holdings and allotment of shares by the Company to China Everbright Green Holdings

Pursuant to a share transfer agreement dated November 20, 2015 entered into between China Everbright Green Holdings as transferor and the Company as transferee, China Everbright Green Holdings transferred 100 shares, representing all of the issued shares of EB Renewable Energy Holdings to the Company in consideration of which the Company issued and allotted 99 newly issued and allotted ordinary shares of par value US$1.00 each to China Everbright Green Holdings. Upon completion of the transfer, China Everbright Green Holdings ceased to be a shareholder of EB Renewable Energy Holdings, while the Company became the sole shareholder of EB Renewable Energy Holdings.

5. Transfer of shares in EB Renewable Energy Holdings by the Company and allotment of shares by EB Renewable Energy and Hazardous Waste Investment to the Company

Pursuant to a share transfer agreement dated November 20, 2015 entered into between the Company as transferor and EB Renewable Energy and Hazardous Waste Investment as transferee, the Company transferred 100 shares, representing all of the issued shares of EB Renewable Energy Holdings to EB Renewable Energy and Hazardous Waste Investment, in consideration of which EB Renewable Energy and Hazardous Waste Investment issued and allotted 99 newly issued and allotted shares to the Company. Upon completion of the transfer, EB Renewable Energy and Hazardous Waste Investment became the direct sole shareholder of EB Renewable Energy Holdings.

6. Transfer of shares in Maddington by CEIL and allotment of shares by China Everbright Green Holdings to CEIL

Pursuant to a share transfer agreement dated November 23, 2015 entered into between CEIL as transferor and China Everbright Green Holdings as transferee, CEIL transferred 100 shares, representing all of the issued shares of Maddington to China Everbright Green Holdings, in consideration of which China Everbright Green Holdings issued and allotted 100 newly issued and allotted shares to CEIL. Upon completion of the transfer, CEIL ceased to be a shareholder of Maddington, while China Everbright Green Holdings became the sole shareholder of Maddington.

7. Incorporation of EB Hazardous Waste Holdings

On November 2, 2015, EB Hazardous Waste Holdings was incorporated as a company limited by shares under the laws of the BVI. On the date of incorporation, EB Hazardous Waste Holdings issued and allotted one ordinary share to EB Renewable Energy and Hazardous Waste Investment. As a result, EB Renewable Energy and Hazardous Waste Investment became the sole shareholder of EB Hazardous Waste Holdings.

8. Transfer of shares in Maddington by China Everbright Green Holdings and allotment of shares by the Company

Pursuant to a share transfer agreement dated November 24, 2015 entered into between China Everbright Green Holdings as transferor and the Company as transferee, China Everbright Green Holdings transferred 100 shares, representing all of the issued shares of Maddington to the Company, in consideration of which the Company issued and allotted 100 newly issued and allotted ordinary shares of par value US$1.00 each to China Everbright Green Holdings. Upon completion of the transfer, the Company became the direct sole shareholder of Maddington.

9. Transfer of shares in Maddington by the Company and allotment of shares by EB Renewable Energy and Hazardous Waste Investment to the Company

Pursuant to a share transfer agreement dated November 24, 2015 entered into between the Company as transferor and the EB Renewable Energy and Hazardous Waste Investment as transferee, the Company transferred 100 shares, representing all of the issued shares of Maddington to EB Renewable Energy and Hazardous Waste Investment, in consideration of which EB Renewable Energy and Hazardous Waste Investment issued and allotted 100 newly issued and allotted shares to the Company. Upon completion of the transfer, EB Renewable Energy and Hazardous Waste Investment became the direct sole shareholder of Maddington.

10. Transfer of shares in Maddington by EB Renewable Energy and Hazardous Waste Investment and allotment of shares by EB Hazardous Waste Holdings to EB Renewable Energy and Hazardous Waste Investment

Pursuant to a share transfer agreement dated November 24, 2015 entered into between EB Renewable Energy and Hazardous Waste Investment as transferor and the EB Hazardous Waste Holdings as transferee, EB Renewable Energy and Hazardous Waste Investment transferred 100 shares, representing all of the issued shares of Maddington to EB Hazardous Waste Holdings, in consideration of which EB Hazardous Waste Holdings issued and allotted 99 newly issued and allotted shares to EB Renewable Energy and Hazardous Waste Investment. Upon completion of the transfer, EB Hazardous Waste Holdings became the direct sole shareholder of Maddington.

11. Transfer of shares in Maddington by EB Hazardous Waste Holdings and transfer of shares in CE Environmental Solid Waste Treatment Holdings by CE Environmental Protection Holdings

Pursuant to a share transfer agreement dated November 30, 2015 entered into between CE Environmental Protection Holdings as transferor and EB Hazardous Waste Holdings as transferee, CE

Environmental Protection Holdings transferred 100 shares, representing all of the issued shares of CE Environmental Solid Waste Treatment Holdings to EB Hazardous Waste Holdings, in consideration of which EB Hazardous Waste Holdings transferred 100 shares, representing all of the issued shares of Maddington to CE Environmental Protection Holdings. Upon completion of the transfer, CE Environmental Protection Holdings became the direct sole shareholder of Maddington, while EB Hazardous Waste Holdings became the direct sole shareholder of CE Environmental Solid Waste Treatment Holdings.

12. Incorporation of CE Urban and Rural Integrated Investment and EB Environmental Energy Management

On July 14, 2015, CE Urban and Rural Integrated Investment was incorporated as a company limited by shares under the laws of the BVI. On the date of incorporation, CE Urban and Rural Integrated Investment issued and allotted one ordinary share to CE Alternative Energy Holdings. As a result, CE Alternative Energy Holdings became the sole shareholder of CE Urban and Rural Integrated Investment.

On September 23, 2015, EB Environmental Energy Management was incorporated as a company limited by shares under the laws of the BVI. On the date of incorporation, EB Environmental Energy Management issued and allotted one ordinary share to CE Urban and Rural Integrated Investment. As a result, CE Urban and Rural Integrated Investment became the sole shareholder of EB Environmental Energy Management.

13. Transfer of shares in EB Environmental Energy (Anhui Suzhou) Holdings by CE Environmental Energy (HK) Investment and transfer of shares in EB Environmental Energy Management by CE Urban and Rural Integrated Investment

Pursuant to a share transfer agreement dated December 2, 2015 entered into between CE Environmental Energy (HK) Investment as transferor and CE Urban and Rural Integrated Investment as transferee, CE Environmental Energy (HK) Investment transferred 100 shares, representing all of the issued shares of EB Environmental Energy (Anhui Suzhou) Holdings to CE Urban and Rural Integrated Investment, in consideration of which CE Urban and Rural Integrated Investment transferred 100 shares, representing all of the issued shares of EB Environmental Energy Management to CE Environmental Energy (HK) Investment. Upon completion of the transfer, CE Environmental Energy (HK) Investment became the direct sole shareholder of EB Environmental Energy Management, while CE Urban and Rural Integrated Investment became the direct sole shareholder of EB Environmental Energy (Anhui Suzhou) Holdings.

14. Incorporation of EB Renewable Energy Management

On September 23, 2015, EB Renewable Energy Management was incorporated as a company limited by shares under the laws of the BVI. On the date of incorporation, EB Renewable Energy

Management issued and allotted one ordinary share to CE Urban and Rural Integrated Investment. As a result, CE Urban and Rural Integrated Investment became the sole shareholder of EB Renewable Energy Management.

15. Transfer of shares in EB Alternative Energy (Suzhou) Holdings by CE Biomass Energy Investment and transfer of shares in EB Renewable Energy Management by CE Urban and Rural Integrated Investment

Pursuant to a share transfer agreement dated December 8, 2015 entered into between CE Biomass Energy Investment as transferor and CE Urban and Rural Integrated Investment as transferee, CE Biomass Energy Investment transferred 100 shares, representing all of the issued shares of EB Alternative Energy (Suzhou) Holdings to CE Urban and Rural Integrated Investment, in consideration of which CE Urban and Rural Integrated Investment transferred 100 shares, representing all of the issued shares of EB Renewable Energy Management to CE Biomass Energy Investment. Upon completion of the transfer, CE Biomass Energy Investment became the direct sole shareholder of EB Renewable Energy Management, while CE Urban and Rural Integrated Investment became the direct sole shareholder of EB Alternative Energy (Suzhou) Holdings.

16. Incorporation of CE Greentech Management and Everbright Greentech Management (Shenzhen)

On December 9, 2015, CE Greentech Management was incorporated as a limited liability company under the laws of Hong Kong. On the date of incorporation, CE Greentech Management issued and allotted 100 ordinary shares to EB Renewable Energy and Hazardous Waste Investment. As a result, EB Renewable Energy and Hazardous Waste Investment became the direct sole shareholder of CE Greentech Management.

On December 24, 2015, Everbright Greentech Management (Shenzhen) was incorporated as a limited liability company under the laws of the PRC with a registered capital of HK$10,000,000 and the amount of HK$10,000,000 was contributed by CE Greentech Management. As a result, CE Greentech Management became the direct sole shareholder of Everbright Greentech Management (Shenzhen).

17. Incorporation of EB Urban and Rural Renewable Energy (Huai'an) Holdings

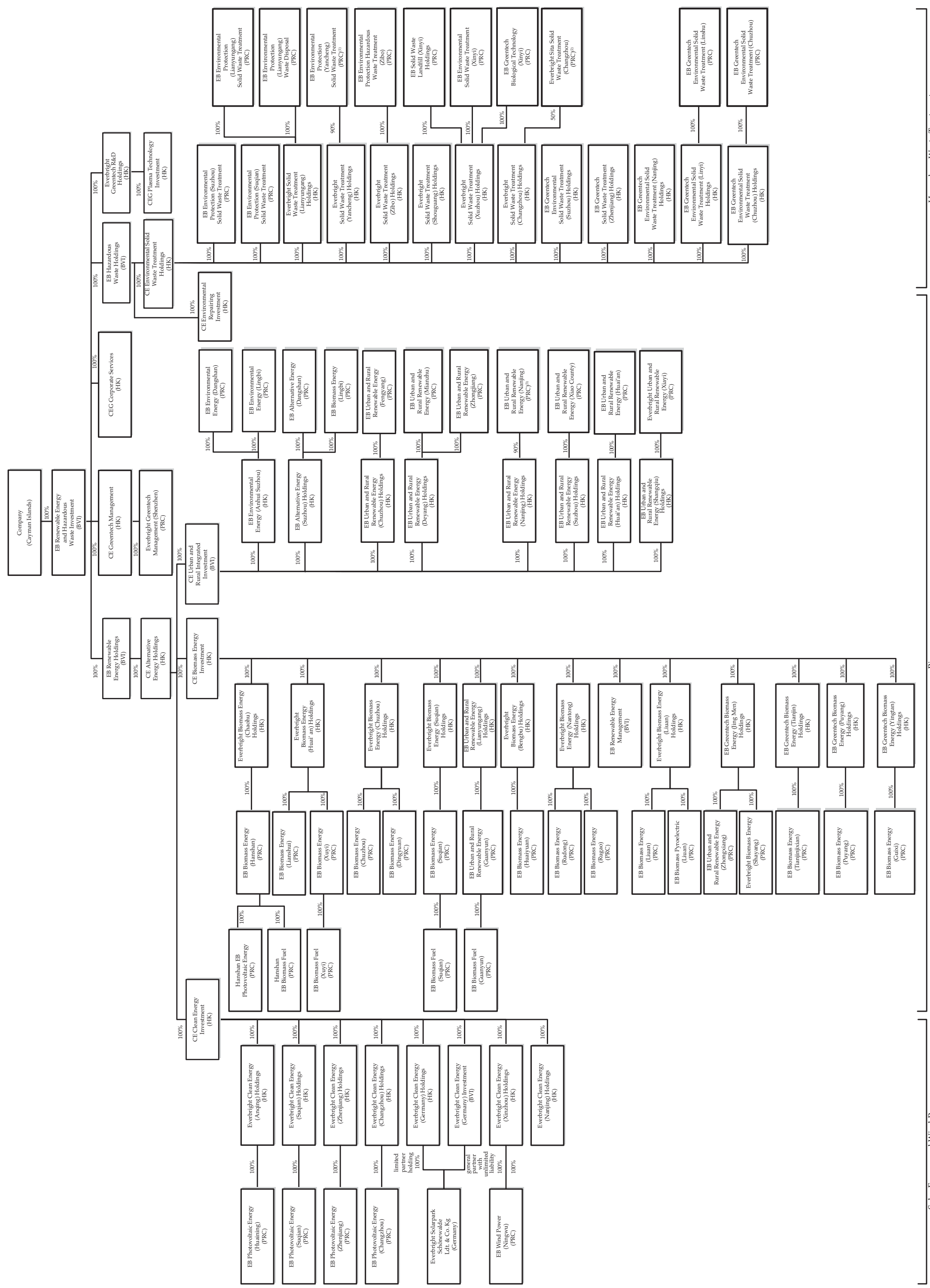
On February 2, 2016, EB Urban and Rural Renewable Energy (Huai'an) Holdings was incorporated as a limited liability company under the laws of Hong Kong. On the date of incorporation, EB Urban and Rural Renewable Energy (Huai'an) Holdings issued and allotted 100 ordinary shares to CE Urban and Rural Integrated Investment. As a result, CE Urban and Rural Integrated Investment became the direct sole shareholder of EB Urban and Rural Renewable Energy (Huai'an) Holdings.

18. Incorporation of CEG Corporate Services

On March 10, 2016, CEG Corporate Services was incorporated as a limited liability company under the laws of Hong Kong. On the date of incorporation, CEG Corporate Services issued and allotted 100 ordinary shares to EB Renewable Energy and Hazardous Waste Investment. As a result, EB Renewable Energy and Hazardous Waste Investment became the direct sole shareholder of CEG Corporate Services.

CORPORATE STRUCTURE

The following chart is a simplified representation of our corporate structure as of the Latest Practicable Date.



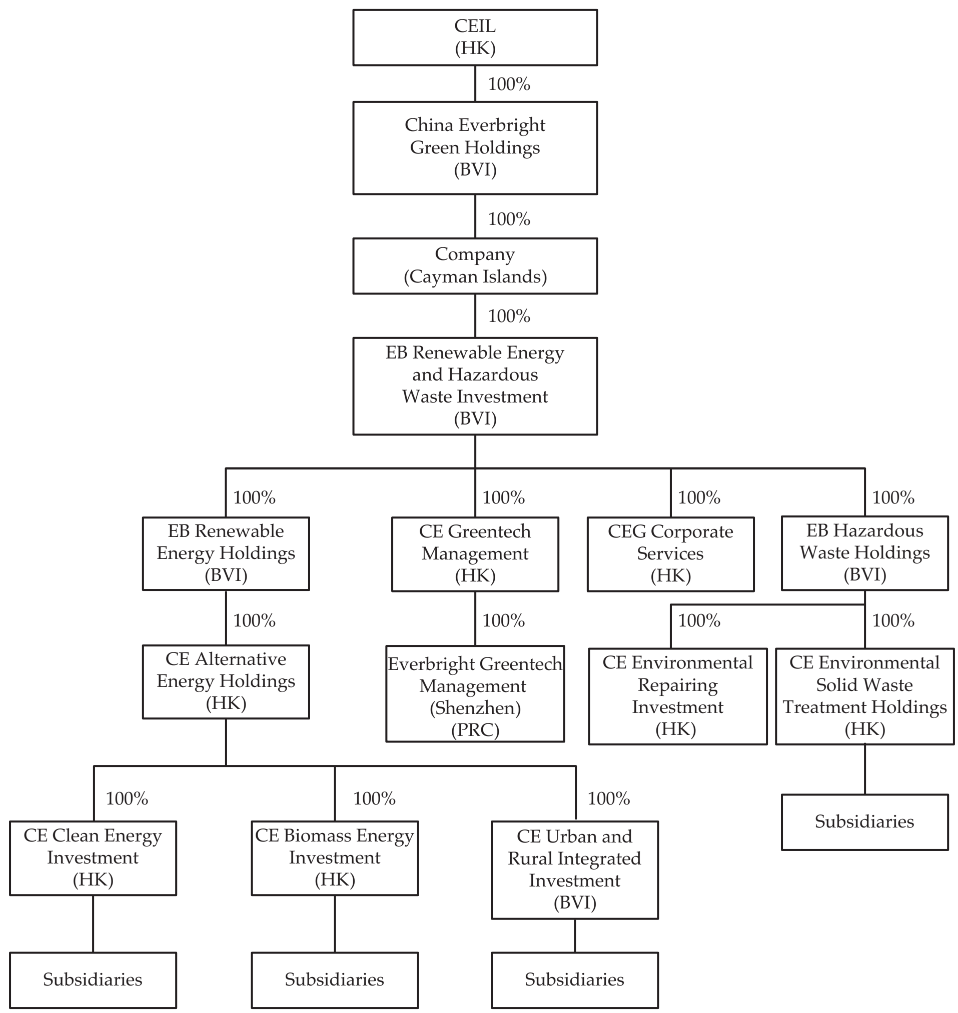
Notes:

(1) Binhai Hongda Economic Development Company Limited (濱海宏達經濟發展有限公司) holds the remaining 10% equity interest in EB Environmental Protection (Yancheng) Solid Waste Treatment and is an independent third party.

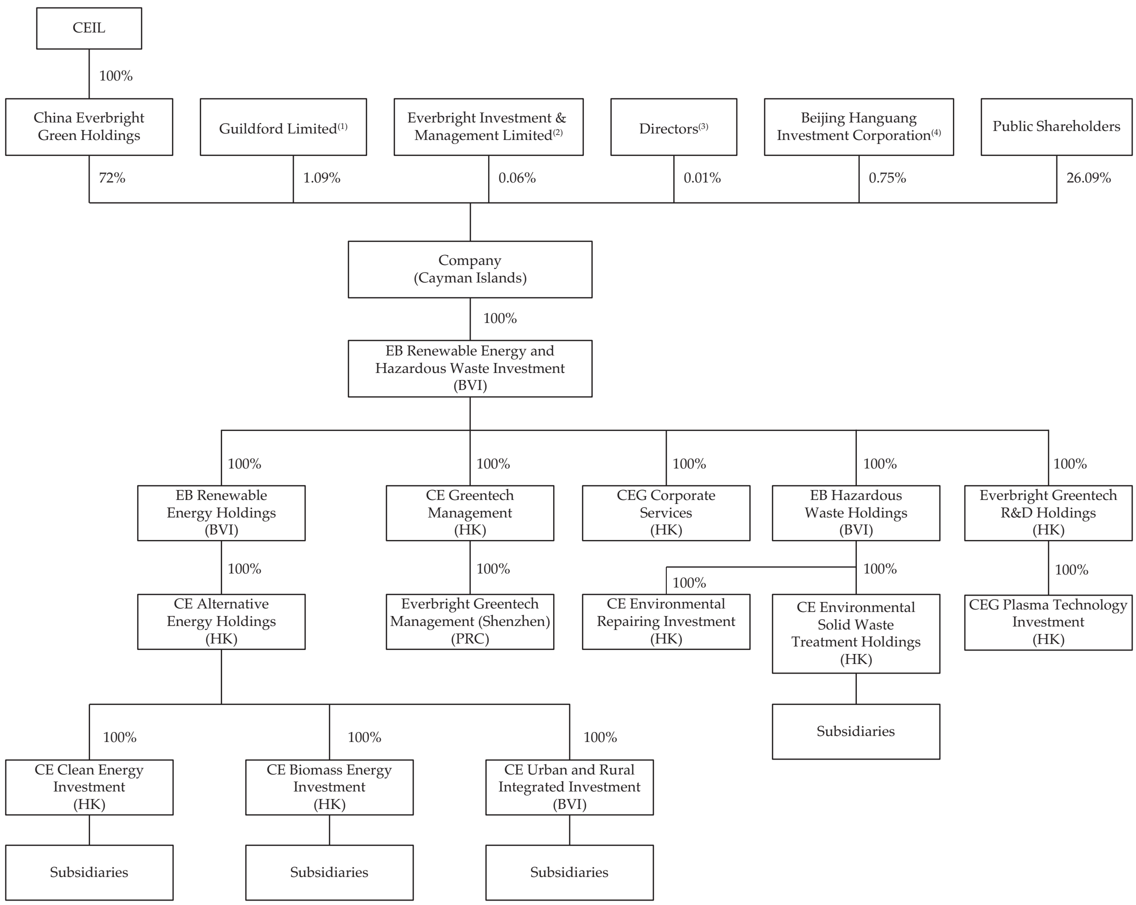
(2) SITA Asia Pacific Limited (升達亞洲有限公司) holds the remaining 50% equity interest in Everbright SITA Solid Waste Treatment (Changzhou) Limited and is an independent third party.

(3) Nanjing Ji Mu Investment Company Limited (南京極目實業投資有限公司) holds the remaining 10% equity interest in EB Urban and Rural Renewable Energy (Nanjing) Limited and is an independent third party.

The following chart is a simplified representation of our Group structure immediately following the completion of the Pre-IPO Reorganization but before the completion of the Capitalization Issue and the Global Offering:



The following chart is a simplified representation of our Group structure immediately following the completion of the Capitalization Issue and the Global Offering (assuming that all Qualifying CEIL Shareholders take up their respective Assured Entitlements under the Preferential Offering in full and that the Over-allotment Option is not exercised):



Notes:

(1) As at the Latest Practicable Date, Guildford Limited is an indirect wholly-owned subsidiary of CE Hong Kong. As a Qualifying CEIL Shareholder, it will be entitled to apply for 21,706,369 Reserved Shares pursuant to the Preferential Offering, representing approximately 1.09% of the Company's issued share capital upon completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

(2) As at the Latest Practicable Date, Everbright Investment & Management Limited is a wholly-owned subsidiary of CE Hong Kong. As a Qualifying CEIL Shareholder, it will be entitled to apply for 1,206,617 Reserved Shares pursuant to the Preferential Offering, representing approximately 0.06% of the Company's issued share capital upon completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

(3) Mr. Chen Xiaoping and Mr. Hu Yanguo, as Qualifying CEIL Shareholders, will be entitled to apply for 111,111 Reserved Shares and 1,728 Reserved Shares respectively, pursuant to the Preferential Offering, representing in aggregate approximately 0.01% of the Company's issued share capital upon completion of the Capitalisation Issue and the Global Offering (assuming the Over-allotment Option is not exercised).

(4) Beijing Hanguang Investment Corporation is a indirect wholly-owned subsidiary of China Investment Corporation. Based on the Offer Price of HK$5.18 (being the low end of the Offer Price range set out in this Prospectus), Beijing Hanguang Investment Corporation will subscribe for 15,002,000 Shares, representing approximately 0.75% of the Company's issued share capital upon completion of the Capitalization Issue and the Global Offering (assuming the

Over-allotment Option is not exercised). The Shares held by Beijing Hanguang Investment Corporation will not count towards the public float of the Shares. See the sections headed "Waivers and Consents from Strict Compliance with the Hong Kong Listing Rules — Waivers and Consents in respect of Allocation of Shares to Connected Clients of Certain Joint Bookrunners and Close Associates of an Existing Shareholder" and "Cornerstone Investors" for further details.

THE SPIN-OFF

On November 10, 2015, CEIL announced that it had on September 17, 2015 submitted a spin-off proposal to the Hong Kong Stock Exchange pursuant to Practice Note 15 of the Hong Kong Listing Rules in relation to the Spin-off and the Hong Kong Stock Exchange had confirmed that CEIL may proceed with the Spin-off.

The board of directors of CEIL believes that the Spin-off will bring about the following benefits to both CEIL and our Company:

(i) **Unlocking potential value of our Group**

The Spin-off will create an opportunity for new investors to invest in our Company, and unlock the shareholder value for the CEIL Shareholders by better identifying and establishing the stand-alone corporate value of our greentech business. It is anticipated that this value will represent a substantial enhancement to the existing value of CEIL within the confines of CEIL to the benefit of the CEIL shareholders;

(ii) **Focus and clarity of business**

The Spin-off will allow the different management teams of the CEIL Group and our Group to focus more effectively on their distinctive businesses, allowing for a more focused strategy and efficient resource allocation at both businesses. The Spin-off will also facilitate dedicated management focus on further developing our Group and capturing opportunities arising in the greentech business due to favorable policy in the PRC;

(iii) **Create a separate investor base for our Group**

The Spin-off could better reflect the value of our Group on our own merits and increase our operational and financial transparency through which investors would be able to appraise and assess the performance and potential of our Group separately and distinctly from those of the Remaining CEIL Group; and

(iv) **Enhanced fund raising flexibility**

The Spin-off will enable our Company to directly and independently access both equity and debt capital markets, and will facilitate us in securing banking facilities, which in turn will increase the financing flexibility to achieve the business strategies of our Group.

In accordance with the requirements of Practice Note 15 of the Hong Kong Listing Rules, CEIL will give due regard to the interests of its shareholders by providing Qualifying CEIL Shareholders with an assured entitlement to the Shares by way of the Preferential Offering. Details of the Preferential Offering are described in the section headed "Structure of the Global Offering" in this Prospectus.

OVERVIEW

We are a PRC specialty environmental protection service provider, focused on the biomass and hazardous waste treatment industries. We have a leading position in these markets in the PRC, with the fourth largest aggregate biomass power generation designed capacity and the third largest aggregate hazardous waste disposal designed capacity in China as of December 31, 2016 for projects in operation, under construction and at the planning stage, according to Frost & Sullivan. As environmental issues in China, especially air pollution and smog, together with their adverse impact on health, increasingly draw national and global attention, and with building an eco-friendly society featuring prominently as one of the core goals of the 13th Five-Year Plan, we believe that our commercial goals are well aligned with China's policy targets and social welfare and we are positioned to benefit from the continued growth of the environmental protection industry and rural development in China.

As of the Latest Practicable Date, we had a diversified portfolio of 68 projects, including 24 projects in operation, 14 projects under construction and 30 projects at the planning stage, in the following three business segments:

- *Biomass.* We utilize biomass raw materials, such as agricultural waste and forestry residue, to generate electricity and heat. As of the Latest Practicable Date, we had 37 biomass projects, including seven projects in operation, 12 projects under construction and 18 projects at the planning stage, with an aggregate power generation designed capacity of 810 MW, an aggregate biomass raw material processing designed capacity of 7,099,800 tons per annum, and an aggregate household waste processing designed capacity of 1,679,000 tons per annum. We target regions with abundant biomass resources and favorable government support such as Jiangsu Province and Anhui Province. Our operations tackle the escalating air pollution and smog issues in China by converting biomass raw materials into electricity and heat instead of burning them in the open air, as is commonly the case in many parts of China. At the same time, we provide benefits to farmers and the rural economy with employment opportunities during the course of biomass raw material purchases. In addition to electricity and heat generation from biomass raw materials, we have developed a unique business model of integrated biomass and waste-to-energy projects to provide one-stop services for local governments to handle both biomass raw materials and household waste at the same location. According to Frost & Sullivan, we were the only company to employ such integrated business model in China as of December 31, 2016. This business model is expected to not only maximize environmental service output but also to lower the overall costs of development and operation as compared with developing and operating these projects on a standalone basis, thereby increasing the overall investment returns of the relevant projects. As of the Latest Practicable Date, we had 12 pairs of integrated biomass and waste-to-energy projects accounting for 23 of our projects[(1)], among which one pair of

(1) Note: For Zhongjiang Integrated Biomass and Waste-to-Energy Projects, we will sign another concession agreement for the Waste-to-Energy project and therefore we did not calculate the Waste-to-Energy Project into the total number of projects at the current stage.

such integrated projects were in operation and the remaining 11 pairs were under construction or at the planning stage. With increasingly severe air pollution, in particular, the smog across China and abundant biomass resources in the rural area, we believe that our biomass business will continue to benefit from strong policy support and has the potential to achieve rapid and sustainable growth.

- *Hazardous waste treatment*. We collect and safely dispose of hazardous waste to minimize its environmental impact. As of the Latest Practicable Date, we had 22 hazardous waste treatment projects, including eight projects in operation, two projects under construction and 12 projects at the planning stage, with an aggregate hazardous waste disposal designed capacity of 504,150 tons per annum. We target regions with a high degree of industrialization and waste production such as Jiangsu Province and Shandong Province and seek to build waste treatment facilities in or close to industrial zones to ensure continuous and stable demand for our services. We currently have the ability to treat 42 out of 46 categories of hazardous waste listed in the National Catalog of Hazardous Waste. According to Frost & Sullivan, the hazardous waste disposal industry in China is highly fragmented and has a shortage of treatment capacity. We believe that our hazardous waste treatment business has strong growth potential driven by the increasingly stringent pollution discharge standards and rigorous enforcement in China.

- *Solar energy and wind power*. We operate solar energy and wind power facilities to generate electricity. As of the Latest Practicable Date, we had seven solar energy projects and two wind power projects in operation with an aggregate power generation designed capacity of 125.9 MW.

We benefit from favorable policies and industry trends. The PRC environmental protection industry as a whole, and the biomass and hazardous waste treatment industries in particular, have grown rapidly. According to Frost & Sullivan, the biomass energy generation capacity and the hazardous waste output in China grew at a CAGR of 16.3% and 5.3%, respectively, from 2011 to 2016. We believe the actual number for output of hazardous waste and its growth in China could be higher due to the large quantity of illegal disposal of hazardous waste. Favorable policy support, including preferential on-grid tariffs, mandatory offtake of electricity, governmental subsidies and beneficial tax treatment, as well as the increasingly stringent environmental standards and intensified enforcement, have all contributed to the rapid growth of the environmental protection industry in the PRC as well as our own growth. According to Frost & Sullivan, supported by the favorable policy environment, growing public awareness and heavy investment from the PRC government, the environmental protection industry in China is expected to continue to grow, and investment in this industry is expected to grow at a CAGR of 17.5% from RMB1,600.0 billion in 2017 to RMB3,049.4 billion in 2021. We believe that our diversified and strategically located portfolio and strong project pipeline will enable us to capitalize on these favorable industry trends to further expand and achieve sustainable growth in the future and we plan to focus on the biomass and hazardous waste treatment segments for our future growth.

We have expanded rapidly during the Track Record Period. The following table sets forth certain key statistics regarding our projects during the Track Record Period:

	As of January 1, 2014	Year ended December 31,			As of the Latest Practicable Date
		2014	2015	2016	
Projects in operation	11	13	15	24	24
Biomass	1	2	2	7	7
Hazardous waste treatment	3	4	4	8	8
Solar energy and wind power	7	7	9	9	9
Projects under construction	2	5	9	14	14
Biomass	1	—	5	12	12
Hazardous waste treatment	1	3	4	2	2
Solar energy and wind power	—	2	—	—	—
Projects at the planning stage	7	11	21	25	30
Biomass	—	6	16	13	18
Hazardous waste treatment	5	5	5	12	12
Solar energy and wind power	2	—	—	—	—
Total designed capacity[(1)]:					
Power generation (MW)	185.9	290.9	573.9	807.9	935.9
Hazardous waste treatment (ton/year)	230,000	271,150	293,150	504,150	504,150

Note:

(1) Includes designed capacity of projects in operation, under construction and at the planning stage.

Our total revenue increased from HK$1,057.8 million in 2014 to HK$1,203.2 million in 2015, and further increased to HK$3,000.1 million in 2016. Our profit for the year increased from HK$199.7 million in 2014 to HK$271.4 million in 2015, and further increased to HK$629.5 million in 2016. Our EBITDA increased from HK$306.4 million in 2014 to HK$441.8 million in 2015, and further increased to HK$982.6 million in 2016.

OUR STRENGTHS

We believe that the following competitive strengths distinguish us from our competitors:

A leader in the fast-growing environmental protection industry with substantial potential for further growth

We are a PRC specialty environmental protection service provider, focused on the biomass and hazardous waste treatment industries. We have leading position in these markets in the PRC, with the fourth largest aggregate biomass power generation designed capacity and the third largest aggregate hazardous waste disposal designed capacity in China as of December 31, 2016 for projects in operation, under construction and at the planning stage, according to Frost & Sullivan. We had the largest market share in terms of hazardous waste disposal designed capacity for all projects in operation, under construction and at the planning stage in East China, the region with the highest volume of hazardous waste output in China in 2016, according to Frost & Sullivan. As of the Latest Practicable Date, we had 24 projects in operation, 14 projects under construction and 30 projects at the planning stage, with an aggregate power generation designed capacity of 935.9 MW and an aggregate hazardous waste disposal designed capacity of 504,150 tons per annum.

Since the reform and opening-up of China, China's economy has experienced stable and fast growth during the past 30 years, and China's economic output tops the global ranking. However, China has been suffering from environmental issues as a result of its industrialization and economic development. During the rapid development of the economy, China's ecosystem has experienced environmental pollution due to large amounts of emissions of industrial exhaust gases and the incineration of agricultural waste, which have become a health concern. Both the Chinese government and the general public are deeply concerned about environmental issues. Building an eco-friendly society and strengthening environmental protection have been elevated as national development goals and feature prominently as core goals of the 13th Five-Year Plan. Various laws, regulations and policies were recently adopted by different levels of the PRC government, including the Action Plan to Prevent and Control Air Pollution (《大氣污染防治行動計劃》) promulgated in September 2013, the amended Environmental Protection Law (《環境保護法》) that became effective in January 2015, the Guidance on Promoting Agricultural Waste Control and Utilization in Rural Areas (《促進農村農業廢棄物控制及利用的指導意見》) promulgated in November 2015, and the Action Plan to Prevent and Control Soil Pollution (《土壤污染防治行動計劃》) promulgated in May 2016, all of which indicated that the PRC government is devoting more efforts to environmental protection. With the strong support of the PRC government, the environmental protection industry is experiencing rapid development. According to Frost & Sullivan, investment in the PRC environmental protection industry is expected to grow at a CAGR of 17.5% from RMB1,600.0 billion in 2017 to RMB3,049.4 billion in 2021.

The biomass and hazardous waste treatment industries in the PRC are in the relatively early development stage and have huge growth potential. The size of the biomass power generation industry is still small and the total cumulative biomass power generation capacity represented only 0.4% of the total power generation capacity in operation in China in 2016, according to Frost & Sullivan. After slow development during the 12th Five-Year Plan, the biomass industry is expected to experience fast development during the 13th Five-Year Plan. According to Frost & Sullivan, the total cumulative biomass power generation capacity is expected to grow at a CAGR of 17.0% from 8,190 MW in 2017 to 15,367 MW in 2021, which is far above 6.0%, the expected growth rate of total power generation capacity in the PRC. In the hazardous waste treatment industry, the treatment capacity of hazardous waste is smaller than the output volume in China. Given that a large volume of illegally disposed of hazardous waste will cause environmental issues, the PRC government has been imposing more rigorous regulatory supervision and higher environmental protection standards on the hazardous waste treatment industry. According to Frost & Sullivan, the treatment rate for hazardous waste will reach 90.5% in 2020 compared to 83.7% in 2016. The annual disposal capacity of hazardous waste treatment is also expected to grow rapidly at a CAGR of 11.7% from 27.2 million tons in 2017 to 42.3 million tons in 2021, according to Frost & Sullivan.

As a result of the government support for the environmental industry, our biomass, solar energy and wind power projects currently enjoy preferential on-grid tariffs, mandatory offtake of electricity, governmental subsidies, and favorable tax treatment. Our hazardous waste treatment projects benefit from favorable tax treatment and government subsidies, as well as benefiting from demand driven by the increasingly stringent pollution emission standards and intensified enforcement.

We believe that the bright prospects of the environmental protection industry and strong support from the PRC government have provided us with unprecedented opportunities for development. Our biomass projects help the local government solve the problems of agricultural waste disposal, and bring economic benefits to the local farmers. Our hazardous waste treatment projects provide solutions to treat the discharges of waste by local enterprises, which substantially reduces the pollution to the environment such waste may otherwise cause. As a market leader in the biomass and hazardous waste industries, we believe that we will benefit from the rapidly growing environmental protection industry.

Diversified business segments with strategically selected project portfolio

We have three main business segments, including biomass and hazardous waste treatment business segments with rapid growth and substantial growth potential and solar energy and wind power projects with high returns and stable cash flow. Our forward-looking and diversified business portfolio allows us to seize the opportunity presented by the rapid development of the environmental protection industry. Against the backdrop of favorable industry trends, we have built a diversified portfolio of biomass, hazardous waste treatment, solar energy and wind power projects at strategic locations depending on the local resources and market conditions. We have been able to provide multiple services at the same location to satisfy various demands for the same client and achieve synergies among multiple projects in various business segments to improve overall profitability and accelerate our growth. For example, in Suqian, Jiangsu Province, where we have a recurring working relationship with the local government, we have secured a solar energy project, a hazardous waste treatment project and a biomass project from the local government since August 2010. We believe that our suite of services offered by these projects has been well received by the Suqian government and has helped solidify our relationship with them and governmental customers in nearby areas. We have replicated our comprehensive sourcing capability in Guanyun County, Lianyungang, Jiangsu Province, where we acquired a hazardous waste incineration project in January 2014, and also have a hazardous waste landfill project in operation and we are currently planning to expand this facility and construct a pair of integrated biomass and waste-to-energy projects. We believe that our multi-project sourcing capability has enabled us to achieve synergies by lowering our management and operational costs.

- *Biomass business with unique business model and raw material price control capability*

We have developed a unique business model of integrated biomass and waste-to-energy projects to provide one-stop services for local governments to handle both biomass waste and household waste at the same location. We believe that this model has allowed us to design each project to fully exploit the available resources and meet market demand in the relevant region. According to

Frost & Sullivan, we were the only company to employ such integrated business model in China as of December 31, 2016. We have benefited from our experience in operating waste-to-energy projects as part of the "Everbright" platform prior to the Spin-off, and have the capability to select, implement and integrate different technologies into our biomass and waste-to-energy projects. By sharing grid connection systems, water treatment systems and other ancillary systems between the biomass facility and the household waste-to-energy facility, this business model is expected to not only maximize environmental service output but also to lower the overall costs of development and operation as compared with developing and operating these projects on a standalone basis, thereby increasing the overall investment returns of the relevant projects and improving our competitiveness. We share management teams between the biomass and waste-to-energy operations of each pair of integrated projects to achieve management efficiency. As a result, under such model, we could develop waste-to-energy projects together with biomass projects in places where standalone waste-to-energy projects are not commercially viable, and thus are able to expand our operations and presence in regions that may be unattractive to our peers without such integrated capabilities.

For our biomass business, in addition to our unique business model, we also have biomass raw material price control capability. Our comprehensive utilization of biomass raw materials is supported by our strategically selected project locations and our robust biomass supply networks which lowers our total cost and improves project efficiency.

- *Strategic locations*. We assess, design, operate and manage each project on both the project and regional level, taking into consideration the available biomass resources, accessibility, government policies, utilization methods, and regional synergies and scale. We focus on regions with severe air pollution, abundant biomass supply and convenient access and have been securing new projects in these areas such as Anhui, Jiangsu, Sichuan, Hubei, Tianjin, Henan and Jiangxi Provinces. In addition, taking advantage of the NDRC's policy that principally allows the establishment of only one biomass project in an area within a radius of 100km or within a county, we carefully select the site of each project by evaluating the biomass resources under a conservative estimate, and conducting geographic surveys to ensure that there are convenient transportation networks and sufficient biomass supply throughout the catchment area.

- *Robust biomass supply network.* In order to support efficient utilization, we have established a robust supply network to comprehensively cover collection, storage, transportation, management and utilization of biomass materials in the relevant region. We reach a large number of individual farmers primarily through a network of biomass brokers who handle collection, storage and transportation, so as to achieve economies of scale. We provide incentives to our suppliers in the form of quality-based price adjustments and timely payment. We also allocate raw materials among our biomass projects based on our estimate of the available biomass supply and inventory data of each project, which helps realize the efficient management of, and synergies among, our projects throughout the different stages of our supply chain. We match the supply of and demand for biomass raw materials and lower the transportation cost by locating biomass collection points near our facilities to shorten the transportation distance. We centrally manage our biomass projects and biomass suppliers through the relevant regional management center to share resources and coordinate among projects to achieve efficiency.

Our strategically selected project locations and our robust biomass supply networks allow us to comprehensively utilize biomass raw materials and lower our cost, so that we can control biomass raw material cost at a stable level.

- *Hazardous waste treatment business in strategic locations with strong technical capabilities*

  - *Prudent project selection in strategic location*. When we source hazardous waste treatment projects, we target regions with high concentrations of hazardous waste production. According to Frost & Sullivan, East China had the highest volume of hazardous waste output in China in 2016, and we ranked first in terms of hazardous waste disposal designed capacity for projects in operation, under construction and at the planning stage in East China as of December 31, 2016.

  - *Strong technical capabilities.* We currently have the ability to safely treat 42 out of 46 categories of hazardous waste listed in the National Catalog of Hazardous Waste. Our waste treatment technology encompasses the entire process from landfill construction, pretreatment sorting and repackaging, to waste incineration, landfill storage, salvage, and treatment of sewage and sludge. We believe that our one-stop treatment capability has allowed us to fully capture the demand of our customers in each of our target areas, enhanced operational efficiency, and created a high entry barrier for the local market.

  - *Clean safety track record*. We have established an ESHS department to oversee matters related to the environment, safety, health and social responsibility. We closely monitor the heavy metal content of underground and aboveground water at our facilities to detect leakage of pollutants and comply with all relevant laws and regulations through our heightened internal standards and specifications relating to discharge. Due to our strict quality and safety standards, we have a clean safety track record at our hazardous waste facilities since the inception of our hazardous waste treatment business.

- *Solar energy and wind power projects with high return and stable cash flow*

Taking advantage of the timing and local variation in governmental policies for the solar energy and wind power industries, we have assembled a portfolio of seven solar energy and two wind power projects. For solar energy, six of our solar energy projects were developed in 2010 and 2011 in China, when the solar energy industry in China was at an early stage of development and enjoyed strong policy support. We secured long-term preferential on-grid tariffs for these projects, with an average on-grid tariff of RMB2.25/kWh during the Track Record Period, which is higher than the highest on-grid tariff of RMB0.85/kWh available to solar energy projects built in China after August 2013. For wind power, we secured our first two wind power projects in Ningwu, Shanxi Province, a region with locally rich wind resources despite its location in a resource zone that has the highest price bracket of on-grid tariff for wind power in China at RMB0.61/kWh. Most of our six solar energy projects in China are located near our projects in other business segments, enabling us to achieve synergies in management and customer coverage.

Rapid historic growth and significant growth prospects founded on the "Everbright" brand

Our Controlling Shareholder, CEIL, is a market leader in the environmental protection industry in China. CEIL (including China Everbright Water and us) has a total of 213 projects covering 17 provinces, autonomous regions and municipalities in Northeast, North, East, Central, South, Southwest and Northwest China as of December 31, 2016. The parent company of CEIL, China Everbright Group, is a large-scale conglomerate among the Fortune Global 500 and has a well-recognized brand image. China Everbright Group has a diversified business portfolio covering banking, securities, insurance, funds, finance leasing and industries, and has an outstanding track record for its business performance with a national presence.

As a member of China Everbright Group, we have benefited from the reputation, business network and the strong track record of China Everbright Group and CEIL, and have been able to grow rapidly in the environmental protection service industry. We have strategically selected East China which has severe environment problems and advanced industrial development, and Central China and Southwest China where there are abundant biomass resources, to develop our biomass and hazardous waste treatment projects. For example, we started our biomass project in Anhui Province where biomass projects enjoy favorable government support in the form of direct subsidies on biomass raw materials to take advantage of this local policy. In our expansion, we strategically selected Sichuan Province in Southwest China, where biomass resources are abundant, the geography is flat and convenient for transportation, and government support is strong. For our hazardous waste treatment business, we entered Jiangsu Province and Shandong Province in East China, where the density of industrial enterprises and volume of hazardous waste output is the highest in the country according to Frost & Sullivan.

As of January 1, 2014, we had a total of 20 projects for biomass, hazardous waste treatment and solar energy and wind power, including 11 projects in operation, two projects under construction and seven projects at the planning stage. As of the Latest Practicable Date, we had a diversified portfolio of 68 projects, including 24 projects in operation, 14 projects under construction and 30 projects at the planning stage. The aggregate power generation designed capacity of our projects increased more than four times from 185.9 MW at January 1, 2014 to 935.9 MW as of the Latest Practicable Date. The aggregate hazardous waste disposal designed capacity increased by 119.2% from 230,000 tons per annum at January 1, 2014 to 504,150 tons per annum as of the Latest Practicable Date. Our total revenue increased by 13.7% from HK$1,057.8 million in 2014 to HK$1,203.2 million in 2015 and further increased by 149.3% to HK$3,000.1 million in 2016. Our net profit increased by 35.9% from HK$199.7 million in 2014 to HK$271.4 million in 2015 and further increased by 131.9% to HK$629.5 million in 2016.

We believe, as part of the leading "Everbright" platform, we will continue to benefit from the recognition of the "Everbright" brand. We will continue to expand our business in East, Central and Southwest China and other regions by leveraging our experience across multiple fields of environmental protection services and the diversification of our business portfolio to develop and operate multiple projects in various business segments at the same locations. In addition, by leveraging the "Everbright" brand and reputation, we will further expand our business in areas with abundant resources, strong government support and an expected high rate of return to establish a national presence.

Strong project pipeline, efficient execution capabilities and strong financing capacity to achieve rapid growth

Against the backdrop of favorable industry trends, we have built a strong project pipeline of biomass, hazardous waste treatment, solar energy and wind power projects at strategic locations. As of the Latest Practicable Date, we had 14 projects under construction and 30 projects at the planning stage, among which, we have developed biomass projects mainly in Jiangsu, Anhui and Sichuan where there is advanced agricultural development. We had 30 pipeline biomass projects and integrated biomass and waste-to-energy projects, including 12 projects under construction and 18 projects at the planning stage, with an aggregate power generation designed capacity of 276 MW and 383 MW respectively. After the commencement of commercial operation of our pipeline biomass projects, our aggregate power generation designed capacity is expected to increase by 436.4% from 151 MW for all of our biomass projects in operation as of the Latest Practicable Date to 810 MW. We developed a unique business model of integrated biomass and waste-to-energy projects in April 2014 with our first pair of such integrated projects, Dangshan Integrated Biomass and Waste-to-Energy Projects. Among our 30 pipeline biomass projects, 21 are integrated biomass and waste-to-energy projects, which is the focus of our development in the future. As of the Latest Practicable Date, we had 14 pipeline hazardous waste treatment projects, including two projects under construction and twelve projects at the planning stage, with an aggregate disposal designed capacity of 40,000 tons per annum and 333,170 tons per annum respectively. After the commencement of commercial operation of the pipeline hazardous waste treatment projects, the aggregate disposal designed capacity is expected to increase by 284.9% from 130,980 tons per annum for all of our hazardous waste treatment projects in operation as of the Latest Practicable Date to 504,150 tons per annum.

We have efficient execution capabilities. We will set a progress schedule for each project before the start of construction of the project and have not encountered any delay in completion of construction of a project as of the Latest Practicable Date. According to the current estimated progress, the aggregate power generation designed capacity of our biomass projects in operation will reach 289 MW, 523 MW and 810 MW at the end of 2017, 2018 and 2019 respectively representing a CAGR of 67.4%, and the aggregate hazardous waste disposal designed capacity of our hazardous waste treatment projects in operation will reach 170,980 tons per annum, 213,980 tons per annum and 358,980 tons per annum at the end of 2017, 2018 and 2019 respectively, representing a CAGR of 44.9%. See "Business — Our Biomass Business — Our Biomass Project Portfolio" and "Business — Our Hazardous Waste Treatment Business — Our Hazardous Waste Treatment Project Portfolio."

Except for our existing projects under construction and at the planning stage, our management team is actively discussing with local governments regarding the development of new projects in order to further expand our project pipeline. Given that several of our biomass projects and hazardous waste treatment projects are named as key projects locally, our brand has earned a good reputation in the area around such projects, which we believe helps the development of our new projects and increases our bargaining power to obtain more favorable terms during the contract negotiation with the local governments.

We have strong financing capability. We raise funds through several domestic and foreign banks and have stable funding sources. As of the Latest Practicable Date, we had unutilized banking facilities of HK$3,555.9 million. Moreover, our parent company, CEIL, has signed a Strategic Cooperation Agreement on Supporting the Construction of Eco-friendly Society by Green Financial (綠色金融支持生態環境建設戰略合作協定) with China Development Bank in October 2016 to explore the strategic cooperation between the two parties in the energy saving and environmental protection fields. According to this agreement, China Development Bank will provide financial support during 2016 to 2020 of RMB20.0 billion to CEIL, of which RMB5.0 billion will be used for CEIL's greentech business segment, i.e. our Company, which will provide strong financial support for our development. The provision of the RMB5.0 billion financial support is subject to the entry into definitive agreements between our Company and China Development Bank.

We believe that with our widely recognized brand, efficient execution capabilities and strong financing capacities, we will be able to further expand our project pipeline and timely complete the development of our projects. Our strong project pipeline can also further increase our brand influence and help us to achieve further growth.

Experienced and market-driven management team with strong execution capabilities

Our management team contributes a wealth of experience and in-depth industry knowledge as we execute our market-oriented business strategies. Our senior management team comprises a group of experts with strong execution capabilities and an average of over ten years of experience in the environmental protection industry in assessing, developing and managing environmental protection projects. Most of them have a tenure of over ten years at CEIL and have witnessed, promoted and shaped the growth of our environmental protection business from its inception.

Our Chairman, Mr. Chen Xiaoping, has been instrumental in the development of our business from a strategic standpoint, having served at CEIL prior to the Spin-off for more than 15 years, as well as being a standing director of the China Environmental Culture Promotion Association. His contribution also comes from his rich experience and extensive knowledge in banking, capital markets and management, as he is also a senior economist, served in executive roles at China Everbright Bank, and is currently engaged as a research scholar at the China International Economic Development Research Centre. In addition, our Chief Executive Officer, Mr. Qian Xiaodong, has served at CEIL for more than 13 years. He has been extensively involved in all the processes across all of our business segments, engaging in projects development, raw material purchase, facility construction, and daily operation and has assumed key roles at 19 project companies, overseeing key steps in the lifecycle of each project, fostering an experienced and specialized workforce and contributing tremendously to our business development. He has rich experience and extensive knowledge in the environmental protection market, policies and industry trends in China. We believe that the Spin-off will further enhance the commitment and accountability of our senior management, promote their responsiveness in the decision-making process, and improve our management efficiency.

We also focus on the development of our talent pool and maintain a sustainable corporate culture. Our project management team is composed of seasoned managers who bring along a wide array and depth of experience in project sourcing, planning, construction, operation, and research and development. We implement in-house and external training programs to develop and broaden the expertise and skills of our employees. We are committed to providing our employees with competitive compensation, creating a harmonious workplace and healthy lifestyle, and helping our employees achieve work-life balance. We believe that our robust talent reserve and corporate culture are our strategic and valuable assets that are critical to the efficient and safe operation of our projects and our future growth.

OUR STRATEGY

We aim to execute the following strategies to expand our business and maintain and enhance our position in China's environmental protection industry:

Seize policy opportunities in the environmental protection industry, further expand market share and develop a more diversified project portfolio

In recent years, due to China's increasingly serious environmental pollution and building an eco-friendly society being elevated as a national strategy, the PRC government has adopted various policies to promote the rapid development of environmental protection industry. We will explore new markets and expand our market share in addition to our project pipeline by leveraging these favorable policies. For our biomass projects, we will continue to explore opportunities in regions with rich biomass resources, flat terrain and strong local policy support. We plan to focus on rural areas surrounding major cities in regions with the most severe air pollution and smog, such as Beijing, Tianjin, Hebei Province, East China around Yangtze River Delta, Sichuan Province, Hubei Province, Henan Province and Jiangxi Province. For our hazardous waste treatment projects, we will continue to target regions with high concentrations of industrial companies, large volumes of waste production and shortage of disposal capacity as well as strong government support, and strengthen our current leading position in existing markets while expanding into new markets.

In light of the consolidation trend in China's environmental protection industry, we plan to pursue business expansion by exploring opportunities to acquire attractive existing projects to expand into new markets. For example, we acquired a hazardous waste treatment facility in Lianyungang, Jiangsu Province in January 2014. We may consider similar acquisitions that could immediately give us access to new markets with growth opportunities. While we continue to grow domestically, when suitable opportunities arise, we may also "go out", and by leveraging our project strength and the "Everbright" brand and taking advantage of the "Silk Road Economic Belt" and "21st Century Maritime Silk Road" initiatives of the PRC government, or "One Belt, One Road", expand into overseas markets and acquire overseas targets based on a case-by-case assessment. For example, we acquired our German Ground Solar Energy Project in April 2011, through which we gained experience in overseas acquisitions.

In addition, to take advantage of policy opportunities in the environmental protection industry, on the basis of our existing business segments, we also plan to further expand our business segments to enrich our business portfolio and enhance profitability. For example, we plan to develop a soil remediation business if we find any suitable market opportunity that is beneficial to us. Soil remediation is the technologies and measures to restore contaminated soil by physical, chemical or biological methods including fixing, transferring, absorbing, degrading and transforming contaminations in the soil to reduce contamination to an acceptable level or to remove the toxic and harmful elements in the contamination. As of the Latest Practicable Date, the Company has not entered into any letter of intent, memorandum of undertaking, agreement or contract and is not in discussion with any party in relation to the development of a soil remediation business.

Improve operational efficiency and technology research and development to strengthen our organic growth

We will continue to enhance our operational efficiency and maintain or reduce operating costs with a view to achieving stable and sustainable profitability. For our biomass facilities, we aim to continue to optimize the regional coordination efforts of our supply networks in order to further achieve economies of scale in collection, storage and transportation of biomass raw materials and reduce the impact of volatility in biomass raw material prices. We plan to further optimize the efficiency of our equipment by reducing the auxiliary power consumption rate in order to generate a higher proportion of electricity for sale. For our hazardous waste treatment facilities, we aim to further improve the operational efficiency of our hazardous waste treatment facilities and to form regional networks for our projects. At the group level, we intend to diversify our sources of project funding to control the overall financing costs.

We will also strive to further reduce our overall operating costs, enhance our operational efficiency and increase profitability through technology research and development. We intend to focus on optimizing our operational efficiency and improving the emission performance of our projects through technology research and development either by our in-house research and development efforts or through the introduction of advanced technologies. With respect to our biomass business, we plan to focus our research and development efforts on optimizing equipment design and materials in order to lengthen the operation life cycle, improve energy conversion efficiency, enhance compatibility with diverse biomass raw materials and minimize emissions and residues to meet higher industry standards. With respect to our hazardous waste treatment business, we plan to focus our research and development efforts on pollutant monitoring technologies and minimizing emissions and residues from the incineration of hazardous waste. At the same time, we will be committed to the application and development of advanced technologies, such as the application of plasma gasification technology, with the aim of enhancing efficiency and technical level. In order to meet the needs of our business expansion in the future, we may establish relevant research and development institutions. We signed a strategic cooperation agreement in January 2017 with InEnTec Inc., a U.S. company, to jointly develop and promote the technology of plasma gasification for treatment of hazardous waste across the PRC on an exclusive basis. This technology is more efficient and safer than traditional hazardous waste incineration technology and reduces the amount of gas emission and residue compared to incineration. For details of the strategic cooperation agreement with InEnTec Inc., see "Business — Research and

Development." We believe, by improving operational and management efficiency and technology research and development, we will be able to reduce our overall operating costs, enhance operational efficiency and increase profitability to further strengthen our organic growth.

Enhance our integrated service capability and achieve synergies of multiple business segments

Leveraging our experience in developing and operating a portfolio of diversified projects as well as our relationships with existing customers, we plan to continue to cross-sell our services at locations with existing projects to realize inter-segment synergies. For example, we may seek additional biomass projects at locations where we have existing hazardous waste treatment projects. We have successfully developed such projects in Suqian and Lianyungang, and plan to continue replicating such strategies elsewhere. We also plan to continue our efforts in securing integrated biomass and waste-to-energy projects under our unique business model. In addition, we plan to strengthen the coordination among different projects in a region by pooling our management, financial and other resources to better control costs, improve management efficiency and achieve inter-segment synergies.

Continue to implement ESHS system and risk management system to ensure our sustainable and stable development

We started to establish our ESHS system and risk management system in 2016 to ensure compliance with applicable laws and regulations related to safety, environment, health and social responsibility and controllability of operational risks including finance, market, reputation, operation, construction, regulatory and human resources. We have established relevant department responsible for implementation of ESHS system and risk management system and plan to further improve and strengthen these two systems, including to enhance these two systems at the headquarters, regional and project levels to improve operational management, better control operational risks and ensure our sustainable and stable development.

OUR BUSINESSES

Our business consists of three segments: (1) biomass business, (2) hazardous waste treatment business, and (3) solar energy and wind power business. The table below sets forth a breakdown of our revenue by business segment for the periods indicated.

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Biomass	532,641	50.4	946,320	78.7	2,449,253	81.6
Hazardous waste treatment	453,091	42.8	164,194	13.6	335,763	11.2
Solar energy and wind power	72,052	6.8	92,684	7.7	215,115	7.2
Total	**1,057,784**	**100.0**	**1,203,198**	**100.0**	**3,000,131**	**100.0**

We account for most of our biomass and hazardous waste treatment projects as service concession arrangements under HKFRS. For these projects, we recognize revenue during both the construction phase and the operational phase. There is a mismatch between our revenue and the underlying cash flows for such projects, because we generally do not receive actual payments for our construction services and only receive payments for our operational services. Such accounting treatment and the substantial subjective judgment in connection with such treatment has had and will continue to have a material impact on our results of operations and financial position. For more information on the accounting treatment of our projects, including the nature of construction service revenue, operation service revenue and finance income, see "Financial Information — Impact of Accounting Treatment of Service Concession Arrangements" and "Risk Factors — Risks Relating to our Business and Industry — Our results may fluctuate due to our accounting treatment with respect to service concession arrangements."

PROJECT MODELS

As of the Latest Practicable Date, we had a total of 68 projects, including 24 projects in operation, 14 projects under construction and 30 projects at the planning stage. Of these projects, 66 are projects under either BOO or BOT model with local government as customers. In addition to our projects under BOO or BOT models, we acquired one hazardous waste treatment project, Lianyungang Hazardous Waste Incineration Project (Phase I) in Lianyungang, Jiangsu Province, and one ground solar energy project, the German Ground Solar Energy Project, in Germany, both from an independent third party.

BOO Model

Under this model, the project company is responsible for designing, financing, constructing, operating and managing the project. Our management and key technicians are actively involved in each step, assuring a high level of business efficiency and regulatory compliance throughout our operations. During the operating period, the project company owns and operates the facility independently and retains all operation revenue. Under the BOO model, we obtain the ownership of the relevant facilities developed and operated by us. The relevant central or local government authorities may offer financial incentives for BOO projects, such as preferential on-grid tariffs, mandatory electricity offtake, tax exemptions and refunds, and governmental subsidies. As of the Latest Practicable Date, we had 58 projects under the BOO model, including 17 projects in operation, 14 projects under construction and 27 projects at the planning stage. For further details of contractual terms, see "— Our Customers — BOO and BOT Models."

BOT Model

Similar to the BOO model, the project company is responsible for designing, financing, constructing, operating and managing the project. Our management and key technicians are actively involved in each step, ensuring high levels of business efficiency and regulatory compliance throughout our operations. During the concession period, which usually lasts between 20 to 30 years, the project company has the concession rights and owns and operates the facility independently and retains all operation revenue. Unlike the BOO model, the ownership of the facility under the BOT model will be transferred to the government at the end of the concession period at nil consideration. The relevant central or local government authorities may offer financial incentives for BOT projects, such as preferential on-grid tariffs, mandatory electricity offtake, tax exemptions and refunds, and governmental subsidies. As of the Latest Practicable Date, we had eight projects under the BOT model, including five projects in operation and three projects at the planning stage. For further details of contractual terms, see "— Our Customers — BOO and BOT Models."

Regardless of whether they are under the BOO or BOT model, most of our projects have the following characteristics:

- We develop biomass project in regions with appropriate demand for power, supply of land and raw materials, and support from local and regional governments. Similarly, we develop hazardous waste treatment project in the regions with appropriate demand for hazardous waste treatment services, supply of land and landfill, and support from local and regional governments.

- We enter into long-term contracts with government customers or private-sector customers under which the customers commit to purchase power, household waste or hazardous waste treatment services respectively. Typically, the purchase price for electricity is fixed when our biomass, solar energy and wind power projects commence commercial operation, while the contracts for household waste or hazardous waste treatment specify the minimum volumes and prices, or establish parameters to determine future prices.

- We fund the upfront construction cost of each project.

- We receive payments from customers in the operational phase of each project, typically 20-30 years.

- Through the payment received from customers, we recoup project construction cost, cover our operational cost, and earn profits.

- As a result of this business model, we incur significant cash outflows in the early years of a project, and are exposed to operational risk and the credit risk of our customers until the end of the service period as stipulated in the contract.

- In addition, due to the accounting treatment of some of our projects, there is a substantial difference between the accounting revenue and the cash flow over the life of the project. Generally, in the early years of such projects, the project revenue, as recognized on the income statement, is significantly higher than the cash flow from that project. See "Financial Information — Impact of the Accounting Treatment for Service Concession Arrangements — Projects Accounted for as Service Concession Arrangements."

OUR BIOMASS BUSINESS

Under our biomass business, we process biomass raw materials, including agricultural waste and forestry residue, through direct combustion to generate electricity, and sell electricity to the power grid companies. We also process biomass raw materials to generate steam for sale to industrial customers. We also have various pipeline projects that are designed to provide integrated biomass and household waste-to-energy solutions, and our first integrated facility in Dangshan started to generate operation revenue in April 2016. See "— Biomass Project Business Models — Integrated biomass and waste-to-energy projects."

Revenues from our biomass business amounted to HK$532.6 million, HK$946.3 million and HK$2,449.3 million for the years ended December 31, 2014, 2015 and 2016, respectively, which accounted for 50.4%, 78.7% and 81.6% of our total revenues for such years, respectively. As of the Latest Practicable Date, we had 37 biomass projects located across Anhui Province, Jiangsu Province, Hubei Province, Sichuan Province, Tianjin City, Henan Province and Jiangxi Province, including seven projects in operation, 12 projects under construction and 18 projects at the planning stage, with an aggregate power generation designed capacity of 810 MW. According to Frost & Sullivan, we ranked fourth among all biomass companies in China as of December 31, 2016 in terms of aggregate power generation designed capacity of projects in operation, under construction and at the planning stage and ranked eighth among all biomass companies in China as of December 31, 2016 in terms of aggregate power generation designed capacity of projects in operation.

The following table sets forth certain key operating data for the years indicated:

	Year ended December 31,		
	2014	2015	2016
Number of projects at period end:			
Projects in operation	2	2	7
Projects under construction	—	5	12
Projects at the planning stage	6	16	13
Total	8	23	32
Electricity sold (MWh)	271,167	440,641	618,718
Average on-grid tariff (RMB/kWh)	0.75	0.75	0.75
Biomass material processed (ton)	359,576	520,159	728,142
Household waste processed (ton)	—	—	73,526
Utilization rate (%)	82.2%	90.8%	86.8%

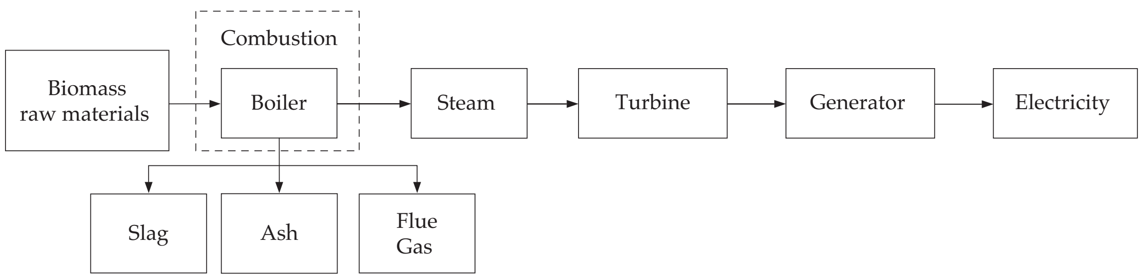
Biomass Project Business Models

In addition to the core utilization method of generating electricity through direct combustion, we develop each type of our biomass facilities to capitalize on the available biomass resources and market demand to integrate various additional biomass and household waste utilization solutions to improve overall efficiency. We have the following three types of projects.

Biomass direct combustion projects

At our biomass direct combustion projects, we incinerate biomass raw materials only to generate electricity, sell that electricity to power grid companies, and receive on-grid tariff payments. In general, the process involves transforming the chemical energy in biomass raw materials, such as agricultural waste or wood residue, into thermal energy through controlled direct combustion, and transforming the released thermal energy into kinetic energy using boilers and turbines, and then to electricity through generators. This process is similar to thermal electricity generation from other sources such as coal, oil, natural gas and nuclear power and is the traditional and core utilization method of biomass raw materials. As of the Latest Practicable Date, we had seven biomass direct combustion projects, including three projects in operation, two projects under construction and two projects at the planning stage.

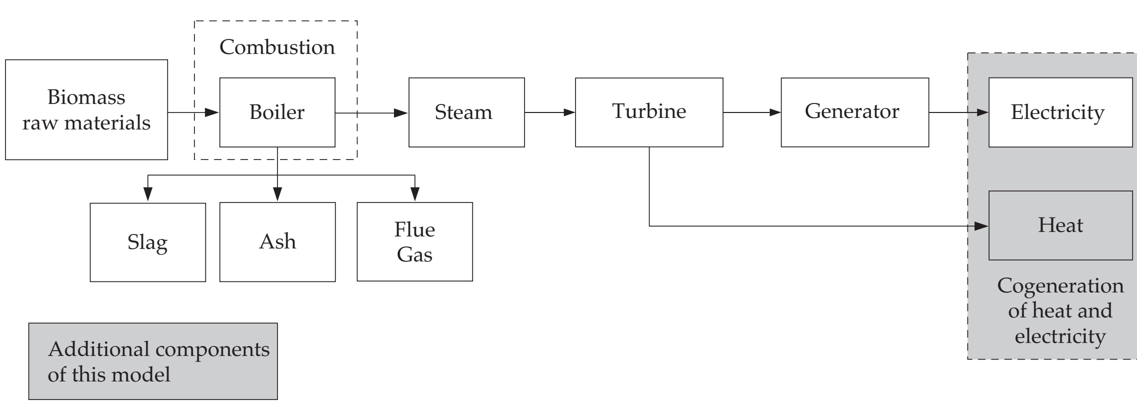
The following diagram shows a simplified process for our biomass direct combustion projects:



Biomass provision of heat or electricity and heat cogeneration projects

At these projects, we incinerate biomass raw materials to generate heat, typically in the form of steam, for sale to industrial companies. Our biomass provision of heat project will not generate electricity. For our electricity and heat cogeneration project, the heat generation system will be integrated into a biomass electricity generation system to recover waste heat from the electricity generation system and achieve overall higher energy utilization efficiency. As of the Latest Practicable Date, we had one biomass provision of heat project in operation, and one biomass electricity and heat cogeneration project in operation and one biomass electricity and heat cogeneration project under construction, and four biomass electricity and heat cogeneration projects at the planning stage.

The following diagram shows a simplified process for our biomass projects with heat generation systems:



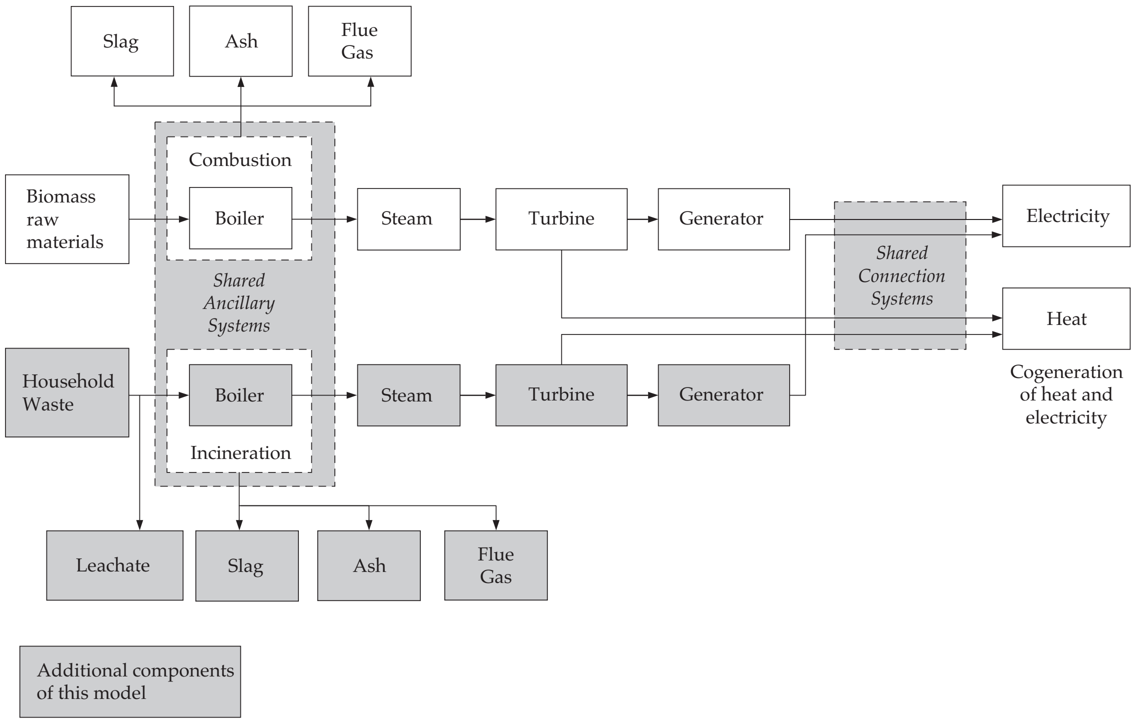
Integrated biomass and waste-to-energy projects

We develop unique integrated biomass and waste-to-energy projects with the aim of integrating biomass and waste-to-energy systems to form an integrated biomass and waste-to-energy facility. These projects are developed in pairs of one biomass project and one waste-to-energy project, in stages or concurrently. We do not develop standalone waste-to-energy projects. For our integrated biomass and waste-to-energy projects, in addition to processing biomass raw materials as described above, we will process household waste through incineration to generate electricity or heat. We will receive waste treatment fees from the relevant local government for household waste treated, as well as on-grid tariff payments and steam purchase payments for electricity and steam sold. Through these integrated projects, we will have the ability to provide one-stop services to handle both biomass raw materials and household waste at the same location. By sharing grid connection systems, water treatment systems and other ancillary systems between the biomass facility and the household waste-to-energy facility, this integrated type of project is expected to not only maximize environmental service output but also to lower the overall costs of development and operation as compared with developing and operating these projects on a standalone basis, thereby increasing the overall investment returns of the relevant projects. We also share management teams between the biomass and waste-to-energy operations of each integrated project to achieve management efficiency. Under this model, we could develop waste-to-energy projects together with biomass projects in places where standalone waste-to-energy projects are not commercially viable, and expand our operations and presence in regions that are unattractive to our peers without such integrated capabilities.

As of the Latest Practicable Date, we had 12 pairs of integrated biomass and waste-to-energy projects accounting for 23 of our projects[(1)]. The waste-to-energy facility of our first pair of integrated biomass and waste-to-energy projects, Dangshan Integrated Biomass and Waste-to-Energy Projects, has been integrated with our biomass facility and started to generate operation revenue in April 2016. The remaining 21 projects are currently under construction or at the planning stage.

(1) Note: For Zhongjiang Integrated Biomass and Waste-to-Energy Projects, we will sign another concession agreement for the Waste-to-Energy project and therefore we did not calculate the Waste-to-Energy Project into the total number of projects at the current stage.

The following diagram shows a simplified process for our integrated biomass and waste-to-energy projects:



Revenue Sources and Preferential Policies

On-grid tariffs

We sell electricity generated from biomass raw materials processed by our biomass projects and household waste processed by the waste-to-energy facility of our integrated biomass and waste-to-energy projects to power grid companies at applicable on-grid tariffs set by the NDRC. See "— Our Customers — Power Grid Customers." According to the Notice on Improving the Pricing Policy Regarding Electricity Generated from Agricultural Waste and Forestry Residue (關於完善農林生物質發電價格政策的通知) issued by the NDRC in July 2010, a uniform benchmark on-grid tariff of RMB0.75/kWh is applicable to electricity generated from biomass raw materials. According to the Notice in Relation to the Optimization of Waste-to-Energy Power Tariff Policy (關於完善垃圾發電價格政策的通知) issued by the NDRC, which became effective in April 2012, a uniform benchmark on-grid tariff of RMB0.65/kWh is currently applicable to electricity generated from household waste, subject to adjustment based on electricity output of waste-to-energy projects. See "Regulatory Overview — Policy on Biomass, Solar and Wind Energy."

Steam supply fees

We supply heat in the form of steam to industrial customers under the applicable heat supply agreements. Our customers pay the purchase price to us on a monthly basis based on a fixed steam price per ton. The price will generally be determined by the relevant local government, subject to adjustments by the local government according to steam supply fees, fuel prices and consumer purchase index in surrounding areas. The initial steam supply prices for our projects range from RMB202/ton to RMB240/ton. The heat supply agreements typically include a minimum heat usage amount. If the use of steam by a customer is below such amount, the supply price will be determined based on a fixed percentage of the minimum amount as specified in the heat supply agreement. These heat supply agreements have a term of one year with an option for renewal.

Waste treatment fees

Since our Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy) commenced revenue generation in April 2016, we receive waste treatment fees from the local government for the household waste we process under the applicable concession agreement and the waste treatment service agreement entered into with the local government. Under these agreements for this project and other waste-to-energy projects, the local governments agree to pay waste treatment fees on a monthly basis based on a fixed treatment fee per ton of waste and the actual amount of waste processed. The waste treatment fees are negotiated with the local governments, subject to adjustments based on consumer price index and producer price index. Our agreements with the local government typically include a minimum guaranteed volume of household waste to be supplied by the local government to ensure a certain minimum level of utilization and operational efficiency of our facilities. In this case, we are entitled to receive waste treatment fees based on the guaranteed minimum volume of waste even if the amount of waste actually treated is less than such guaranteed volume.

Preferential tax treatment

According to the Implementation Rules on the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法實施條例), as biomass raw materials are listed in the Catalog of Resources Entitled to Beneficial Enterprise Income Tax Treatment for Comprehensive Utilization (2008) (資源綜合利用企業所得稅優惠目錄 (2008年)), the revenue of an eligible operating company under PRC GAAP is deemed to be 90% of the actual revenue for the purposes of calculating the amount of its enterprise income tax. According to the Notice on Issuing the Catalog of Value-Added Tax Preferential Policies for Products and Labor Services Involving Comprehensive Utilization of Resources (關於印發《資源綜合利用產品和勞務增值稅優惠目錄》的通知), which replaced the previous notice and became effective in July 2015, a biomass operating company is entitled to a 100% refund of VAT for electricity and heat generated from biomass raw materials and a waste-to-energy operating company may be entitled to a 70% refund of VAT for household waste treatment service fees. Our operating companies for certain biomass projects currently benefit from these preferential tax treatments.

Government subsidies

Government subsidies may apply to a project or to biomass raw materials we receive and utilize within a particular region. The form and amount of subsidies may vary from region to region. Most of our biomass projects are located in Jiangsu and Anhui Provinces. According to the Application Guidance on Agriculture Competitive Projects with Jiangsu Support and Protection (江蘇省級農業支持與保護競爭類項目申報指南) jointly issued by Jiangsu Agricultural Committee and Jiangsu Finance Bureau in March 2014, Jiangsu Province will grant RMB500,000 as subsidies to each biomass project. According to the 2014 Implementation Plan for Mid-to-Small Straw Utilization Projects (2014年中小型秸稈利用項目實施方案) jointly issued by Jiangsu Agricultural Committee and Jiangsu Finance Bureau in March 2014, each straw collection and storage project is entitled to RMB100,000 in subsidies from the Jiangsu government, and each straw pre-treatment station project is entitled to RMB80,000 in subsidies from the Jiangsu government. According to the Opinion on Granting Fiscal Subsidy to Agricultural Straw for Electricity Generation (關於對農業物秸稈發電實施財政獎補的意見) jointly issued by Anhui Finance Bureau and Anhui Development and Reform Committee in July 2014, the local government will grant a subsidy of RMB50 per ton with respect to rice straw, RMB40 per ton with respect to wheat straw and RMB30 per ton with respect to other types of straw. All of our biomass projects in operation in Anhui Province are entitled to these subsidies.

In addition to the subsidies applicable within a province, each project may enjoy additional government subsidies pursuant to the investment agreement with the local government with respect to such project. See "— Our Biomass Project Portfolio."

Construction service revenues

Most of our biomass projects are accounted for as service concession arrangements under HKFRS. As a result, we recognize revenues while not receiving any cash payment during the construction phase of these projects. For more information on such accounting treatment, see "Financial Information — Impact of Accounting Treatment of Service Concession Arrangements" and "Risk Factors — Risks Relating to our Business and Industry — Our results may fluctuate due to our accounting treatment with respect to service concession arrangements."

Our Biomass Supply Networks

We have established comprehensive biomass supply networks covering collection, storage, transportation, utilization and management.

- *Collection and Storage.* In order to achieve economies of scale, we reach a large number of individual farmers primarily through a network of biomass brokers who handle collection and storage. We enter into written biomass supply agreements with major biomass brokers who are committed to supplying to us a minimum quantity of biomass materials satisfying a minimum quality standard. From time to time, we also purchase biomass materials directly from smaller brokers and individual farmers who offer biomass materials on an ad hoc basis and in small amounts. For more information, see "— Our Suppliers — Raw Materials Suppliers." We collect a wide variety of biomass raw materials from our suppliers, and pay them based on a fixed unit price and the weight purchased. The price with respect to a particular batch of materials is adjusted according to the quality of the biomass raw materials, such as moisture and ash content. We seek to establish mutually beneficial relationships with individual farmers by coordinating collection and making timely payment to our brokers for purchases and encouraging the brokers to pay the farmers promptly. Based on the distance between collection points and our facilities, we coordinate among our suppliers so that, as the biomass raw materials are collected and consolidated in storage warehouses, they are sorted, packed and processed to achieve more efficient storage and gradually become ready for utilization. We maintain an inventory of biomass raw materials at our own storage facilities to minimize the impact of expected fluctuations in the availability of biomass raw materials and our demand on a rolling basis. At different times of year, we may increase or reduce our inventory, from a few days of inventory to over a month, to ensure uninterrupted operation of our projects. In this fashion, we coordinate regional collection and storage across different counties in the same region to centrally manage our biomass supply to our facilities in the region.

- *Logistics*. We intend to allocate available raw material sources among our projects based on our estimate of the available biomass supply and inventory data of each project, which will help us to efficiently manage, and achieve synergies among, our projects. We match the supply and demand of raw materials by locating biomass collection points near our facilities to shorten the transportation distance and thereby lower our transportation cost. Our suppliers transport biomass raw materials to our facilities or our collection points at their own cost upon our request. Upon arrival, we weigh the raw materials, examine water and ash content of the batch to determine the applicable purchase price based on a fixed unit price and the weight. The price with respect to a particular batch of materials is adjusted according to the quality of the biomass raw materials, such as water and ash content, and we keep a sample for each batch of the biomass raw materials for our records and for future reference by our suppliers. We seek to establish open communication channels and good relationships with our suppliers to foster a stable and responsive supplier community.

- *Utilization*. We have the ability to utilize a wide spectrum of biomass raw materials. See "— Biomass Project Business Models." As a result, we collect a wide variety of biomass raw materials, including agricultural waste such as straw and husks, and forestry residues such as waste wood and debris from construction and demolition, tree trimmings and other manufacturing wood waste. With respect to individual farmers, we collect all types of biomass raw materials they have without requesting them to categorize and separate their biomass raw materials. After we collect and gather the biomass raw materials from various collection points, we centrally allocate their end use among our projects based on their nature and quality to achieve economies of scale between our projects.

- *Management*. We centrally manage our biomass projects and biomass suppliers in each region at a regional management centre. Through the relevant regional management center, we share management teams, financial resources, and biomass supply sources, and coordinate among projects for project sourcing, management, and operation. We currently have two regional management centers in Anhui Province and Jiangsu Province for our biomass projects. We believe that such regional management centers will help reduce administrative costs and improve management efficiency.

During the Track Record Period, we did not experience any interruption of our operation due to shortages of biomass supply. Certain areas of Jiangsu Province have experienced serious drought in 2016 which may have affected biomass raw material supplies in those areas, but this drought has not affected us since we did not source any biomass raw materials in those affected areas during the Track Record Period.

Our Biomass Project Portfolio

The following table sets forth certain key operating information for each of our biomass projects in operation (which are solely owned by us) as of the Latest Practicable Date. All of our biomass projects in operation are under BOO model. In addition, other than Huaiyuan Biomass Direct Combustion Project, all of our biomass projects in operation are accounted for as service concession arrangements. See "Financial Information — Impact of Accounting Treatment of Service Concession Arrangements."

No.	Project	Project Location	Business Model	Service Concession Arrangements	Date of Commencement of Commercial Operation or Commencement of Operating Revenue Generation	Designed Capacity: Biomass Material Processing	Designed Capacity: Household Waste Processing	Designed Capacity: Power Generation	Designed Capacity: Steam Generation
						(tons per annum)	*(tons per annum)*	*(MW)*	*(tons per annum)*
1	Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass)	Anhui Province	BOO	√	September 2011	300,000	N/A	30	N/A
2	Hanshan Biomass Direct Combustion Project	Anhui Province	BOO	√	August 2014	300,000	N/A	30	N/A
3	Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy)	Anhui Province	BOO	√	April 2016	N/A	146,000	6	N/A
4	Huaiyuan Biomass Direct Combustion Project	Anhui Province	BOO	×	September 2016	280,000	N/A	30	N/A
5	Sucheng Biomass Heat Supply Project	Jiangsu Province	BOO	√	September 2016	120,000	N/A	N/A	350,400
6	Xuyi Biomass Electricity and Heat Cogeneration Project	Jiangsu Province	BOO	√	November 2016	300,000	N/A	25	175,200
7	Dingyuan Biomass Direct Combustion Project	Anhui Province	BOO	√	November 2016	300,000	N/A	30	N/A
	Total					**1,600,000**	**146,000**	**151**	**525,600**

The following table sets forth certain key operating information for each of our biomass projects under construction (which are solely owned by us) as of the Latest Practicable Date. All of our biomass projects under construction are under BOO model. Other than Rugao Biomass Direct Combustion Project, all of our biomass projects under construction are accounted for as service concession arrangements. See "Financial Information — Impact of Accounting Treatment of Service Concession Arrangements."

No.	Project	Project Location	Business Model	Service Concession Arrangements	Estimated Date of Commencement of Commercial Operation	Designed Capacity			
						Biomass Material Processing	Household Waste Processing	Power Generation	Steam Generation
						(tons per annum)	*(tons per annum)*	*(MW)*	*(tons per annum)*
1	Lingbi Integrated Biomass and Waste-to-Energy Project (Biomass)	Anhui Province	BOO	√	2017	300,000	N/A	30	N/A
2	Lingbi Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy)	Anhui Province	BOO	√	2017	N/A	146,000	9	N/A
3	Nanqiao Biomass Direct Combustion Project	Anhui Province	BOO	√	2017	300,000	N/A	30	N/A
4	Xiao County Integrated Biomass and Waste-to-Energy Project (Biomass)	Anhui Province	BOO	√	2017	300,000	N/A	30	N/A
5	Xiao County Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy)	Anhui Province	BOO	√	2017	N/A	146,000	9	N/A
6	Guanyun Integrated Biomass and Waste-to-Energy Project (Biomass)	Jiangsu Province	BOO	√	2018	289,800	N/A	30	N/A

No.	Project	Project Location	Business Model	Service Concession Arrangements	Estimated Date of Commencement of Commercial Operation	Designed Capacity			
						Biomass Material Processing	Household Waste Processing	Power Generation	Steam Generation
						(tons per annum)	*(tons per annum)*	*(MW)*	*(tons per annum)*
7	Guanyun Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy)	Jiangsu Province	BOO	√	2018	N/A	182,500	9	N/A
8	Mianzhu Integrated Biomass and Waste-to-Energy Project (Biomass)	Sichuan Province	BOO	√	2017	300,000	N/A	30	N/A
9	Rugao Biomass Direct Combustion Project	Jiangsu Province	BOO	×	2018	280,000	N/A	30	N/A
10	Fengyang Integrated Biomass and Waste-to-Energy Project (Biomass)	Anhui Province	BOO	√	2018	300,000	N/A	30	N/A
11	Fengyang Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy)	Anhui Province	BOO	√	2018	N/A	146,000	9	N/A
12	Yeji Biomass Electricity and Heat Cogeneration Project	Anhui Province	BOO	√	2018	300,000	N/A	30	438,000
	Total					**2,369,800**	**620,500**	**276**	**438,000**

The following table sets forth certain key operating information for each of our biomass projects at the planning stage (which are solely owned by us, except the Luhe Integrated Biomass and Waste-to-Energy Project) as of the Latest Practicable Date. 16 out of 18 biomass projects at the planning stage are under BOO model. The remaining two projects are under BOT model. For projects at the planning stage, accounting treatment as to whether the relevant project can be accounted for as service concession arrangement cannot be confirmed at this stage.

No.	Project	Project Location	Business Model	Service Concession Arrangements	Estimated Date of Commencement of Commercial Operation	Designed Capacity: Biomass Material Processing	Designed Capacity: Household Waste Processing	Designed Capacity: Power Generation	Designed Capacity: Steam Generation
						(tons per annum)	*(tons per annum)*	*(MW)*	*(tons per annum)*
1	Mianzhu Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy)	Sichuan Province	BOO	N/A	2018	N/A	109,500	6	N/A
2	Luhe Integrated Biomass and Waste-to-Energy Project (Biomass)(1)	Jiangsu Province	BOO	N/A	2019	150,000	N/A	18	N/A
3	Luhe Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy)(1)	Jiangsu Province	BOO	N/A	2019	N/A	182,500	N/A	N/A
4	Huaiyin Integrated Biomass and Waste-to-Energy Project (Biomass)	Jiangsu Province	BOO	N/A	2019	150,000	N/A	18	N/A
5	Huaiyin Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy)	Jiangsu Province	BOO	N/A	2019	N/A	182,500	9	N/A
6	Yu'an Biomass Electricity and Heat Cogeneration Project	Anhui Province	BOO	N/A	2018	300,000	N/A	30	N/A
7	Shayang Biomass Direct Combustion Project	Hubei Province	BOO	N/A	2018	300,000	N/A	30	N/A
8	Ji County Biomass Direct Combustion Project	Tianjin	BOO	N/A	2018	280,000	N/A	30	N/A

No.	Project	Project Location	Business Model	Service Concession Arrangements	Estimated Date of Commencement of Commercial Operation	Designed Capacity: Biomass Material Processing	Designed Capacity: Household Waste Processing	Designed Capacity: Power Generation	Designed Capacity: Steam Generation
						(tons per annum)	*(tons per annum)*	*(MW)*	*(tons per annum)*
9	Xiayi Integrated Biomass and Waste-to-Energy Project (Biomass)	Henan Province	BOO	N/A	2019	150,000	N/A	15	N/A
10	Xiayi Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy)	Henan Province	BOT for 30 years	N/A	2019	N/A	146,000	9	N/A
11	Puyang Biomass Electricity and Heat Cogeneration Project	Henan Province	BOO	N/A	2019	300,000	N/A	30	N/A
12	Zhongjiang Integrated Biomass and Waste-to-Energy Projects (Biomass)	Sichuan Province	BOO	N/A	2019	300,000	N/A	30	N/A
13	Guixi Biomass Electricity and Heat Cogeneration Project	Jiangxi Province	BOO	N/A	2019	300,000	N/A	30	47,450
14	Hubei Zhongxiang Integrated Biomass and Waste-to-Energy Projects (Biomass)	Hubei Province	BOO	N/A	2019	300,000	N/A	40	N/A
15	Hubei Zhongxiang Integrated Biomass and Waste-to-Energy Projects (Waste-to-Energy)	Hubei Province	BOO	N/A	2019	N/A	146,000	9	N/A
16	Sheqi Integrated Biomass and Waste-to-Energy Projects (Biomass)	Henan Province	BOO	N/A	2019	300,000	N/A	40	262,800
17	Sheqi Integrated Biomass and Waste-to-Energy Projects (Waste-to-Energy)	Henan Province	BOT for 30 years	N/A	2019	N/A	146,000	9	N/A

No.	Project	Project Location	Business Model	Service Concession Arrangements	Estimated Date of Commencement of Commercial Operation	Designed Capacity: Biomass Material Processing	Household Waste Processing	Power Generation	Steam Generation
						(tons per annum)	*(tons per annum)*	*(MW)*	*(tons per annum)*
18	Lianshui Biomass Electricity and Heat Cogeneration Project	Jiangsu Province	BOO	N/A	2019	300,000	N/A	30	N/A
	Total					**3,130,000**	**912,500**	**383**	**310,250**

Note:

(1) For the Luhe Integrated Biomass and Waste-to-Energy Project, we and Nanjing Ji Mu Investment Company Limited (南京極目實業投資有限公司), an independent third party, hold 90% and 10%, respectively, of the equity interest in the relevant project company.

We set out further information on each of our projects below. All projects are 100% owned by us unless stated otherwise.

Dangshan Integrated Biomass and Waste-to-Energy Projects

The following two projects form an integrated biomass and waste-to-energy facility in Dangshan, Anhui Province, which is our first integrated biomass and waste-to-energy facility in operation.

Biomass. In February 2010, we entered into an investment agreement with the government of Dangshan, Anhui Province with respect to the initial Dangshan biomass direct combustion project under the BOO model. The power generation facility has a biomass processing designed capacity of 300,000 tons per annum and a power generation designed capacity of 30 MW. We employ water-cooled vibrating grate boiler technology for the biomass power generation system. This project had a total investment amount of approximately RMB307.0 million and commenced commercial operation in September 2011.

Waste-to-Energy. In April 2014, we entered into an additional concession agreement with Dangshan government with respect to an additional waste-to-energy project under the BOO model. The waste-to-energy power generation facility has a household waste processing designed capacity of 146,000 tons per annum and a power generation designed capacity of 6 MW. We employ moving grate boiler technology for the additional household waste-to-energy power generation system. This project had a total investment amount of approximately RMB250.8 million and started generating operation revenue in April 2016.

Hanshan Biomass Direct Combustion Project

In February 2011, we entered into an investment agreement with the government of Hanshan, Anhui Province with respect to the biomass direct combustion project under the BOO model. The power generation facility has a biomass processing designed capacity of 300,000 tons per annum and a power generation designed capacity of 30 MW. We employ water-cooled vibrating grate boiler technology for the biomass power generation system. The project had a total investment amount of approximately RMB322.1 million and commenced commercial operation in August 2014.

Huaiyuan Biomass Direct Combustion Project

In August 2014, we entered into an investment agreement with the government of Huaiyuan, Anhui Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of approximately 280,000 tons per annum and a power generation capacity of 30 MW. We employ water-cooled vibrating grate boiler technology for the biomass power generation system. Under the investment agreement, Huaiyuan government provided RMB7.0 million to support our construction of the facility. The estimated total investment for this project is approximately RMB330.0 million. The project started generating operation revenue in September 2016.

Sucheng Biomass Heat Supply Project

In June 2014, we entered into an investment agreement with the government of Sucheng District of Suqian, Jiangsu Province with respect to a biomass heat supply project under the BOO model. The project is designed to have a biomass processing capacity of 120,000 tons per annum and a steam generation capacity of 350,400 tons per annum. We will employ circulating fluidized bed boiler technology for the biomass steam generation system. This project had a total investment amount of RMB174.6 million. We are currently applying to the government of Jiangsu Province for recognition of this project as a pilot biomass heat supply project under the Notice of Constructing Pilot Heat Provision Projects Employing Boilers Using Biomass Fuel (關於開展生物質成型燃料鍋爐供熱示範項目建設的通知) issued by the NEA and MEP in June 2014. If approved, this project may be entitled to additional grants from the PRC National Renewable Energy Fund. The project commenced commercial operation in September 2016. This project has been granted a subsidy of RMB4.0 million for 2016 Investment Plan within the Central Investment Budget for Resource Recycling Key Projects from national government.

Xuyi Biomass Electricity and Heat Cogeneration Project

In July 2015, we entered into an investment agreement with the government of Xuyi, Jiangsu Province with respect to a biomass electricity and heat cogeneration project under the BOO model. The biomass power and heat cogeneration facility is designed to have a biomass processing capacity of 300,000 tons per annum, a power generation capacity of 25 MW, and a steam generation capacity of 175,200 tons per annum. We employ fluidized bed boiler technology for the biomass power and heat cogeneration system. Xuyi government provided approximately RMB6.2 million to support our construction of the facilities. The estimated total investment for this project is approximately RMB301.4 million. The project started generating operation revenue in November 2016.

Dingyuan Biomass Direct Combustion Project

In September 2014, we entered into an investment agreement with the government of Dingyuan, Anhui Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum and a power generation capacity of 30 MW. We plan to employ water-cooled vibrating grate boiler technology for the biomass power generation system. Under the investment agreement, Dingyuan government will provide a grant of RMB6.0 million to support our construction of the facility. The estimated total investment for this project is approximately RMB320.0 million. The project started generating operation revenue in November 2016.

Lingbi Integrated Biomass and Waste-to-Energy Projects

The following two projects will form an integrated biomass and waste-to-energy facility in Lingbi, Anhui Province.

Biomass. In October 2014, we entered into an investment agreement with the government of Lingbi, Anhui Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum and a power generation capacity of 30 MW. We plan to employ water-cooled vibrating grate boiler technology for the biomass power generation system. The estimated total investment for this project is approximately RMB320.0 million. The facility is currently under construction and is expected to commence commercial operation in 2017.

Waste-to-Energy. In October 2014, we entered into an additional concession agreement with the government of Lingbi, Anhui Province with respect to a waste-to-energy project under the BOO model. The waste-to-energy power generation facility is designed to have a household waste processing capacity of 146,000 tons per annum and a power generation capacity of 9 MW. We plan to employ moving grate boiler technology for the project. The estimated total investment for this project is approximately RMB250.0 million. This project has been granted a subsidy of RMB23.9 million for 2016 Investment Plan within the Central Investment Budget for Water Pollution of Key Regions from national government. The facility is currently under construction and is expected to commence commercial operation in 2017.

Nanqiao Biomass Direct Combustion Project

In January 2015, we entered into an investment agreement with the government of Nanqiao, Chuzhou, Anhui Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum and a power generation capacity of 30 MW. We plan to employ water-cooled vibrating grate boiler technology for the project. Under the investment agreement, Nanqiao government will provide a grant of RMB10.0 million to support our construction of the facility, and a grant of RMB840,000 each year for three years after we obtain the land use rights for the project. The estimated total investment for this project is approximately RMB320.0 million. The project is currently under construction and is expected to commence commercial operation in 2017.

Xiao County Integrated Biomass and Waste-to-Energy Projects

The following two projects will form an integrated biomass and waste-to-energy facility in Xiao County, Anhui Province.

Biomass. In August 2015, we entered into an investment agreement with the government of Xiao County, Anhui Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum and a power generation capacity of 30 MW. We plan to employ vibrating grate boiler technology for the project. The estimated total investment for this project is approximately RMB320.0 million. The project is currently under construction and is expected to commence commercial operation in 2017.

Waste-to-Energy. In August 2015, we entered into a concession agreement with the government of Xiao County, Anhui Province with respect to a waste-to-energy project under the BOO model. The waste-to-energy power generation facility is designed to have a household waste processing capacity of 146,000 tons per annum and a power generation capacity of 9 MW. We plan to employ moving grate boiler technology for the project. The estimated total investment for this project is approximately RMB250.0 million. The project is currently under construction and is expected to commence commercial operation in 2017.

Guanyun Integrated Biomass and Waste-to-Energy Projects

The following two projects will form an integrated biomass and waste-to-energy facility in Guanyun, Jiangsu Province.

Biomass. We entered into an investment agreement with the government of Guanyun, Jiangsu Province in June 2015, with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 289,800 tons per annum and a power generation capacity of 30 MW. The estimated total investment for this project is approximately RMB320.0 million. The project is currently under construction and is expected to commence commercial operation in 2018.

Waste-to-Energy. We entered into a concession agreement with the Administration Bureau of Guanyun, Jiangsu Province in June 2015, with respect to a waste-to-energy project under the BOO model. The waste-to-energy power generation facility is designed to have a household waste processing capacity of 182,500 tons per annum and a power generation capacity of 9 MW. The estimated total investment for this project is approximately RMB270.0 million. The project is currently under construction and is expected to commence commercial operation in 2018.

Mianzhu Integrated Biomass and Waste-to-Energy Projects

The following two projects will form an integrated biomass and waste-to-energy facility in Mianzhu, Sichuan Province.

Biomass. In January 2015, we entered into an investment agreement with the government of Mianzhu, Sichuan Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum and a power generation capacity of 30 MW. The estimated total investment for this project is approximately RMB320.0 million. The project is currently under construction and is expected to commence commercial operation in 2017.

Waste-to-Energy. In January 2015, we entered into an additional concession agreement with the government of Mianzhu, Sichuan Province with respect to a waste-to-energy project under the BOO model. The waste-to-energy power generation facility is designed to have a household waste processing capacity of 109,500 tons per annum and a power generation capacity of 6 MW. The estimated total investment for this project is approximately RMB180.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2018.

Rugao Biomass Direct Combustion Project

In June 2015, we entered into an investment agreement with the government of Rugao, Jiangsu Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 280,000 tons per annum and a power generation capacity of 30 MW. Under the investment agreement, the Rugao government will provide a grant of RMB4.0 million annually for three years after this project commences operation. The estimated total investment for this project is approximately RMB320.0 million. The project is currently under construction and is expected to commence commercial operation in 2018.

Fengyang Integrated Biomass and Waste-to-Energy Projects

The following two projects will form an integrated biomass and waste-to-energy facility in Fengyang, Anhui Province.

Biomass. In September 2015, we entered into an investment agreement with the government of Fengyang, Anhui Province with respect to a biomass electricity and heat cogeneration project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum and a power generation capacity of 30 MW. The estimated total investment for this project is approximately RMB320.0 million. The project is currently under construction and is expected to commence commercial operation in 2018.

Waste-to-Energy. In September 2015, we entered into a concession agreement with the government of Fengyang, Anhui Province with respect to a waste-to-energy project under the BOO model. The waste-to-energy power generation facility is designed to have a household waste processing capacity of 146,000 tons per annum and a power generation capacity of 9 MW. The estimated total investment for this project is approximately RMB230.0 million. The project is currently under construction and is expected to commence commercial operation in 2018.

Yeji Biomass Electricity and Heat Cogeneration Project

In February 2016, we entered into an investment agreement with Lu'an Yeji Sustainable Development Zone Management Committee and Lu'an Yeji Economic Development Zone Management Committee with respect to a biomass electricity and heat cogeneration project under the BOO model. The biomass power and heat cogeneration facility is expected to have a biomass processing capacity of 300,000 tons per annum, a power generation capacity of 30 MW, and a steam generation capacity of 438,000 tons per annum. The estimated total investment for this project is approximately RMB351.7 million. The facility is currently at the planning stage and is expected to commence commercial operation in 2018.

Luhe Integrated Biomass and Waste-to-Energy Projects

The following two projects will form an integrated biomass and waste-to-energy facility in Luhe, Nanjing, Jiangsu Province. We and Nanjing Ji Mu Investment Company Limited (南京極目實業投資有限公司), an independent third party, hold 90% and 10%, respectively, of the equity interest in the relevant project company. In September 2015, we entered into an investment cooperation agreement with the Management Committee of Nanjing New Materials Industrial Park, Luhe, Nanjing, Jiangsu Province and Nanjing Ji Mu Investment Company Limited with respect to a pair of integrated biomass and waste-to-energy projects under the BOO model. We also entered into two additional separate agreements with respect to the biomass project and waste-to-energy project, respectively, as further described below.

Biomass. In September 2015, we entered into a biomass comprehensive utilization agreement with the Bureau of Agriculture of Luhe, Nanjing, Jiangsu Province with respect to a biomass electricity and heat cogeneration project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 150,000 tons per annum and a power generation capacity of 18 MW. The estimated total investment for the biomass electricity and heat cogeneration project is approximately RMB245.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Waste-to-Energy. In September 2015, we entered into a concession agreement with the Municipal Management Committee of Luhe, Nanjing, Jiangsu Province with respect to a waste-to-energy project under the BOO model. The waste-to-energy facility is designed to have a household waste processing capacity of 182,500 tons per annum and a power generation capacity of 12 MW. The estimated total investment for this project is approximately RMB280.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

In August 2016, due to the negative public response to our Luhe Integrated Biomass and Waste-to-Energy Projects, the Luhe government has decided to relocate such projects. We are in discussion with the Luhe government regarding the new location.

Huaiyin Integrated Biomass and Waste-to-Energy Projects

The following two projects will form an integrated biomass and waste-to-energy facility in Huaiyin, Jiangsu Province.

Biomass. In December 2015, we entered into an investment agreement with the government of Huaiyin, Huai An City, Jiangsu Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 150,000 tons per annum and a power generation capacity of 18 MW. The estimated total investment for this project is approximately RMB240.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Waste-to-Energy. In December 2015, we entered into a concession agreement with the government of Huaiyin, Huai An City, Jiangsu Province with respect to a waste-to-energy project under the BOO model. The waste-to-energy power generation facility is designed to have a household waste processing capacity of 182,500 tons per annum and a power generation capacity of 9 MW. The estimated total investment for this project is approximately RMB250.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Yu'an Biomass Electricity and Heat Cogeneration Project

In February 2016, we entered into an investment agreement with the government of Yu'an, Anhui Province and the Management Committee of Yu'an Economic Development Zone with respect to a biomass electricity and heat cogeneration project under the BOO model. The biomass power and heat cogeneration facility is designed to have a biomass processing capacity of 300,000 tons per annum and a power generation capacity of 30 MW. The estimated total investment for this project is approximately RMB340.7 million. The facility is currently at the planning stage and is expected to commence commercial operation in 2018.

Shayang Biomass Direct Combustion Project

In May 2016, we entered into an investment agreement with the Shayang Bureau of Land and Resources, Hubei Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum and a power generation capacity of 30 MW. Under the investment agreement, the Shayang Bureau of Land and Resources will provide a grant of no more than RMB10 million for three years to support our construction of the facility. The estimated total investment for this project is approximately RMB320.0 million. The facility is currently at the planning stage and is expected to commence commercial operation in 2018.

Ji County Biomass Direct Combustion Project

In August 2016, we entered in to an investment agreement with the government of Ji County in Tianjin with respect to a biomass direct combustion project under the BOO model. This project is designed to have a biomass processing capacity of 280,000 tons per annum and a power generation capacity of 30MW. According to the supplement to the investment agreement, the government of Ji County agreed to provide subsidy of RMB10.08 million to this project. The estimated total investment for this project is approximately RMB320.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2018.

Xiayi Integrated Biomass and Waste-to-Energy Projects

The following two projects will form an integrated biomass and waste-to-energy facility in Xiayi, Henan Province.

Biomass. In September 2016, we entered into an investment agreement with the government of Xiayi County in Henan Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum in two phases with 150,000 tons per annum capacity in phase one and a power generation capacity of 15MW. The estimated total investment for this project is approximately RMB228.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Waste-to-Energy. In September 2016, we also entered into a concession agreement with the government of Xiayi County in Henan Province with respect to a waste-to-energy project under the BOT model for a concession period of 30 years. The waste-to-energy facility is designed to have a household waste processing capacity of 255,500 tons per annum and 700 tons per day in two phases with 400 tons daily capacity in phase one. Phase I of this project is designed to have a power generation capacity of 9MW. The estimated total investment for this project is approximately RMB230.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Puyang Biomass Electricity and Heat Cogeneration Project

In October 2016, we entered into an investment agreement with the government of Hualong District, Puyang City, Henan Province, with respect to a biomass electricity and heat cogeneration project under the BOO model. This project is located in Hualong District. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum, a power generation capacity of 30MW. The estimated total investment for this project is approximately RMB306.0 million. Pursuant to the concession arrangement, we have the exclusive right to operate Electricity and Heat Cogeneration Project in Hualong District. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Zhongjiang Integrated Biomass and Waste-to-Energy Projects

In November 2016, we entered into an investment agreement with the government of Zhongjiang, Sichuan Province with respect to a pair of integrated biomass and waste-to-energy projects (Phase I and Phase II respectively) under the BOO model. The estimated total investment for the projects is approximately RMB530.0 million. The following two projects will form an integrated biomass and waste-to-energy facility in Zhongjiang, Sichuan Province.

Biomass (Phase I). The estimated total investment amount for Phase I is approximately RMB300.0 million. The biomass facility is designed to have a power generation capacity of 30 MW. We expect that the designed biomass processing capacity of this project will be 300,000 tons per annum. The biomass project is currently at the planning stage and is expected to commence commercial operation in 2019.

Waste-to-Energy (Phase II). We will enter into another concession agreement for the waste-to-energy project after the confirmation of the government planning regarding waste treatment. This waste-to-energy project is part of our Zhongjiang Integrated Biomass and Waste-to-Energy Projects.

Guixi Biomass Electricity and Heat Cogeneration Project

In December 2016, we entered into an investment agreement with the government of Guixi, Jiangxi Province with respect to a biomass electricity and heat cogeneration project under the BOO model. This project is located in Jiangxi Guixi Economic Development District. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum, a power generation capacity of 30MW and a steam generation capacity of 47,450 tons per annum. The estimated total investment for this project is approximately RMB296.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Hubei Zhongxiang Integrated Biomass and Waste-to-Energy Projects

The following two projects will form an integrated biomass and waste-to-energy facility in Zhongxiang City, Hubei Province.

Biomass. In February 2017, we entered into an investment agreement with the government of Zhongxiang City in Hubei Province with respect to a biomass direct combustion project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum with a power generation capacity of 40MW. The estimated total investment for this project is approximately RMB301.2 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Waste-to-Energy. In February 2017, we also entered into a concession agreement with the government of Zhongxiang City in Hubei Province with respect to a waste-to-energy project under the

BOO model. The waste-to-energy facility is designed to have a household waste processing capacity of 292,000 tons per annum and 800 tons per day in two phases with 400 tons daily capacity in phase one and another 400 tons daily capacity reserved for phase two. Phase one of this project is designed to have a power generation capacity of 9MW. The estimated total investment for phase one is approximately RMB231.3 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Sheqi Integrated Biomass and Waste-to-Energy Projects

The following two projects will form an integrated biomass and waste-to-energy facility in Sheqi County of Nanyang City, Henan Province.

Biomass. In February 2017, we entered into an investment agreement with the government of Sheqi County in Nanyang City, Henan Province with respect to a biomass electricity and heat cogeneration project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum, a power generation capacity of 40 MW, and a steam generation capacity of 30 tons per hour. The estimated total investment for this project is approximately RMB306.0 million. Pursuant to the investment agreement, we have the exclusive right to operate electricity and heat cogeneration project in Sheqi County. This biomass project is part of our Sheqi Integrated Biomass and Waste-to-Energy Projects. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Waste-to-Energy. In February 2017, we also entered into a concession agreement with the government of Sheqi County in Nanyang City, Henan Province with respect to a waste-to-energy project under the BOT model for a concession period of 30 years. The waste-to-energy facility is designed to have a household waste processing capacity of 800 tons per day in two phases with 400 tons daily capacity in phase one. Phase one of this project is designed to have a power generation capacity of 9MW. The estimated total investment for this project is approximately RMB233.0 million. This waste-to-energy project is part of our Sheqi Integrated Biomass and Waste-to-Energy Projects. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

Lianshui Biomass Electricity and Heat Cogeneration Project

In February 2017, we entered into an investment agreement with the government of Lianshui County, Jiangsu Province with respect to a biomass electricity and heat cogeneration project under the BOO model. The power generation facility is designed to have a biomass processing capacity of 300,000 tons per annum and a power generation capacity of 30 MW for phase one. The estimated total investment for phase one is approximately RMB318.0 million. Pursuant to the investment agreement, we have the exclusive right to operate electricity and heat cogeneration projects in Lianshui County. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

OUR HAZARDOUS WASTE TREATMENT BUSINESS

We collect and safely dispose of hazardous waste. We provide services to industrial companies and medical facilities and receive waste treatment fees from them. Revenues from our hazardous waste treatment business amounted to HK$453.1 million, HK$164.2 million and HK$335.8 million for the years ended December 31, 2014, 2015 and 2016, respectively, which accounted for 42.8%, 13.6% and 11.2% of our total revenues for such years, respectively. As of the Latest Practicable Date, we had 22 hazardous waste treatment projects located across Jiangsu Province, Anhui Province and Shandong Province in East China and one hazardous waste treatment project located in Sichuan Province, including eight projects in operation, two projects under construction and 12 projects at the planning stage, with an aggregate hazardous waste disposal designed capacity of 504,150 tons per annum. According to Frost & Sullivan, we ranked first in East China and third in China, respectively, in terms of aggregate disposal designed capacity for all the projects in operation, under construction and at the planning stage among all centralized hazardous waste treatment companies as of December 31, 2016, and fifth in terms of aggregate disposal designed capacity in operation among all hazardous waste treatment companies in China as of December 31, 2016.

The following table sets forth certain key operating data for the years indicated:

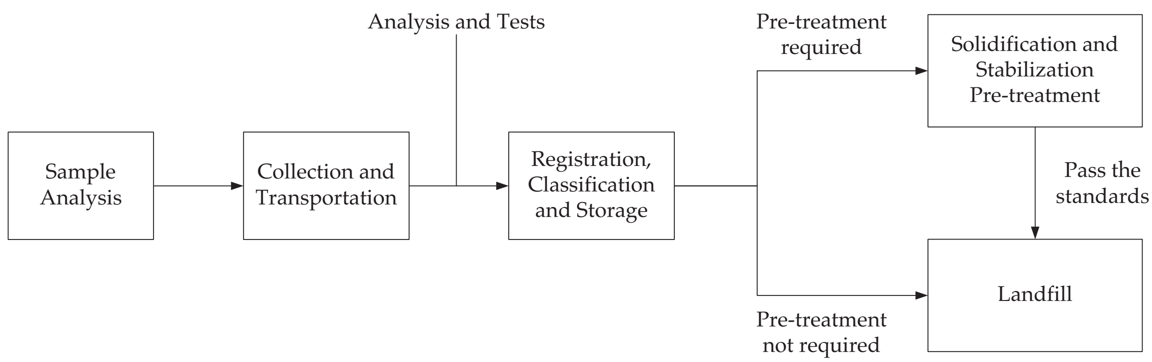
	Year ended December 31,		
	2014	2015	2016
Number of projects at year end:			
Projects in operation	4	4	8
Projects under construction	3	4	2
Projects at the planning stage	5	5	12
Total	12	13	22
Hazardous waste collected (ton)	60,740.3	52,340.7	99,639.7
Average waste treatment fee (RMB/ton)	1,490.7	2,171.9	2,413.6

Waste Treatment Methods and Process

We currently have the capability to process various types of industrial hazardous waste and medical waste, covering 42 out of 46 types of industrial and medical hazardous waste according to the National Catalog of Hazardous Waste (國家危險廢物名錄). Our treatment methods mainly include landfill disposal and incineration disposal. Other treatment methods include comprehensive disposal which recycles certain hazardous waste after removing its hazardous nature, and disposes of it by incineration, landfill or other method. Prior to the final treatment, a pretreatment process may need to be conducted through a physical-chemical process such as solidification and stabilization to remove or reduce its hazardous characteristics through a physical-chemical process.

Landfill disposal

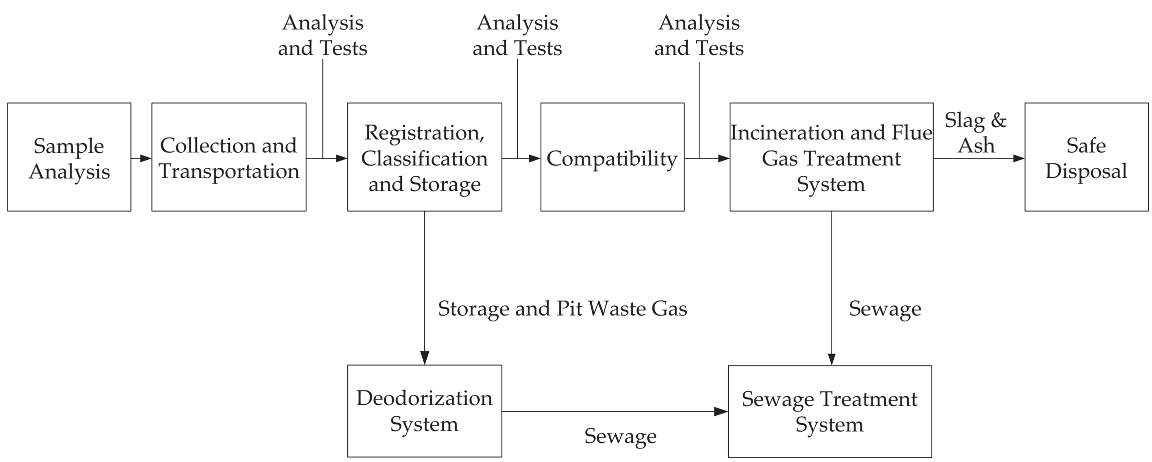
Among our hazardous waste treatment projects, five projects in operation and four projects at the planning stage used or planned to use landfill disposal as of the Latest Practicable Date. This method is suitable for industrial waste such as heavy metal waste, acid-based waste salt, and inorganic waste and can process up to 23 types of waste under the National Catalog of Hazardous Waste. The following chart sets forth the process of hazardous waste landfill disposal:



We obtain the land use rights for the landfill sites for terms ranging from 30 to 50 years from the relevant local government pursuant to the relevant investment or concession agreements, and construct the relevant landfills based on the types of hazardous waste to be treated by the relevant project. We sample and test hazardous waste at its origin, and the waste is then collected and transported to our landfills. We examine and analyze the waste, record its information, and classify it into different categories for a pretreatment process when required, and safely dispose of it at our landfills. Before treatment, hazardous waste may be temporarily stored at our facilities.

Incineration

Among our hazardous waste treatment incineration projects, three projects in operation, two projects under construction and nine projects at the planning stage used or planned to use incineration as of the Latest Practicable Date. This method is suitable for hazardous waste such as package bags, organic sludge and chemical slag and can process up to 26 types of waste under the National Catalog of Hazardous Waste. The following chart sets forth the process of hazardous waste incineration disposal:



We sample hazardous waste at its origin, and the eligible waste is collected and transported to our incineration facilities. We examine and analyze the waste, record its information, and classify it into different categories. Waste is sorted so that compatible materials can be incinerated together. Medical waste may need to go through a pretreatment process before incineration. We then safely dispose of hazardous waste by incineration. The sewage and ashes from the incineration and other processes will be safely treated and disposed of to avoid secondary pollution.

Pretreatment

Pretreatment methods may vary depending on the type of waste. For hazardous waste, we conduct solidification or stabilization pretreatment procedures using cement, limestone and physical-chemical pretreatment procedures before landfill disposal, and conduct physical-chemical pretreatment to reduce corrosivity, toxicity or reactivity before incineration. For medical waste, we conduct additional pre-treatment procedures, such as sterilization by boiling, before landfill disposal or incineration.

Revenue Sources and Preferential Policies

Waste treatment fees

Our revenues from the hazardous waste treatment business are primarily generated from waste treatment fees from industrial companies and medical institutions. The waste treatment fees are generally determined based on the fee guidance set by the local government with consideration of the market conditions. Waste treatment fees may also vary significantly according to the types of hazardous waste based on the hazardous characteristics, the difficulty of the treatment process, the volume of landfill required, and the guidance price for the applicable category of waste. As of the Latest Practicable Date, the waste treatment fees ranged from under RMB2,000/ton to approximately RMB17,000/ton. In addition, the waste treatment volume of each of our hazardous waste treatment projects is limited by the treatment capacity and governmental approvals for the relevant project. As a result, the average waste treatment fees with respect to a period are affected by the mix of different types of hazardous waste, with different unit treatment prices, that we have treated over such period. For example, prior to August 2014, we processed a large amount of flying ash waste for Suzhou government at our Suzhou Hazardous Waste Landfill Project, which had a lower unit price per ton. We reduced the amount of such waste treated by us from August 2014, which led to an increase in the average hazardous waste treatment fees per ton payable to us. We plan to continue to manage the mix of waste we treat so as to maximize the hazardous waste treatment fee payable to us.

Preferential tax treatment

According to the Regulation on the Implementation of the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法實施條例), as hazardous waste treatment business is listed in the Catalog for Enterprise Income Tax Preferential Treatment for Environmental Protection and Energy and Water Saving Projects (Trial) (關於公佈環境保護節能節水項目企業所得税優惠目錄(試行)的通知), hazardous waste treatment project companies are entitled to an enterprise income tax exemption for the first three years after they generate revenue and a 50% deduction in the following three years. According to the Letter of Reply Regarding Business Tax on Waste Treatment of the SAT (資源綜合利用產品和勞務增值税優惠目錄), hazardous waste treatment companies are exempted from business tax for the hazardous and medical waste treatment fees. According to the Catalog of Value-Added Tax Preferential Policies for Products and Labor Services Involving Comprehensive Utilization of Resources (資源綜合利用產品和勞務增值税優惠目錄), hazardous waste treatment project companies are entitled to refunds of up to 70% of the VAT. Our operating companies for hazardous waste projects are entitled to these benefits.

Government subsidies

The form and amount of government subsidies applicable to hazardous waste treatment projects varies from region to region and also depends on our agreement with the local governments. For example, in November 2015, our Zibo Hazardous Waste Incineration Project (Phase I), which had been named a key project in Linzi District for 2014 and 2015, received an industrial development support fund of approximately RMB5.6 million from Linzi District, Zibo, Shandong Province, to support the construction of the project. See "— Our Hazardous Waste Treatment Project Portfolio."

Construction service revenues

Most of our hazardous waste treatment projects are accounted for as service concession arrangements under HKFRS. As a result, we recognize revenues while not receiving any cash payment during the construction phase of these projects. For more information on such accounting treatment, see "Financial Information — Impact of Accounting Treatment of Service Concession Arrangements" and "Risk Factors — Risks Relating to our Business and Industry — Our results may fluctuate due to our accounting treatment with respect to service concession arrangements."

Our Hazardous Waste Treatment Project Portfolio

Our hazardous waste treatment projects are located in industrial zones with significant demand for hazardous waste treatment services and easy access to the hazardous waste. The following table sets forth certain key operating information for each of our hazardous waste treatment projects in operation as of the Latest Practicable Date. All projects are 100% owned by us unless stated otherwise. Other than Suqian Hazardous Waste Landfill Project (Phase II), Lianyungang Hazardous Waste Incineration Project (Phase I) and Zibo Hazardous Waste Incineration Project (Phase I), all of our hazardous waste treatment projects in operation are under BOT model. Other than Lianyungang Hazardous Waste Incineration Project (Phase I) and Zibo Hazardous Waste Incineration Project (Phase I), all of our hazardous waste treatment projects in operation are accounted for as service concession arrangements. See "Financial Information — Impact of Accounting Treatment of Service Concession Arrangements."

No.	Project	Project Location	Business Model	Service Concession Arrangement	Exclusivity	Date of Commencement of Commercial Operation	Waste Incineration Designed Capacity	Landfill Processing Designed Capacity	Landfill Volume
							(tons per annum)	*(tons per annum)*	*(m³)*
1	Suzhou Hazardous Waste Landfill Project (Phase I)[1]	Jiangsu Province	BOT for 30 years	√	Suzhou City	July 2007	N/A	N/A	100,000
2	Suzhou Hazardous Waste Landfill Project (Phase II)	Jiangsu Province	BOT for 30 years	√	Suzhou City	January 2013	N/A	40,000	370,000
3	Suqian Hazardous Waste Landfill Project	Jiangsu Province	BOO	√	Suqian City	January 2013	N/A	20,000	300,000
4	Lianyungang Hazardous Waste Incineration Project (Phase I)	Jiangsu Province	Others[2]	×	N/A	March 2014	1,650	N/A	N/A
5	Guanyun Hazardous Waste Landfill Project	Jiangsu Province	BOT for 26 years	√	Guanyun County	April 2016	N/A	20,000	344,000
6	Zibo Hazardous Waste Incineration Project (Phase I)	Shandong Province	BOO	×	Zibo Qilu Chemical Industrial Park	September 2016	9,830	N/A	N/A
7	Binhai Hazardous Waste Landfill Project[3]	Jiangsu Province	BOT for 20 years	√	Binhai County	October 2016	N/A	30,000	600,000
8	Xinyi Hazardous Waste Incineration Project	Jiangsu Province	BOT for 28 years	√	Xinyi City	October 2016	9,500	N/A	N/A
	Total						**20,980**	**110,000**	**1,714,000**

Notes:

(1) Suzhou Hazardous Waste Landfill Project (Phase I) has been filled, capped and closed. We are responsible for the maintenance and monitoring for the remainder of the concession period.

(2) We acquired this project from an independent third party.

(3) For this project, we and Binhai Hongda Economic Development Company Limited (濱海宏達經濟發展有限公司), an independent third party, hold 90% and 10%, respectively, of the equity interest in the relevant project company.

The following table sets forth certain key operating information for each of our hazardous waste treatment projects under construction as of the Latest Practicable Date. Neither of our hazardous waste treatment projects under construction are accounted for as service concession arrangements, and both of our hazardous waste treatment projects under construction are under BOO model. See "Financial Information — Impact of Accounting Treatment of Service Concession Arrangements."

No.	Project	Project Location	Business Model	Service Concession Arrangement	Exclusivity	Estimated Date of Commencement of Commercial Operation	Waste Incineration Designed Capacity	Landfill Processing Designed Capacity	Landfill Volume
							(ton/year)	*(ton/year)*	*(m^3)*
1	Lianyungang Hazardous Waste Incineration Project (Phase II)	Jiangsu Province	BOO	×	N/A	2017	10,000	N/A	N/A
2	Changzhou Hazardous Waste Incineration Project[1]	Jiangsu Province	BOO	×	N/A	2017	30,000	N/A	N/A
	Total						**40,000**	**N/A**	**N/A**

Note:

(1) For this project, we and SITA Asia Pacific Limited, an independent third party, hold 50% and 50%, respectively, of the equity interest in the relevant project company.

The following table sets forth certain key operating information for each of our hazardous waste treatment projects at the planning stage as of the Latest Practicable Date. Except for Jiangsu Xinyi Animal Carcass Harmless Treatment Project, all of our hazardous waste projects at the planning stage are under BOO model. For projects at the planning stage, accounting treatment as to whether the relevant project can be accounted for as service concession arrangement cannot be confirmed.

No.	Project	Project Location	Business Model	Service Concession Arrangement	Exclusivity	Estimated Date of Commencement of Commercial Operation	Waste Incineration Designed Capacity	Landfill Processing Designed Capacity	Landfill Volume	Other Capacities
							(ton/year)	*(ton/year)*	*(m^3)*	*(ton/year)*
1	Zibo Hazardous Waste Landfill Project	Shandong Province	BOO	N/A	Zibo Qilu Chemical Industrial Park	2019	N/A	20,000	N/A(1)	N/A
2	Zibo Hazardous Waste Incineration Project (Phase II)	Shandong Province	BOO	N/A	Zibo Qilu Chemical Industrial Park	2019	15,000	N/A	N/A	N/A
						N/A	15,170	N/A	N/A	50,000
3	Xinyi Hazardous Waste Landfill Project	Jiangsu Province	BOO	N/A	N/A	2018	N/A	20,000	600,000	N/A
4	Shouguang Hazardous Waste Landfill Project	Shandong Province	BOO	N/A	Shouguang City	N/A(2)	N/A	20,000	500,000	N/A
5	Kunshan Hazardous Waste Incineration Project(3)	Jiangsu Province	BOO	N/A	N/A	2019	20,000	N/A	N/A	N/A
6	Jiangnan Hazardous Waste Treatment Project (Phase I)(4)	Jiangsu Province	BOO	N/A	N/A	2019	20,000	N/A	N/A	20,000
7	Jiangnan Hazardous Waste Treatment Project (Phase II)(4)	Jiangsu Province	BOO	N/A	N/A	N/A(2)	10,000	10,000	N/A	20,000
8	Linshu Hazardous Waste Treatment Project (Phase I)	Shandong Province	BOO	N/A	Linshu Chemical Industrial Park	2018	20,000	N/A	N/A	N/A
9	Linshu Hazardous Waste Treatment Project (Phase II)	Shandong Province	BOO	N/A	Linshu Chemical Industrial Park	N/A(2)	20,000	N/A	N/A	N/A

No.	Project	Project Location	Business Model	Service Concession Arrangement	Exclusivity	Estimated Date of Commencement of Commercial Operation	Waste Incineration Designed Capacity	Landfill Processing Designed Capacity	Landfill Volume	Other Capacities
							(ton/year)	*(ton/year)*	*(m^3)*	*(ton/year)*
10	Jiangsu Xinyi Animal Carcass Harmless Treatment Project	Jiangsu Province	BOT for 30 years	N/A	Within and nearby the city of Xinyi	2018	3,000	N/A	N/A	N/A
11	Anhui Dingyuan Salt-based Chemical Industrial Park Hazardous Waste Integrated Treatment Project	Anhui Province	BOO	N/A	Dingyuan Salt-based Chemical Industrial Park	2019	30,000	N/A	N/A	N/A
12	Mianzhu Hazardous Waste Incineration Project	Sichuan Province	BOO	N/A	Deyang City (including Mianzhu City)	2019	20,000	N/A	N/A	N/A
	Total						**173,170**	**70,000**	**1,100,000**	**90,000**

Notes:

(1) This project occupies an area of approximately 100 mu. However, the landfill volume had not been determined as of the Latest Practicable Date.

(2) The progress of the project will be determined by the local government, so we cannot provide the estimated date of commencement of commercial operation at the current stage.

(3) For this project, we, Kunshan City Water Group Co. Ltd. (昆山市水務集團有限公司), Kunshan Zhangpu Assets Management LLC (昆山市張浦資產經營有限責任公司) and Nanjing Dingye Investment Group Co. Ltd. (南京鼎業投資置業集團有限公司), each an independent third party, hold 55%, 10%, 5% and 30%, respectively, of the equity interest in the relevant project company.

(4) For this project, we and Nanjing Dingye Investment Group Co. Ltd. (南京鼎業投資置業集團有限公司), an independent third party, hold 70% and 30%, respectively, of the equity interest in the relevant project company.

Suzhou Hazardous Waste Landfill Projects

In October 2006, we entered into a concession agreement with Suzhou Ministry of Environmental Protection, Jiangsu Province with respect to hazardous waste landfill projects in phases under the BOT model with a concession period of 30 years. Both of our Suzhou Hazardous Waste Landfill Projects are located in the Jiangsu Wuzhong Venous Industrial Park (江蘇吳中靜脈產業園). Pursuant to the concession arrangement, we have the exclusive right to operate hazardous waste landfill projects in Suzhou city.

Phase I. The landfill had a total volume of 100,000 cubic meters. This project had a total investment amount of approximately RMB78.1 million. It commenced commercial operation in July 2007, and was filled, capped and closed in January 2013. We will continue to maintain the landfill for the remainder of concession period but will not process additional hazardous waste at this facility.

Phase II. The landfill has a hazardous waste processing designed capacity of 40,000 tons per annum and a total volume of 370,000 cubic meters. The project had a total investment amount of approximately RMB35.6 million. It commenced commercial operation in January 2013 and mainly processes hazardous waste categorized as heavy metals, acids, alkali, and non-metal inorganics through solidification pretreatment and grid landfill disposal.

Suqian Hazardous Waste Landfill Project

In February 2011, we entered into a concession agreement with Suqian Ministry of Environmental Protection, Jiangsu Province with respect to a hazardous waste landfill project under the BOO model. This project is located in the vicinity of Suqian Ecological Chemical Technology Industrial Park (宿遷生態化工園科技產業區) which hosts more than 90 industrial companies. Pursuant to the concession agreement, we have the exclusive right to operate hazardous waste landfill projects in Suqian city. The landfill has a hazardous waste processing designed capacity of 20,000 tons per annum and a total volume of 300,000 cubic meters. The project had a total investment amount of approximately RMB99.1 million and commenced commercial operation in January 2013. It mainly processes hazardous waste categorized as heavy metals and non-metal inorganics through solidification pretreatment and grid landfill disposal.

Lianyungang Hazardous Waste Treatment Projects

Lianyungang project is located in Guanyun County Lingang Industrial District (灌雲縣臨港產業區) in Jiangsu Province, which hosts more than 180 industrial projects.

Lianyungang Hazardous Waste Incineration Project (Phase I). In November 2013, we entered into a share transfer agreement with Suzukigumi Co., Ltd., a company incorporated under the laws of Japan, to acquire a 100% equity interest in Suzukigumi Hazardous Waste Treatment Limited, which we renamed after the acquisition to Everbright Environmental (Lianyungang) Hazardous Waste Treatment Limited. After the acquisition, we conducted upgrades on the facilities to increase the treatment capacity and quality of the facilities. The facilities have a medical waste processing designed capacity of 1,650 tons per annum. The medical waste processing facility commenced commercial operation in March 2014.

Lianyungang Hazardous Waste Incineration Project (Phase II). In September 2015, we started to expand the Lianyungang hazardous waste incineration operation in the same area as our existing incineration project. The expanded facility is designed to have an additional hazardous waste processing capacity of 10,000 tons per annum. This project has an estimated total investment amount of approximately RMB110.0 million. It is currently under construction and is expected to commence commercial operation in 2017. This project will mainly process hazardous waste categorized as residues of distillation, waste packaging and organic sludge through incineration.

Guanyun Hazardous Waste Landfill Project. In August 2012, we entered into a concession agreement with Guanyun County Ministry of Environmental Protection and Guanyun Lianyungang

Industrial District Management Committee, Jiangsu Province with respect to a hazardous waste landfill project under the BOT model with a concession period of 26 years. Pursuant to the concession arrangement, we have the exclusive right to operate hazardous waste landfill projects in Guanyun County, Lianyungang. The landfill is designed to have a hazardous waste processing capacity of 20,000 tons per annum and a total volume of 344,000 cubic meters. This project had a total investment amount of approximately RMB139.2 million. It commenced commercial operation in April 2016. This project mainly processes hazardous waste categorized as inorganic sludge, waste salts and incineration residues through solidification pretreatment and grid landfill disposal.

Binhai Hazardous Waste Landfill Project

In May 2013, we entered into a concession agreement with the Management Committee of Binhai Coastal Industrial Park of Economic Development Zone, Jiangsu Province with respect to a hazardous waste landfill project under the BOT model with a concession period of 20 years. We and Binhai Hongda Economic Development Company Limited (濱海宏達經濟發展有限公司), an independent third party, hold 90% and 10%, respectively, of the equity interest in the relevant project company. This project is located in Jiangsu Binhai Coastal Industrial Park (江蘇濱海縣沿海工業園), which hosts more than 100 industrial companies. Pursuant to the concession arrangement, we have the exclusive right to operate hazardous waste landfill projects in Binhai county. The landfill project is designed to have a hazardous waste processing capacity of 30,000 tons per annum and a total volume of 600,000 cubic meters. The project had a total investment amount of approximately RMB185.7 million. It commenced commercial operation in October 2016. This project mainly processes hazardous waste categorized as inorganic sludge, waste salts and incineration residues through solidification pretreatment and grid landfill disposal.

Xinyi Hazardous Waste Incineration Project

In April 2014, we entered into an investment agreement with the government of Xinyi, Jiangsu Province with respect to a hazardous waste incineration project under the BOT model for a concession period of at least 28 years. This project is located in the vicinity of Xinyi Environmental Protection Industrial Park (新沂環保工業園). The facility is designed to have a hazardous waste incineration capacity of 9,500 tons per annum. Pursuant to the investment arrangement, we have the exclusive right to operate hazardous waste incineration projects in Xinyi city. The project has an estimated total investment amount of approximately RMB100.0 million. It commenced commercial operation in October 2016. This project mainly processes hazardous waste categorized as residues of rectifying and distillation, waste packaging and organic sludge through incineration.

Zibo Hazardous Waste Comprehensive Treatment Projects

Our Zibo projects are located in the Zibo Qilu Chemical Industrial Park (淄博齊魯化學工業區) which hosts more than 220 industrial companies.

Zibo Hazardous Waste Incineration Projects (Phase I and Phase II). In May 2013, we entered into an investment agreement ("**Zibo Investment Agreement**") with the government of Linzi District, Zibo

City, Shandong Province with respect to hazardous waste incineration projects in phases under the BOO model. Pursuant to the Zibo Investment Agreement, we have the exclusive right to operate hazardous waste incineration projects in Zibo Qilu Chemical Industrial Park. According to the Zibo Investment Agreement, the projects will be developed in two phases. Phase I is designed to have a hazardous waste incineration capacity of 9,830 tons per annum, and had a total investment amount of approximately RMB132.4 million. Phase I has commenced operation in September 2016. In November 2015, our Zibo Hazardous Waste Incineration Project (Phase I), which had been named a key project in Linzi District for 2014 and 2015, received an industrial development support fund of approximately RMB5.6 million from Linzi District of Zibo City to support the construction of the project. In December 2016, we entered into another investment agreement with the government of Zibo, Shandong Province with respect to Phase II. Phase II is designed to have a hazardous waste treatment capacity of 15,000 tons per annum. Phase II has an estimated total investment amount of approximately RMB190.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019. According to the Zibo Investment Agreement, we are entitled to develop the remaining hazardous waste incineration capacity of 15,170 tons per annum and physical-chemical treatment capacity of 50,000 tons per annum which we plan to further develop in Phase II.

Zibo Hazardous Waste Landfill Project. In September 2015, we entered into an investment agreement with the government of Zibo, Shandong Province with respect to a hazardous waste landfill project under the BOO model. Pursuant to the concession arrangement under the investment agreement, we have the exclusive right to operate hazardous waste landfill projects in Zibo Qilu Chemical Industrial Park. The landfill is designed to have a hazardous waste processing capacity of 20,000 tons per annum. The project has an estimated total investment amount of approximately RMB170.0 million. It is currently at the planning stage and is expected to commence commercial operation in 2019. This project will mainly process hazardous waste categorized as inorganic sludge, waste salts and incineration residues through solidification pretreatment and grid landfill disposal.

Changzhou Hazardous Waste Incineration Project

In July 2014, we and SITA Asia Pacific Limited, an independent third party, entered into an investment agreement with the Management Committee of Changzhou National Hi-tech Industrial Development Zone, Jiangsu Province with respect to a hazardous waste incineration project under the BOO model. We and SITA Asia Pacific Limited hold 50% and 50%, respectively, of the equity interest in the project company for this project. This project is located in the Changzhou Xinbei Binjiang Industrial Zone (江蘇省常州市新北區濱江工業區) which hosts more than 70 industrial companies. The facility is designed to have a hazardous waste incineration capacity of 30,000 tons per annum. The project has an estimated total investment amount of approximately RMB280.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2017. This project will mainly process hazardous waste categorized as residues of rectifying and distillation, waste packaging and organic sludge through incineration.

Xinyi Hazardous Waste Landfill Project

In April 2016, we entered into an investment agreement with the government of Xinyi, Jiangsu Province with respect to a hazardous waste landfill project under the BOO model. This project is located at Kongwei community, Xin An Street, Xinyi. The landfill is designed to have a hazardous waste processing capacity of 20,000 tons per annum and a total volume of 600,000 cubic meters. The project has an estimated total investment amount of approximately RMB166.0 million. This project is currently at the planning stage and is expected to commence commercial operation in 2018. It is intended that this project will mainly process hazardous waste categorized as residues of distillation, waste packaging and organic sludge through incineration.

Shouguang Hazardous Waste Landfill Project

In October 2013, we entered into an investment agreement with the government of Shouguang, Shandong Province with respect to a hazardous waste landfill project under the BOO model. This project is located in the Shouguang Shuangwangcheng Ecological Economic Park. Pursuant to the investment agreement, we have the exclusive right to operate hazardous waste landfill in Shouguang city. The landfill is designed to have a hazardous waste processing capacity of 20,000 tons per annum and a total volume of 500,000 cubic meters. The project has an estimated total investment amount of approximately RMB157.0 million. This project is currently at the planning stage, and will mainly process hazardous waste categorized as inorganic sludge and waste salts through solidification pretreatment and grid landfill disposal.

Kunshan Hazardous Waste Incineration Project

In April 2016, we, Kunshan City Water Group Co. Ltd. (昆山市水務集團有限公司) (“**Kunshan Water**”), Kunshan Zhangpu Assets Management LLC (昆山市張浦資產經營有限責任公司) (“**Zhangpu Assets**”) and Nanjing Dingye Investment Group Co. Ltd. (南京鼎業投資置業集團有限公司) (“**Dingye Group**”), each an independent third party, entered into an investment agreement with the government of Zhangpu Town, Kunshan City of Jiangsu Province with respect to a hazardous waste incineration project under the BOO model. We, Kunshan Water, Zhangpu Assets and Dingye Group hold 55%, 10%, 5% and 30%, respectively, of the equity interest in the project company for this project. This project is located at the intersection of Zhenxin Road and Jiande Road, Zhangpu Town, Kunshan City. The facility is designed to have a total hazardous waste incineration capacity of 30,000 tons per annum in two phases with phase one having a hazardous waste incineration capacity of 20,000 tons per annum. The project has an estimated total investment amount of approximately RMB252.7 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019. This project will mainly process hazardous waste categorized as residues of rectifying and distillation, waste packaging and organic sludge through incineration.

Jiangnan Hazardous Waste Treatment Projects

In June 2016, we entered into an investment agreement with the Management Committee of Nanjing Jiangnan Environmental Protection Industrial Park, Jiangsu Province with respect to hazardous waste treatment projects in phases under the BOO model. We and Nanjing Dingye Investment Group Co. Ltd. (南京鼎業置業集團有限公司), an independent third party, hold 70% and 30%, respectively, of the equity interest in the relevant project company. The projects are located in Nanjing Jiangnan Venous Industrial Park (南京江南靜脈產業園). The projects have an estimated total investment amount of approximately RMB374.2 million. The projects will mainly process hazardous waste and industrial solid waste.

Phase I. The facility is designed to have an incineration capacity of 20,000 tons per annum and a physical-chemical treatment capacity of 20,000 tons per annum. It is currently at the planning stage and is expected to commence commercial operation in 2019.

Phase II. The facility is designed to have an incineration capacity of 10,000 tons per annum, a comprehensive treatment capacity of 20,000 tons per annum and a landfill capacity of 10,000 tons per annum. It is currently at the planning stage.

Linshu Hazardous Waste Treatment Projects

In July 2016, we entered into an investment agreement with the government of Linshu County, Shandong Province with respect to a hazardous waste treatment projects in phases under the BOO model. These projects are located in the Linshu Chemical Industrial Park of Linyi City (臨沂市臨沭縣化工園). Pursuant to the investment arrangement, we have the exclusive right to operate hazardous waste project in Linshu Chemical Industrial Park of Linyi City. The projects are designed to have a hazardous waste incineration capacity of 40,000 tons per annum in two phases. The projects have an estimated total investment amount of approximately RMB500.0 million. The projects will mainly process hazardous waste and industrial solid waste.

Phase I. The facility is designed to have an incineration capacity of 20,000 tons per annum. The total investment of Phase I is approximately RMB261.6 million. It is currently at the planning stage and is expected to commence commercial operation in 2018.

Phase II. The facility is designed to have an incineration capacity of 20,000 tons per annum. It is currently at the planning stage. It may also include hazardous waste landfill facilities, the location and capacity of which will be agreed at a later stage.

Jiangsu Xinyi Animal Carcass Harmless Treatment Project

In October 2016, we entered into an investment agreement with the Forestry and Animal Husbandry Administration Office of Xinyi Agriculture Commission with respect to an animal carcass harmless treatment project under the BOT model with a concession period of at least 30 years. The project is designed to have the capacity of harmless treatment of 10 tons per day of animal products and dead and diseased animals. We will employ high-temperature sterilization and dehydration technologies in the treatment. The estimated total investment for the project is approximately

RMB17.78 million and will be entitled to subsidies for the harmless treatment of dead and diseased animal products. The project is at the planning stage and is expected to commence commercial operation in 2018.

Anhui Dingyuan Salt-based Chemical Industrial Park Hazardous Waste Integrated Treatment Project

In December 2016, we entered into an investment agreement with the government of Dingyuan, Anhui Province with respect to a hazardous waste integrated treatment project under the BOO model. The project will be invested and built in two phases for an operating period of 30 years. Phase I of the project is designed to have an annual hazardous waste treatment incineration capacity of 30,000 tons, with an estimated investment amount of 354.5 million. We will employ plasma gasification technology. The estimated total investment for the project is approximately RMB500 million. The project is at the planning stage and is expected to commence commercial operation in 2019.

Mianzhu Hazardous Waste Incineration Project

In December 2016, we entered into an investment agreement with the government of Mianzhu City, Sichuan Province with respect to a hazardous waste incineration project under the BOO model. This project is located in Mianzhu De A Ecological Industrial Park of Deyang City (德陽市綿竹德阿生態產業園). The facility is designed to have a hazardous waste incineration capacity of 20,000 tons per annum. The project has an estimated total investment amount of approximately RMB260.0 million. The project is currently at the planning stage and is expected to commence commercial operation in 2019.

OUR SOLAR ENERGY AND WIND POWER BUSINESS

We develop, manage and operate solar parks and wind farms to generate electricity. We primarily sell electricity to local power grid companies. Revenues from our solar energy and wind power business amounted to HK$72.1 million, HK$92.7 million and HK$215.1 million for the years ended December 31, 2014, 2015 and 2016, respectively, which accounted for 6.8%, 7.7% and 7.2% of our total revenues for such years, respectively. As of the Latest Practicable Date, we had nine projects in operation, with an aggregate power generation designed capacity of 125.9 MW.

The following table sets forth certain key operating data for the years indicated:

	Year ended December 31,		
	2014	**2015**	**2016**
Projects in operation at year end	7	9	9
Solar energy			
Electricity sold (MWh)	29,829	28,909	28,134
Average on-grid tariff (RMB/kWh)	2.25	2.23	2.27
Wind power			
Electricity sold (MWh)	—	41,586	244,556
Average on-grid tariff (RMB/kWh)	—	0.61	0.61

Solar Energy and Wind Power Generation Process

Solar energy projects

As of the Latest Practicable Date, we had seven solar energy projects in operation. Solar energy generating facilities consist of an array of solar panels which convert the energy in the sunlight into electricity. Such electricity is converted into alternating current, and then supplied to the power grids. All our seven solar energy projects are centralized projects which connect to the power grids and sell electricity to the power grid companies. The status of the solar energy systems is controlled by a monitoring system located either on-site or remotely.

Wind power projects

As of the Latest Practicable Date, we had two wind power projects in operation. For wind power projects, a wind turbine converts wind power into electricity through a generator connected to the turbine. Wind turbines are equipped with a control system which optimizes electricity production and adjusts to varying wind speed and direction. We use a remote monitoring system to monitor our wind power projects which allows for offsite operation and supervision.

Revenue Sources and Preferential Policies

On-grid tariffs

We sell electricity generated by our solar energy and wind power facilities to power grid companies at the applicable on-grid tariffs set by the NDRC. See "— Our Customers — Power Grid Customers."

- *Solar energy.* All of our projects in China were developed prior to August 2013 and enjoy the on-grid tariffs under the then effective laws and regulations. For our projects in Jiangsu Province, we enjoy on-grid tariffs based on the type of project and the date of commencement of commercial operation under the policies of the Jiangsu government. For projects in Jiangsu Province that commenced commercial operation in 2010, on-grid tariffs for rooftop projects and ground projects are RMB3.00/kWh and RMB1.70/kWh, respectively. For projects in Jiangsu Province that commenced commercial operation in 2011, on-grid tariffs for rooftop projects are RMB2.40/kWh. With respect to Huaining Ground Solar Energy Project, the on-grid tariff is RMB1.00/kWh after the additional local on-grid tariff subsidy. See "Regulatory Overview — Policy on Biomass, Solar and Wind Energy." Our German Ground Solar Energy Project enjoys an on-grid tariff of EUR0.2207/kWh (exclusive of VAT).

- *Wind power.* In August 2009, the NDRC divided China into four wind resource zones and set a uniform benchmark on-grid tariff for all wind power projects in each zone. Wind power projects in Zone I to Zone IV are entitled to a benchmark on-grid tariff of RMB0.51/kWh, RMB0.54/kWh, RMB0.58/kWh and RMB0.61/kWh, respectively. See "Regulatory Overview — Policy on Biomass, Solar and Wind Energy." In general, a higher on-grid tariff is applicable to a resource zone with a lower level of wind resources on average. However, due to the vast area of each resource zone, the level of wind resources may vary significantly throughout a resource zone. Despite such variation, within each resource zone, the on-grid tariff is uniformly applied and is not adjusted for the actual resource level at a particular location. While enjoying rich local wind resources, our wind power projects, Ningwu Wind Power Projects, are both located in Zone IV in which the highest bracket of on-grid tariff at RMB0.61/kWh was applicable as of the Latest Practicable Date.

Preferential tax treatment

According to the Regulation on the Implementation of the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅實施條例), as solar energy and wind power projects are listed in the Catalog for Enterprise Income Tax Preferential Treatment for Environmental Protection and Energy and Water Saving Projects (Trial) (關於環境保護節能節水項目企業所得稅優惠目錄(試行)的通知), a solar energy or wind power project company is entitled to an enterprise income tax exemption for the first three years after it generates revenue and a 50% deduction in the following three years. According to the Notice on VAT Policy for Photovoltaic Electricity Generation (關於光伏發電增值稅政策的通知) jointly issued by the MOF and the SAT in September 2013, solar energy project companies were entitled to 50% refund of VAT for electricity generated until December 31, 2015. According to the Notice on Extension of VAT Policy for Photovoltaic Electricity Generation (關於繼續執行光伏發電增值稅政策的通知) jointly issued by the MOF and the SAT in July 2016, solar energy project companies will continue to be entitled to 50% refund of VAT for electricity generated until December 31, 2018. According to the Notice on VAT Policies for Wind Power Generation Projects (風力發電增值稅政策的通知) issued by the MOF and the SAT in June 2015, wind power project companies are entitled to 50% refund of VAT for electricity generated. Our project companies for solar energy and wind power projects are entitled to these preferential treatments. We are also entitled to an exemption of import tax and refund of import tax or VAT tax for importation of certain of the equipment used in our wind power projects.

Our Solar Energy and Wind Power Project Portfolio

Our solar energy and wind power projects are strategically located in areas with abundant solar or wind resources. The following table sets forth certain key operating information for each of our existing solar energy and wind power projects as of the Latest Practicable Date, all of which are in operation. Other than the German Ground Solar Energy Project, which we acquired from an independent third party, all of our solar energy and wind power projects are operated under BOO model. None of our solar energy and wind power projects is accounted for as service concession arrangements. See "Financial Information — Impact of Accounting Treatment of Service Concession Arrangements."

No.	Project	Project Location	Business Model	Service Concession Arrangement	Date of Commencement of Commercial Operation or Commencement of Operating Revenue Generation	Power Generation Designed Capacity	On-grid Tariff
						(MW)	*(per kWh)*
Solar Energy Projects							
1	Suqian Rooftop Solar Energy Project (Phase I)	Jiangsu Province	BOO	×	December 2010	1.85	RMB3.00
2	Zhenjiang Ground Solar Energy Project	Jiangsu Province	BOO	×	December 2010	3.50	RMB1.70
3	Huaining Ground Solar Energy Project	Anhui Province	BOO	×	May 2011	2.00	RMB1.0
4	German Ground Solar Energy Project	Germany	N/A	×	July 2011	3.70	EUR0.2207 (exclusive of VAT)
5	Zhenjiang Rooftop Solar Energy Project	Jiangsu Province	BOO	×	December 2011	8.70	RMB2.40
6	Suqian Rooftop Solar Energy Project (Phase II)	Jiangsu Province	BOO	×	December 2011	6.43	RMB2.40
7	Changzhou Rooftop Solar Energy Project	Jiangsu Province	BOO	×	December 2011	3.70	RMB2.40
Wind Power Projects							
8	Changfang Mountain Wind Power Project (Phase I)	Shanxi Province	BOO	×	September 2015	48	RMB0.61
9	Zhaojia Mountain Wind Power Project (Phase I)	Shanxi Province	BOO	×	October 2015	48	RMB0.61
	Total					**125.9**	

Suqian Rooftop Solar Energy Projects

Suqian Rooftop Solar Energy Projects (Phase I). In August 2010, we entered into an investment agreement with the government of Suqian, Jiangsu Province with respect to a rooftop solar energy project under the BOO model. This project has a power generation designed capacity of 1.85 MW. We employ poly-silicon cells technology for the solar energy generation system. This project had a total investment amount of approximately RMB52.7 million and commenced commercial operation in December 2010 with an on-grid tariff of RMB3.00/kWh.

Suqian Rooftop Solar Energy Projects (Phase II). In August 2010, we entered into an additional investment agreement with the government of Suqian, Jiangsu Province with respect to a rooftop solar energy project under the BOO model. This project has a power generation designed capacity of 6.43 MW. We employ poly-silicon cells technology for the solar energy generation system. This project had a total investment amount of approximately RMB103.5 million and commenced commercial operation in December 2011 with an on-grid tariff of RMB2.40/kWh.

Zhenjiang Solar Energy Projects

Zhenjiang Ground Solar Energy Project. In June 2010, we entered into an investment agreement with the Management Committee of Zhenjiang New Area, Jiangsu Province with respect to a ground solar energy project under the BOO model. This project has a power generation designed capacity of 3.50 MW. We employ thin film cells technology for the solar energy generation systems. The project had a total investment amount of approximately RMB69.5 million and commenced commercial operation in December 2010 with an on-grid tariff of RMB1.70/kWh.

Zhenjiang Rooftop Solar Energy Project. In March 2011, we entered into an investment agreement with the Management Committee of Zhenjiang New Area, Jiangsu Province with respect to a rooftop solar energy project under the BOO model. The project has a power generation designed capacity of 8.70 MW. We employ poly-silicon cells technology for the solar energy generation system. The project had a total investment amount of approximately RMB143.4 million and commenced commercial operation in December 2011 with an on-grid tariff of RMB2.40/kWh.

Huaining Ground Solar Energy Project

In February 2010, we entered into an investment agreement with the government of Huaining, Anhui Province with respect to a ground solar energy project under the BOO model. This project has a power generation designed capacity of 2.00 MW. We employ thin-film amorphous silicon cells technology for the solar energy generation system. This project was among the first batch of National Golden Sun Projects (金太陽示範項目) and thus was entitled to national subsidies in the amount of 50% of the total investment. The on-grid tariff of this project is RMB1.00/kWh. The project had a total investment amount of approximately RMB50.7 million and commenced commercial operation in May 2011.

German Ground Solar Energy Project

In March 2011, we entered into a share purchase agreement to purchase all the shares in Solarpark Schönewalde AG & Co. KG, a partnership with limited liability established under the laws of Germany, for the construction of a ground solar energy project. The German project is located in Schönewalde, Germany and has a power generation designed capacity of 3.70 MW. We employ thin-film amorphous silicon cells technology for the solar energy generation system. The on-grid tariff of this project is EUR0.2207/kWh (exclusive of VAT). The project had a total investment amount of approximately RMB68.4 million and commenced commercial operation in July 2011.

Changzhou Rooftop Solar Energy Project

In April 2011, we entered into an investment framework agreement with Jiangsu Wujin High-Tech Industrial Development Zone Committee and Jiangsu Shunfeng Photovoltaic Technology Co., Ltd., and an investment framework agreement with Jiangsu Wujin High-Tech Industrial Development Zone Committee and Jiangsu Wujin Import and Export Processing District Investment and Construction Co., Ltd. with respect to a rooftop solar energy project under the BOO model. Pursuant to these investment framework agreements, we may use the rooftop of their facilities for free. Changzhou project has a power generation designed capacity of 3.70 MW. We employ poly-silicon cells technology for the solar energy generation system. The on-grid tariff of this project is RMB2.40/kWh. The project had a total investment amount of approximately RMB60.3 million and commenced commercial operation in December 2011.

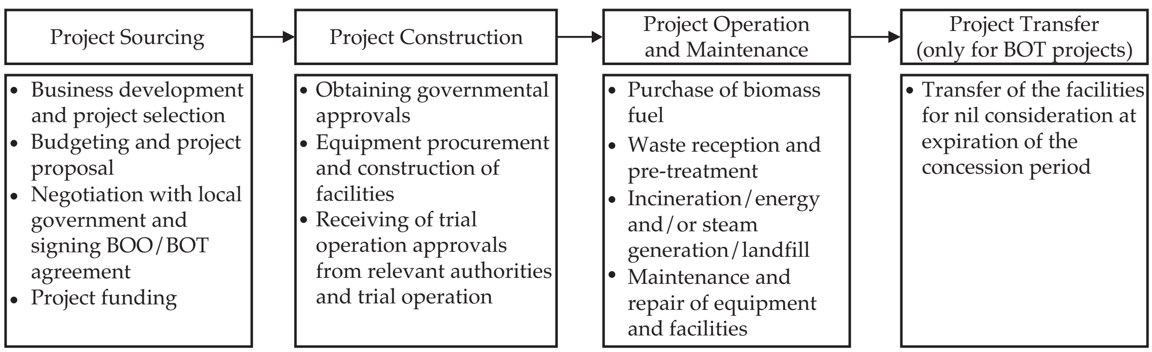
Ningwu Wind Power Projects

Changfang Mountain Wind Power Project (Phase I). In December 2010, we entered into an investment agreement with the government of Ningwu, Shanxi Province with respect to a wind power project at Changfang Mountain under the BOO model. The project has a power generation designed capacity of 48 MW. We employ double-fed induction generator technology for the wind power generation system. The on-grid tariff of this project is RMB0.61/kWh. The project had a total investment amount of approximately RMB429.1 million and started generating revenue in September 2015. See "— Legal Compliance — Non-Compliance Relating to Our Ningwu Wind Power Projects." There are three additional phases of wind power projects under the same investment agreement for an aggregate power generation designed capacity of 200 MW at Changfang Mountain. As of the Latest Practicable Date, the development of the additional phases had not commenced.

Zhaojia Mountain Wind Power Project (Phase I). In December 2010, we entered into an investment agreement with the government of Ningwu, Shanxi Province with respect to a wind power project at Zhaojia Mountain under the BOO model. The project has a power generation designed capacity of 48 MW. We employ double-fed induction generator technology for the wind power generation system. The on-grid tariff of this project is RMB0.61/kWh. The project had a total investment amount of approximately RMB417.0 million and started generating revenue in October 2015. See "— Legal Compliance — Non-Compliance Relating to Our Ningwu Wind Power Projects." There are additional phases of wind power projects under the same investment agreement for an aggregate power generation designed capacity of 100 MW at Zhaojia Mountain. As of the Latest Practicable Date, the development of the additional phases had not commenced.

PROJECT LIFECYCLE

As illustrated in the diagram below, the lifecycle of our projects typically comprises four phases:



Project Sourcing

Business development and project selection

Our investment development department, which is dedicated to selecting and approaching potential government clients for new projects, consists of five members and is led by our vice president, Mr. Yang Zhiqiang. Our investment development department takes the lead in our expansion into new regions or markets, the business development with respect to major projects, and the project bidding process. Other than members of our investment development department, the senior management of each of our projects is encouraged to actively seek opportunities for new projects. They are rewarded for successful project referrals. Our investment development department coordinates with the senior management teams across all of our project companies to share resources and provide centralized support.

We typically conduct an internal study of a potential project to assess its potential economic return and environmental impact. We consider factors including the resource levels available, applicable on-grid tariffs, transportation convenience, zoning and planning, relationships with the local government and community, costs of construction, potential revenue and profitability, and the project's contract value. For biomass projects, we focus on regions with severe air pollution and smog issues due to the incineration of agricultural waste in the open air, regions with rich biomass resources and convenient transportation, and regions with strong local government support. In areas with severe air pollution or smog, local governments typically provide more favorable support for biomass projects because biomass projects produce a substantially lower level of emissions than open air incineration. For hazardous waste projects, we target areas with a high concentration of industrial companies and large volumes of hazardous waste output. Solar energy and wind power projects are typically assessed on a case-by-case basis for their potential return based on solar and wind resource levels and the on-grid tariffs applicable.

Budgeting and project proposal

Once we have identified a new potential project, we will go through our budgeting process and review its potential return. For each potential project, our investment development department will obtain the proposed project specifications such as the expected power or steam generation capacity, waste treatment capacity, and site location from the relevant local government. Based on such specifications, our construction department will prepare a technical plan with respect to each potential project, and our budgeting department will provide an estimate of the total construction costs based on the costs of land, buildings and equipment. Estimated costs for construction of projects typically consist of engineering and installation cost, equipment cost, land cost, staff cost and other costs such as design cost and inspection cost. Our finance management department will adjust variables relating to funding, such as interest rate assumptions to finalize the budget for the relevant project. Our finance management department will also make an internal forecast for the potential return of the project based on the expected on-grid tariff, hazardous waste treatment fees, and raw material costs. We assume that the current on-grid tariff will continue to be available and will not be adjusted with retrospective effect during the period of the concession or the expected useful life of the relevant facility. We also consider raw material prices based on the actual price available in the same region as adjusted for inflation over the period. The expected future cash flow is then discounted to a present value for the calculation of the rate of return. We typically seek projects that have a rate of return greater than 10% for all of our projects. The entire proposal is then submitted to our construction and technical committee for approval relating to the technical aspects, and to our project risk management committee for approval relating to the financial aspects. For all of our projects, the proposal is further submitted to the management committee and the board of directors for approval.

Negotiation

As of the Latest Practicable Date, all of our 66 projects under BOO or BOT model were obtained through investment procedures of the local governments. Concession rights for all of the waste-to-energy projects of our integrated biomass and waste-to-energy projects granted prior to June 1, 2015, which include Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Lingbi Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy) and Mianzhu Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), were granted by the local governments without complying with the tender requirement under the Concession Measures. These projects contributed nil, 20.0% and 12.0% of our revenue and nil, 20.1% and 12.1% of our profit for the years ended December 31, 2014, 2015 and 2016, respectively. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), as the Concession Measures are departmental rules, failure to comply with the Concession Measures by our governmental customers will not by itself render the relevant concession agreements invalid. See "Risk Factors — Risks Relating to Our Business and

Industry — Concessions for certain of our integrated biomass and waste-to-energy projects were granted by the relevant governmental customers without their complying with the tender requirement under the Concession Measures." Going forward, we may also participate in the bidding organized by local governments for new projects.

Occasionally, we acquire projects from third parties after a case-by-case assessment based on similar criteria for developing new projects. Historically, we acquired two projects, the Lianyungang Hazardous Waste Incineration Project (Phase I) and the German Ground Solar Energy Project, both from independent third parties.

Funding

We are typically responsible for obtaining funding for the development and construction of the facilities for our projects. As of the Latest Practicable Date, the budgeted total investment amount for our projects under construction and at the planning stage was approximately HK$11,626.8 million. See "Financial Information — Capital Expenditures and Investment." Under applicable PRC regulations, with respect to each project, we are required to contribute at least 20% of the investment amount using our own funds. The registered capital of our project companies, which are Sino-foreign equity joint ventures, is required by the relevant law related to Sino-foreign equity joint ventures to be at least one third of the total investment amount of such joint ventures when the total investment amount exceeds US$30 million. During the Track Record Period, we funded the development cost of our projects through internal resources and project loans from policy banks and commercial banks in China and in Hong Kong. See "Financial Information — Indebtedness."

Project Construction

Governmental approvals

Prior to the commencement of the construction of our projects, we are required to obtain various approvals, including but not limited to feasibility approvals, environmental impact assessments, land planning permits, land use right permits, construction planning permits, and permits for commencement of construction work. In general, the local governments assist us in procuring the necessary approvals for each project. Prior to the commencement of commercial operation, we are required to pass the construction completion inspection and obtain completion certificates for construction work and complete the environmental inspection and acceptance and fire safety inspection. We are also required to pass the inspections to obtain the relevant licenses, such as the electricity generation business license and the hazardous waste business license, before commencement of commercial operation.

Construction

We have established a construction management department which is responsible for overseeing safety, quality, progress, functionality and the costs of project construction and is in charge of selecting independent contractors. The construction management department is also responsible for selecting our equipment suppliers and implementing our centralized procurement policy. We engage independent third-party contractors for the design, construction and supervision of construction of our facilities. We purchase equipment from third-party equipment suppliers, who are responsible for the manufacturing, transportation, installation and testing of equipment and systems. For further details regarding our selection of suppliers and our contractual arrangements with them, see "— Our Suppliers." We put emphasis on timely delivery and compliance with our quality, technological and safety standards. The construction of our facilities generally takes two to 18 months depending on the type and scale of the relevant facility. The relevant government authority may conduct inspections of the construction progress and audit the quality control of our facilities.

Trial operation

Upon the completion of the construction of our facilities and the installation of equipment, we typically conduct trial operations of the facilities to examine their operational efficiency and compliance with the environmental, technology, capacity and other requirements by the local governments provided in the relevant investment or concession agreements. Upon completion of trial operations, if the actual performance complies with the specifications and standards, we may commence commercial operation once all required approvals and licenses are obtained. Before trial operation, we will hire and train operations personnel, establish specific operational procedures and provide operational documents. We may record revenues during the trial operation period.

Project Operation and Maintenance

We operate and maintain our facilities in accordance with the nature of the equipment and the applicable technical specifications. For further details regarding our operating process, see "— Our Biomass Business — Biomass Project Business Models," "— Our Hazardous Waste Treatment Business — Waste Treatment Methods and Process," and "— Our Solar Energy and Wind Power Business — Solar Energy and Wind Power Generation Process."

We hire third-party repair and maintenance service providers to inspect, monitor and maintain our equipment. Our total repair and maintenance expenses for the years ended December 31, 2014, 2015 and 2016 were HK$10.2 million, HK$12.6 million and HK$15.6 million, respectively, representing approximately 1.3%, 1.7% and 0.8%, respectively, of our direct costs and operating expenses for those periods. We also plan major overhauls and technical upgrades of our equipment at our own costs from time to time to ensure stable operation of our projects.

Biomass projects

For biomass projects, we monitor and control the operation of our facilities continuously and maintain our equipment, such as the primarily boilers, on a regular basis through condition monitoring practices. We carry out specific maintenance in addition to regular inspections, checking and monitoring activities. Our maintenance cycle ranges from three to six months, and we carry out preemptive overhauls predictively when we identify a significant change in equipment condition through our monitoring practices. This approach aims to ensure deficiencies or system flaws are addressed before they evolve into equipment failures. An overhaul typically requires the entire unit to be shut down for more than 20 days, while the actual time required for repair and maintenance, if necessary, depends on the affected component and the nature of damage found. We may also conduct repairs if there is any damage, other unexpected events or system failure. For example, we experienced a generator failure at our Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass) in July 2013, which caused a suspension of operation of approximately 13 days. See "Risk Factors — Risks Related to Our Business and Industry — We may be adversely affected if there is any significant downtime at our facilities for repair and maintenance."

Hazardous waste treatment projects

For hazardous waste landfill projects, our goal is to monitor and prevent leakage from our landfill sites. We keep records for hazardous waste disposed of at our landfills and are able to trace each batch of waste to a pit position based on a pre-determined grid number. After the landfill disposal of each batch of hazardous waste, we cover the relevant pit with isolate coating in order to prevent infiltration and erosion. We construct a drainage system for the landfills and monitor any leakage. For our hazardous waste incineration projects, we sort the hazardous waste before incineration to ensure the compliance with the specification of the relevant equipment. We conduct periodic overhauls of the equipment, including the incineration systems and flue gas treatment systems, with a view to ensuring stable operation and compliance with the relevant emission standards. Slag and fly ash from incineration are safely disposed of at our landfills.

Solar energy projects

We regularly conduct inspection and maintenance of our equipment to ensure their proper functioning, clean the solar panels, and remove any plants growing in the solar farms to ensure the photovoltaic panels retain unblocked access to sunlight. We monitor the operation of every set of solar arrays and inverter through a remote monitoring system, and conduct maintenance work during periods with lower sunlight intensity, such as nighttime, to the extent possible, in order to minimize the impact on power generation. From time to time, our equipment may suffer damage due to severe weather conditions, which may cause malfunctions, breakdowns or suspension of operation. For example, some of our solar panels at Changzhou Rooftop Solar Energy Project were destroyed in April 2015 by a severe storm, which caused a partial suspension of operation for approximately 30 days. See "Risk Factors — Risks Related to Our Business and Industry — We may not have adequate insurance to cover all hazards."

Wind power projects

We monitor the operation of our turbine generators 24 hours a day through a centralized control system. For Ningwu Wind Power Projects, we engaged our equipment supplier, Gamesa Wind

(Tianjin) Co., Ltd. (歌美颯風電(天津)有限公司), to provide maintenance and repair services for the first three years from commencement of operation of the equipment. When a malfunction or breakdown of the equipment occurs, their maintenance team will conduct repairs in a timely manner.

Transfer for BOT Projects

Under the relevant concession agreements for our BOT projects, we are required to transfer the facilities to the local governments for nil consideration upon the expiration of the concession period, which is typically 20 to 30 years. We are typically required to ensure that the facilities operate properly at the time of the transfer. We are also required to provide training and operational manuals upon the transfer. In contrast, under the BOO model, we retain the ownership of the relevant facilities developed and operated by us from the beginning of the project and have no obligation to transfer them to the local government.

SALES AND MARKETING

For our biomass, solar energy and wind power projects, minimal marketing is required after we have secured the applicable project, because we primarily sell electricity to power grid companies pursuant to the power purchase agreements entered into with the power grid companies. For our business development efforts for new projects, see "— Project Lifecycle — Project Sourcing — Business development and project selection." For our hazardous waste projects, we focus our marketing efforts on major industrial companies within our target area, including PRC subsidiaries of major multinational companies. The senior management team of each of our project companies engaged in the hazardous waste disposal business is responsible for maintaining local customer relationships and promoting our services.

OUR CUSTOMERS

We enter into BOO and BOT investment agreements or concession agreements with local governments to develop biomass projects, hazardous waste treatment projects, solar energy projects and wind power projects. The customers for our biomass, solar energy and wind power businesses are mainly state power grid companies. Our customers also include private customers, including industrial companies, which purchase steam generated by our biomass heat generation projects or commission the hazardous waste treatment services provided by our hazardous waste treatment projects. Customers for our waste-to-energy operations which are integrated with our biomass projects also include local governments for the treatment of household waste.

For the years ended December 31, 2014, 2015 and 2016, our five largest customers were power grid companies, industrial companies and local governments in Jiangsu Province and Anhui Province, who collectively accounted for approximately 90.2%, 78.8% and 60.1% of our total revenues, respectively. During the same periods, our largest customer accounted for approximately 33.4%, 29.2% and 17.5% of our total revenues, respectively.

As of the Latest Practicable Date, none of our Directors, their associates or any shareholders which, to the knowledge of our Directors, owned more than 5% of our share capital as of the Latest Practicable Date, had any interest in any of our five largest customers during the Track Record Period.

BOO and BOT Models

For each of our BOO and BOT projects, we enter into a concession or investment agreement with the relevant local government. Below are certain key terms under our BOO and BOT contracts with our government customers:

- *Investment/concession arrangement*. These agreements typically set out the scale and investment amount of the projects, and the location and period for which we are permitted to operate in a defined geographic area. The concession agreements may provide that we have an exclusive or priority right to operate the same type of projects in such geographic area under the concession agreements for most of our hazardous waste treatment projects. Certain of our BOO agreements provide for an operation period ranging between more than 15 years to 50 years and these agreements typically allow us to extend the operation period. The BOT agreements typically provide for a concession period of 20 to 30 years. We generally have the priority to renew the concession rights upon the expiration of the initial terms.

- *Construction of facilities and land use right.* These agreements typically set out a deadline for completion of the construction of the project, for example within three to 18 months after the commencement of construction. We are responsible for financing, design and construction of our facilities. The construction of our projects typically takes two to 18 months on average, varying among different locations and depending on the nature of the project. The government will assist us in obtaining land use right certificates for the land and the construction certificates required for the relevant projects and other relevant certificates and we are responsible for paying the consideration for the land use rights.

- *Government Support*. Certain agreements with the government, in particular our biomass agreements, also set forth the subsidies the local government will provide to our projects and the minimum amount of biomass raw materials we will be provided each year. The agreements also provide that the local governments will assist us in establishing biomass collection, transportation and storage systems, connection to the power grid, entering into electricity offtake agreements with local power grid companies, and constructing a water supply system.

- *Waste volume and quality*. For our integrated biomass and waste-to-energy projects, for example our Lingbi Integrated Biomass and Waste-to-Energy Projects, we sign concession agreements with the local government which set out the location and period for which we have the exclusive right to operate household waste-to-energy services. The applicable concession agreement also provides the waste treatment fee per ton and the minimum amount of waste the government will provide to our facilities for treatment of household waste.

- *Termination.* The local government may terminate the agreement for various reasons, which vary among different projects. Such reasons for early termination may include failure to complete the construction of the relevant project on schedule, obtain the applicable approvals, or pass the environmental assessments or other required completion inspections, resources not suitable for development after feasibility study of the relevant project, and public interest. During the Track Record Period and up to the Latest Practicable Date, we have complied in all material aspects with all of the relevant terms of the concession and investment agreements for all of our projects. As of the Latest Practicable Date, we had not received any notice from any of our local governmental customers with respect to any material breach of our concession and investment agreements that would give rise to the termination thereof. For our internal control measures to ensure compliance with these agreements, see "— Risk Management and Internal Controls."

- *Others*. Under our agreements with the government, we are also required to comply with certain environmental protection requirements, including limitations on pollutant emissions and other applicable environmental standards. The local governments have the right to, or may engage independent contractors to, inspect and supervise our operational efficiency and pollution control standards. We are not allowed to transfer our liabilities under the agreements to any third party without prior written approvals from the relevant governments.

- *Arrangement at the end of the concession period.* Our BOT concession agreements impose on us an additional requirement to transfer ownership of the BOT facilities to the local government at the end of the concession period for nil consideration. For our BOO projects, we obtain the ownership of the relevant facilities developed and operated by us. Most of our BOO projects are accounted for as service concession arrangements, and the relevant facilities are expected to be used under the arrangement for its entire or substantial useful life. Accordingly, at the end of the service concession period, the residual value of the relevant infrastructure under the BOO model will become zero. See "Financial Information — Impact of Accounting Treatment of Service Concession Arrangements." However, with respect to a particular BOO project under such arrangement, if the relevant facilities could in fact still be used at the end of the concession period, we have the right to continue to use such facilities or transfer them to a third party, subject to further negotiation with the local government for an extension of the concession period under the relevant concession agreement. As advised by our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), the extension must comply with the laws and regulations effective at the time of such renegotiation, which may be different from the laws and regulations applicable to the relevant project during the original concession period.

Power Grid Customers

We enter into electricity offtake agreements with local power grid companies to sell the electricity generated from our biomass, solar energy and wind power facilities. These agreements typically range in duration from one to five years with an option to renew. The local power grid companies are required to purchase all the electricity generated by our biomass, solar energy and wind power facilities according to PRC law at a fixed on-grid tariff depending on the source of energy and, in the case of solar energy and wind power, resource zones in which our projects are located. Pursuant to the electricity offtake agreements, we receive on-grid tariffs from the local power grid companies on a monthly basis. The power grid companies also have an obligation under PRC law to purchase all of the electricity generated. See "Regulatory Overview — Policy on Biomass, Solar and Wind Energy."

Hazardous Waste Treatment Customers

We enter into hazardous waste treatment agreements with industrial companies and medical institutions and clinics for hazardous waste treatment services provided by our hazardous waste treatment facilities. In general, waste treatment fees are calculated based on a fixed treatment fee per ton and the actual amount of waste we receive from the customer per month pursuant to the hazardous waste treatment agreements. Under some agreements, including the medical waste treatment agreements, our customers agree to pay us a fixed lump-sum annual waste treatment fee.

Our hazardous waste treatment agreements typically contain specifications for the waste according to the National Catalog of Hazardous Waste (國家危險廢物名錄). If the hazardous elements in a particular batch of waste we receive from our customers exceed the agreed specifications, we have the right to refuse to accept such waste for treatment. We may also accept such waste for treatment after adjusting the waste treatment fees, if the relevant batch of waste requires more extensive treatment procedures and therefore imposes additional costs.

For medical hazardous waste, we are responsible for collecting the hazardous wastes from our customers directly or from the storage sites managed by our customers. For other types of hazardous waste, qualified third-party transportation service providers collect the hazardous waste from our customers. Under certain agreements with our customers, we require a minimum amount for each batch of waste collection, and if the amount of waste actually collected by us is less than the agreed minimum amount, we will record and charge waste treatment fees based on the agreed minimum amount. Some of our agreements also provide a minimum amount of waste for treatment per year during the contract period. Under these agreements, we are entitled to payment for a guaranteed minimum amount of waste, and even if the amount of waste actually received by us turns out to be less than the agreed minimum amount, we are entitled to charge waste treatment fees based on the agreed minimum amount.

Household Waste Treatment Customers

We enter into concession agreements and waste treatment service agreements with the local governments for household waste treatment services provided by our waste-to-energy facilities as part of our integrated biomass and waste-to-energy projects. We are entitled to receive waste treatment fees from the local governments based on a fixed treatment fee per ton of waste on a monthly basis. The waste treatment fees are negotiated with the local governments, subject to adjustments based on the consumer price index and producer price index. Our agreements with the local governments typically include a minimum guaranteed volume of household waste to be supplied by the local governments to ensure a certain minimum level of utilization and operational efficiency of our facilities. In this case, we are entitled to receive waste treatment fees based on the guaranteed minimum volume of waste even if the amount of waste actually treated is less than such guaranteed volume.

OUR SUPPLIERS

Our suppliers primarily include independent contractors, equipment suppliers, raw material suppliers and repair and maintenance service providers. Our independent contractors provide various construction services for our projects, including feasibility studies, design, construction, supervision, environmental impact assessments, consulting and other relevant services. Our equipment suppliers provide various equipment and modules for our projects, as well as after sale services. Our raw materials suppliers are primarily individual third-party biomass brokers.

We adopt a centralized procurement policy and have an internal list of eligible suppliers. Each of our suppliers is required to undergo a supplier approval process before we make any purchases. The eligibility of individual suppliers is determined after due diligence based on factors such as their track record, technical qualifications and certifications.

For the years ended December 31, 2014, 2015 and 2016, our five largest suppliers included independent construction contractors and independent and connected party equipment suppliers, who collectively accounted for approximately 40.9%, 28.1% and 24.7% of our total purchases, respectively. During the same periods, our largest supplier accounted for approximately 17.9%, 10.2% and 8.2% of our total purchases, respectively.

As of the Latest Practicable Date, none of our Directors, their associates or any shareholders who, to our Directors' knowledge, owned more than 5% of our share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers during the Track Record Period except for Everbright Environmental Protection (China) Company Limited (光大環保(中國)有限公司), which accounted for 17.9% of our total purchases in 2014, and Everbright Environmental Protection Technology Equipment (Changzhou) Company Limited (光大環保技術裝備(常州)有限公司), which accounted for 4.7% of our total purchase in 2015. See "Relationship with Our Controlling Shareholder — Independence from our Controlling Shareholder — Operational Independence" and "Connected Transactions — Non-exempt Continuing Connected Transactions — Transactions in relation to the purchase of equipment".

Independent Contractors

Construction of our facilities is all conducted by independent contractors. We enter into agreements with independent contractors which provide various services for the development and construction of our projects. Although we are not required to conduct an open tender process for the selection of independent contractors under the PRC laws, we typically conduct a tender process to engage qualified independent contractors.

Pursuant to the construction agreements, we are generally responsible for (i) providing the contractor with all necessary construction drawings and designs; (ii) leveling and landscaping the relevant land; (iii) obtaining the relevant construction permits; (iv) setting up water, electricity and telecommunication services at the construction site; (v) supplying certain construction materials to the contractor; (vi) appointing and stationing of the supervising construction engineer; and (vii) coordinating with the relevant local governments.

The independent contractors are generally required to (i) provide construction services in accordance with the construction drawings and designs within the timeline as specified in the agreement; (ii) strictly adhere to the instructions imposed by our supervising construction engineer; and (iii) undertake the cost of, and ensure sufficient insurance coverage and safety measures at the construction site. The contractors will bear all damages and losses arising from accidents due to inadequate safety measures.

We are required to make payments to the independent contractor according to the terms specified in the construction services agreements if the performance of the contractor complies with the contractual standards. We typically pay the independent contractor in installments and keep 5% of the total fee as a warranty and will return the amount to the independent contractor upon satisfaction of certain conditions. On the other hand, if the contractor is unable to complete the construction within the agreed timeline, or if the construction falls short of the contractual standards, which results in a delay of the project, the independent contractor will be liable for an agreed penalty. In some circumstances where the contractor breaches the contract, we will be entitled to terminate the agreement and claim for compensation for our economic losses. See "Risk Factors — Risks Relating to Our Business and Industry — The construction of our facilities is subject to risks which could give rise to delays or cost overruns."

Equipment Suppliers

Boilers are the main equipment we purchase for our biomass facilities. We purchase this equipment mainly from DP CleanTech Co., Ltd. (北京德普新源科技發展有限公司) and Jianglian Heavy Industry Co., Ltd. (江聯重工股份有限公司), both of which are independent third parties. We also purchase other equipment, such as turbine generators, biomass molding fuel equipment, biomass raw materials feeding equipment, desulfurization and dedusting equipment and other ancillary equipment from our suppliers for our biomass facilities. For the waste-to-energy facilities of our integrated biomass and waste-to-energy projects, we purchase the main equipment, boilers, from Everbright Environmental Protection Technology Equipment (Changzhou) Company Limited (光大環保技術裝備(常州)有限公司), which is a connected party. Boilers, crushers, landfill equipment and sewage processing equipment are the main equipment we purchase for our hazardous waste treatment facilities. We purchase this equipment mainly from Dalian New Oriental Boiler Manufacturing Co., Ltd.

(大連新東方鍋爐製造有限公司), Xuzhou Longgong Machinery Co., Ltd. (徐州市龍工機械有限公司), Fuxin North Environmental Protection Co., Ltd. (阜新市北方環保股份有限公司) and Jiayuan Environmental Protection Co., Ltd. (嘉園環保股份有限公司), all of which are independent third parties. Solar panels, including crystalline silicon cells and thin-film amorphous silicon cells, are our main equipment for our solar energy projects. We purchase this equipment mainly from Tianwei Solution (Beijing) Co., Ltd. (天威新能源系統工程(北京)公司) and Jiangsu Shunfeng Photovoltaic Technology Co., Ltd. (江蘇順風光電科技有限公司), both of which are independent third parties. Wind turbine generators are the main equipment we purchase for our wind power facilities, which we purchase mainly from Gamesa Wind (Tianjin) Co., Ltd. (歌美颯風電(天津)有限公司), which is an independent third party. See "Risk Factors — Risks Relating to Our Business and Industry — We rely on third-party equipment suppliers."

We enter into purchase agreements with these suppliers on an as-needed basis. The suppliers are typically responsible for transporting, installing and testing the equipment after our purchase. We make payment to the suppliers in installments and generally keep 5-10% of the total consideration as a warranty and will pay the remaining amount to the suppliers after the expiration of the warranty period.

Raw Materials Suppliers

We source biomass materials primarily from individual third party biomass brokers. From time to time, we also purchase directly from individual farmers who offer biomass materials on an ad hoc basis and in small amounts. During the Track Record Period, we entered into written biomass supply agreements with our major biomass brokers who are committed to supplying to us a minimum quantity of biomass materials ranging from 100 to 1,000 tons per month for our Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass) and 20,000 tons per year for our Hanshan Biomass Direct Combustion Project and satisfying minimum quality standards. As of the Latest Practicable Date, 76 biomass brokers have entered into such written supply agreements with us, which accounted for approximately 5.0% of our total biomass brokers. For the years ended December 31, 2014, 2015 and 2016, we purchased biomass materials from biomass brokers who entered into written biomass supply agreements with us in the amount of 161,170 tons, 169,656 tons and 243,321 tons, which accounted for approximately 42.9%, 32.0% and 30.7% of the aggregate amount of the biomass materials we purchased during the same periods from all of our biomass brokers. With respect to other suppliers, including smaller brokers and individual farmers, we purchase biomass materials from them based on our written biomass procurement and settlement policies. Upon delivery, we accept the relevant batch of biomass materials if they satisfy our quality standard and the relevant supplier agrees to our pricing terms. We issue written invoices under our standard form to these suppliers on a batch-by-batch basis, which invoices specify type, amount, unit price and total payment due for the accepted biomass materials. While we impose the same quality standard on biomass materials irrespective of whether a written agreement is entered into with the relevant supplier or not, we give priority to certain brokers that have written agreements with us during peak seasons and may discount the supply price or restrict the supply quantity for other suppliers.

Typically, our written agreements with major biomass brokers have a term of one year. The supply agreements typically specify the types of biomass raw materials and the area within which the biomass brokers are allowed to collect biomass raw materials for us. According to these agreements, the payment we make for biomass raw materials is calculated based on a fixed unit price and the weigh purchased. The price with respect to a particular batch of materials is adjusted according to the quality of the biomass raw materials, such as water and ash content. We have a policy of performing batch sampling of the biomass raw materials we purchase, and retain a sample of each batch purchased in our in-house storage for record for at least two days. The written biomass supply agreements also specify the guaranteed minimum supply quantity and the minimum quality standard to ensure a consistent and adequate supply of biomass raw materials. We purchase the full amount of guaranteed minimum supply quantity from our biomass brokers. Some of our brokers are required to pay a small amount of deposit upon entering into the written biomass supply agreements with us to ensure quantity and quality of biomass supply and we will return the deposit to the suppliers upon expiration or termination of the supply contract. As of the Latest Practicable Date, we had a balance of deposits from biomass brokers in the aggregate amount of approximately RMB0.53 million.

We have established biomass procurement and settlement policies to manage the supply of our biomass materials. Pursuant to the policies, we have relevant staff preparing daily procurement reports, inspection reports, analysis reports and settlement reports to ensure accurate records for each step of our biomass material supply. We make payments to biomass brokers periodically according to local procurement policies with adjustments due to public holidays or changes in payment schedules of government subsidies. Our payment cycles range from twice a week to twice a month pursuant to the current policies.

We have a large number of biomass brokers for biomass supply and we believe it is relatively easy to find alternative biomass brokers. As of the Latest Practicable Date, we had 1,529 biomass brokers. During the Track Record Period, no individual broker contributed more than 5% of biomass raw materials we purchased in terms of purchase amount. We have established comprehensive supply networks covering collection, storage, transportation, utilization and management of biomass raw materials supply in each region where we operate. See "— Our Biomass Business — Our Biomass Supply Networks."

COMPETITION

The industries in which our businesses operate are highly competitive. For our biomass business, we face competition mainly from Kaidi and NBE, both of which were established earlier than us and have more projects in operation, under construction and at the planning stage. We also face competition from Chant Group. Chant Group has announced expansion plans in the biomass power market in late 2015 and 2016. According to Frost & Sullivan, we ranked fourth in China in terms of aggregate power generation designed capacity of biomass projects in operation, under construction and at the planning stage. The hazardous waste treatment industry is a highly competitive and fragmented market with around 1,000 market participants as of December 31, 2016, according to Frost & Sullivan. In 2016, we had around 0.6% of the total market share and ranked fifth in terms of hazardous waste disposal designed capacity in operation in China, while the largest hazardous waste treatment company, Dongjiang Environmental Company Limited, accounted for 3.2%, according to

Frost & Sullivan. Solar energy and wind power industries are also highly competitive with many competitors. According to Frost & Sullivan, in 2016, the five largest solar energy facilities accounted for nearly 30% of the total installed capacity and the five largest wind power farms accounted for around 50% of the total installed capacity.

Factors that could affect our competitiveness include, among others, the quality of our project portfolio, project sourcing ability, operation track record, government and customer relationships, operational and management experience and expertise, research and development capabilities, geographic coverage, brand recognition and capital resources. Certain of our competitors may have greater brand recognition, economies of scale, or longer track records and more established relationships in certain markets in which we operate. However, we believe our high quality project portfolio, strong pipeline, diversified offerings, brand recognition, strong project sourcing ability and track record, and good relationships with local governments and customers allow us to compete effectively in the industry. For further details of the competitive landscape in our industry, see "Industry Overview."

INTELLECTUAL PROPERTY

We recognize the importance of protecting and enforcing our intellectual property rights. We rely on a combination of patents, copyrights, trademark licenses and domain name registrations, as well as confidentiality and license agreements with our employees, suppliers and others to protect our intellectual property rights. Despite our precautions, it may be possible for third parties to obtain and use intellectual property that we own or license without our consent. Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business. See "Risk Factors — Risks Relating to Our Business — Unauthorized use of our technology or any claims or litigation that we may initiate in the future to protect our intellectual property rights may have a material adverse impact on our business."

As of the Latest Practicable Date, we had four registered patents. As of the Latest Practicable Date, we did not own any registered copyrights or registered trademarks. We use the "Everbright" brand name and trademarks as an affiliate of CEIL pursuant to licensing arrangements among China Everbright Group, CE Hong Kong and CEIL. See " — Name and Trademark." We have also filed applications to register certain trademarks in a number of other jurisdictions. For details regarding our material intellectual property, see "Appendix V — Statutory and General Information — B. Further information about our business — 2. Our main intellectual property rights."

During the Track Record Period, we did not have any dispute or any other pending legal proceedings over intellectual property rights with third parties.

Name and Trademark

We market our services primarily under the "Everbright" brand name and related trademarks, which are owned by China Everbright Group. We consider the "Everbright" brand name and the related trademarks to be important to our business because we believe they can enhance the awareness and recognition of our businesses among many existing or potential customers.

In November 2012, China Everbright Group entered into a licensing deed with CE Hong Kong to grant CE Hong Kong a non-exclusive right to use the trademarks of "Everbright" for its products and services and use "Everbright" as part of its company name at nil cost during the validity of the trademarks. This licensing deed also allowed CE Hong Kong to sub-license such non-exclusive rights to its affiliates. This licensing deed is for an unspecified term, and will terminate automatically upon (i) the mutual consent of the parties; (ii) the dissolution or winding up of CE Hong Kong; or (iii) three months' notice of termination by China Everbright Group.

In November 2012, CE Hong Kong entered into a licensing agreement with CEIL to grant CEIL and its affiliates the non-exclusive rights at a fee of HK$1 to use the trademarks of "Everbright" for their products and services and use "Everbright" as part of their respective company names during the validity of the trademarks. This licensing agreement is for an unspecified term and will terminate automatically upon (i) the mutual consent of the parties; (ii) termination of the licensing deed between China Everbright Group and CE Hong Kong in relating to the same trademark by the parties thereto; (iii) CE Hong Kong ceases to, directly or indirectly, control CEIL; or (iv) the dissolution or winding up of CEIL. If CEIL establishes a subsidiary in Hong Kong, BVI or the Cayman Islands using "Everbright" as part of its name, it is required under this licensing agreement to provide written notice to CE Hong Kong.

RESEARCH AND DEVELOPMENT

During the Track Record Period, our research and development was conducted together with other research and development activities of CEIL prior to the Spin-off, and we did not separately incur expenses for such activities. During the Track Record Period, research and development activities did not play a significant role in our operation as our projects mainly adopted mature technologies. With respect to our biomass business, in June 2016, we established our biomass research institution in Nanjing, which is led by Mr. Lianfa Zhang with a team of two people. The biomass research institution is still in the preliminary stage and we are in the process of hiring more talents to expand our research team. Our biomass research institution will focus on the research and development of biomass gasification technology and biomass molding fuel technology for our biomass business. With respect to our hazardous waste treatment business, we are committed to the application and development of advanced technologies, such as the application of plasma gasification technology. We signed a strategic cooperation agreement in January 2017 with InEnTec Inc., a U.S. company, to jointly develop and promote the technology of plasma gasification for the treatment of hazardous waste across the PRC on an exclusive basis. This technology is more efficient and safer than traditional hazardous waste incineration technologies and reduces the amount of gas emission and ash compared to incineration. Pursuant to this strategic cooperation agreement, we and InEnTec Inc. agreed to develop a joint venture with us ultimately holding 60% of the equity and InEnTec Inc. holding 40% of the equity for the purpose of strategic cooperation in design, manufacturing and sales of waste gasification systems of plasma enhanced melter (the "**PEM system**") in China. The obligations of parties to the joint venture (including but not limited to any capital expenditure or commitment) are subject to execution of the definitive joint venture agreement, which has not been signed as of the Latest Practicable Date. The Company has not incurred any capital expenditure with respect to the joint venture with InEnTec Inc. as of the Latest Practicable Date. The first project that we will develop with InEnTec Inc. will be located in Zibo City, Shandong Province, and have a designed hazardous waste treatment capacity of 50 tons per day using two G500 PEM systems. InEnTec Inc. will inject into the joint venture patents, proprietary technologies, production techniques and all intellectual property rights for the implementation of the PEM systems. Pursuant to this strategic cooperation agreement, once the joint venture is established, it will have the exclusive rights to supply PEM systems in China and non-exclusive rights in other countries in Asia such as Vietnam, Laos, Cambodia, Singapore, Thailand and Myanmar.

QUALITY CONTROL

Project Construction

We have established a construction management department which is led by our vice president, Mr. Wang Yungang, and supported by a team of 75 employees, the majority of which are professional engineers. The construction management department is responsible for overseeing safety, quality, progress, functionality and the costs of project construction and is in charge of selecting independent contractors for the design, construction and supervision of our projects. The construction management department is also responsible for selecting our equipment suppliers and implementing our centralized procurement policy. We focus on the quality of products and services in selecting our suppliers. Each of our suppliers is required to undergo a supplier approval process before we make any purchases.

We have adopted stringent quality control measures during project construction. During the construction stage, we have a dedicated construction management team that is directly responsible for supervising and managing project construction. We also adopt various measures to monitor the performance of our contractors, sub-contractors and project designers. We specifically require design contractors to conduct project designs by using proven techniques, focusing on operation and maintenance efficiency and prioritizing construction feasibility. When engaging contractors for construction services, we set forth technical specifications and require the contractors to submit their construction plans and designs as well as their major construction technical approach for our review and approval. In addition, during the construction period, our on-site management team closely monitors our contractors and sub-contractors to ensure compliance with relevant laws and regulations with respect to construction quality, as well as our standards and the environmental, technology, capacity and other requirements by the local governments. The contractors and sub-contractors are also subject to our quality control procedures, including examination of construction materials and supplies, regular and *ad hoc* on-site inspection, regular meetings and reports.

Project Operation

Our project operation management department, led by our vice president Mr. Wang Dianer, is primarily responsible for operation management at our projects in operation. He has served as a deputy general manager since 2008 and has more than 20 years of experience in the power industry and is assisted by a group of experienced employees who are responsible for conducting regular inspections at each of our facilities. We have implemented quality control standards and procedures for our projects to ensure high quality performance of our operations. In addition, we have also implemented quality measures with respect to labor, equipment maintenance and emissions at our projects, including conducting sampling tests on emissions and quality inspection on materials, parts and components and our operating procedures. We also have quality control teams at each of our projects who are responsible for the quality control of the daily operation of the projects and conducting sampling tests and quality inspection regularly on site. The local government or other relevant government authorities also conduct on-site inspections from time to time for certain types of projects, for example, the hazardous waste treatment facilities, and we are required to follow certain quality control standards pursuant to PRC laws.

INSURANCE

We maintain insurance for the construction and operation of the facilities for our projects in accordance with the relevant PRC laws and regulations and customary industry practice. We maintain insurance for our employees covering accident claims arising during the course of construction and insurance covering claims of property damage relating to our operations. We also require our independent contractors for the construction of our projects to maintain adequate insurance for their employees covering accident claims arising during the construction of our projects. Our Directors are of the view that our insurance coverage is adequate and is in line with industry practice.

RISK MANAGEMENT AND INTERNAL CONTROLS

We have established a comprehensive risk management and internal control system, which consists of an organizational framework, as well as policies, procedures and risk management methods that we consider to be appropriate for our business operations. The system is designed to allow us to identify, report and address, in a timely and systematic manner, those risks and incidents that may significantly affect our performance or otherwise expose us to significant losses, liability or non-compliance with relevant laws and regulations, and we are dedicated to continually improving such system. Our risk management system comprises the formulation and implementation of a set of policies and procedures relating to relevant risk areas, such as legal compliance, including compliance with contracts, laws and regulations, financial control, construction, safety, health, and environmental matters. We have a detailed manual which sets forth the focus of risk control for each aspect of our operations. Periodic reports are prepared monthly, quarterly, bi-annually and annually to cover all aspects of the risk control areas and *ad hoc* reports are prepared upon specific events or when we report to external regulators. We are constantly monitoring the effectiveness of our risk management system. Our internal control system covers various aspects of our operations, including group-level control, information system control, procurement and accounts payable control, fixed assets control, cash management, compensation management and financial reporting control. Historically, we had certain non-compliance incidents as disclosed in "— Legal Compliance." In addition to specific remedial measures taken by us with respect to each non-compliance incident, we have implemented general measures to improve our corporate governance and internal controls in order to prevent recurrence of non-compliance incidents. For further details, see "— Legal Compliance — Measures to Improve our Corporate Governance and Internal Control and to Prevent Recurrence of Non-Compliance Incidents."

We have also established an Audit and Risk Management Committee, which is primarily responsible for monitoring the overall implementation of our internal control and risk management system, conducting independent review of the effectiveness of our financial reporting process, internal control, corporate governance and risk management systems, overseeing the audit process, and performing other duties and responsibilities as assigned by our Board. For details of the qualifications and experience of the committee members, see "Directors and Senior Management — Board Committees — Audit and Risk Management Committee."

We have engaged an independent external consulting firm as our independent internal control advisor to conduct a review of our internal controls for certain areas at some of our entities in November 2015, with follow-up reviews conducted during the periods from January to February 2016 and from December 2016 to January 2017. We have taken actions in response to the internal control advisor's recommended measures following the last review conducted in January 2017 by our internal control advisor. As of the Latest Practicable Date, we have implemented all the recommended measures according to the internal control advisor's recommendations. For further details, see "— Legal Compliance — Measures to Improve our Corporate Governance and Internal Control and to Prevent Recurrence of Non-Compliance Incidents."

EMPLOYEES

As of December 31, 2016, we had 1,091 full-time employees. Members of our senior management are based in Hong Kong and Guangdong Province, China. The table below sets forth the number of our employees by business segment as of December 31, 2016:

Category	Number of Employees	Percentage of Total (%)
Management and administration	144	13.2
Biomass	672	61.6
Hazardous waste treatment	237	21.7
Solar energy and wind power	38	3.5
Total	**1,091**	**100.0**

The table below sets forth the number of our employees by function as of December 31, 2016:

Function	Number of Employees	Percentage of Total (%)
Management	8	0.7
Operation	559	51.2
General Administration	161	14.8
Engineering	87	8.0
Finance	78	7.2
Sales and Marketing	50	4.6
Procurement	52	4.8
Human Resources	19	1.7
Others	77	7.0
Total	**1,091**	**100.0**

We enter into a standard employment contract with each of our full-time employees. Compensation for our employees includes basic wages, variable wages, bonuses and other staff benefits. For the years ended December 31, 2014, 2015 and 2016, our staff costs were approximately HK$41.3 million, HK$68.4 million and HK$104.7 million, respectively.

In accordance with applicable PRC regulations on social insurance and housing funds, we contribute to social insurance, including pension, medical insurance, unemployment insurance, occupational injuries insurance and maternity insurance, as well as a housing fund for our employees. The insurance premium is borne by us and the employees in a specific proportion as required by PRC laws. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), we have complied with the statutory social insurance and housing fund obligations applicable to us in all material respects under PRC laws during the Track Record Period and up to the Latest Practicable Date.

We believe that we maintain good working relationships with our employees and we did not experience any significant labor disputes or any difficulty in recruiting staff during the Track Record Period.

PROPERTIES

We occupy various properties in the PRC in connection with our business operations, including facilities for our projects and our office spaces, with a total site area of approximately 2,675,678 sq.m. and a total GFA of approximately 824,003 sq.m. as of the Latest Practicable Date. Our headquarters is located in Hong Kong.

Our Owned Properties

As of the Latest Practicable Date, we owned land use rights for 81 parcels of land granted by the government with a total site area of approximately 2,545,672 sq.m. and 50 buildings with a total GFA of approximately 52,838 sq.m. for our projects in various stages, which accounted for approximately 95.1% and 6.4% of the total site area and GFA of the properties occupied by us, respectively. Our owned properties are primarily used for our biomass, hazardous waste treatment, solar energy and wind power projects and are material for our business and operations. As of the Latest Practicable Date, properties with an aggregate site area of approximately 1,574,398 sq.m. and an aggregate GFA of approximately 12,528 sq.m., representing approximately 61.8% and 23.7%, respectively, of the aggregate site area and GFA of our own properties, had been mortgaged under various credit agreements for project financing purposes, consistent with industry practice. See "Financial Information — Indebtedness."

As of the Latest Practicable Date, we had not obtained the building ownership certificates for buildings with an aggregate GFA of 30,124 sq.m., representing approximately 3.7% of the aggregate GFA of the buildings we occupy. These buildings are occupied by us for our Suzhou Hazardous Waste Landfill Project, Guanyun Hazardous Waste Landfill Project, Zibo Hazardous Waste Incineration Project (Phase I), Ningwu Wind Power Projects and Suqian Biomass Heat Supply Project. With respect to Suzhou Hazardous Waste Landfill Project and Guanyun Hazardous Waste Landfill Project, given that (1) both projects are BOT projects and pursuant to the relevant concession agreements with local governments, we are required to transfer the facilities back to the local governments upon expiration of the relevant concession period and the relevant local governments did not require us to obtain the building ownership certificates under the concession agreements, and (2) the land occupied by Guanyun Hazardous Waste Landfill Project and Zibo Hazardous Waste Incineration Project (Phase I) have been pledged to a bank as collateral for loans and the building ownership certificate cannot be applied for prior to the release of such pledge, and hence we had not obtained the building ownership certificates. As advised by our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), other than with respect to Ningwu Wind Power Projects and Suzhou Hazardous Waste Landfill Project, our buildings for these projects were constructed in compliance with relevant PRC laws in all material respects, because (i) the relevant buildings are situated on lands with respect to which we have legal and valid land use rights, (ii) the use of the relevant land on which the relevant buildings are situated conforms to the approved use of such land, (iii) the construction of the relevant buildings was in compliance with all approval and filing requirements, (iv) we have passed all post-construction inspections and obtained building completion inspection certificates with respect to the relevant buildings, and (v) the use of the relevant buildings conforms to the approved use of such buildings. As a result, other than with respect to Ningwu Wind Power Projects, in the approved period of such land use right, the lack of building ownership certificates does not affect our ability to own, occupy or use the buildings for our business operations.

During the Track Record Period up to the Latest Practicable Date, we had not been subject to any penalties by any government authority over safety conditions concerns in respect of the buildings for which we have not obtained the relevant building ownership certificates and our Directors are of the view that such buildings are safe for occupation as we have passed all post-construction inspections and obtained the relevant building completion inspection certificates.

As advised by our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), there is no PRC law which authorizes the government authorities to impose a fine or penalty on us or require us to vacate or demolish such buildings merely for the lack of building ownership certificates. As of the Latest Practicable Date, we had not been subject to any fine, penalty or administrative orders by the relevant authorities or any claims from third parties in relation to the lack of building ownership certificates. However, as advised by our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), we cannot sell, transfer, pledge or otherwise dispose of the relevant buildings before the registration of our building ownership and obtaining the ownership certificates with respect to such buildings.

Our Directors are of the view that the lack of building ownership certificates as described above would not have any material adverse impact on our business and operations, because we currently do not intend to sell, transfer, pledge or otherwise dispose of the relevant buildings. We are also in the process of obtaining the building ownership certificates for the relevant buildings. As advised by our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), other than with respect to Ningwu Wind Power Projects, in the approved period of such land use right, there is no material legal impediment for us to obtain the building ownership certificates with respect to such buildings.

Other than as disclosed above and in "— Legal Compliance", "Risk Factors — Risks Relating to Our Business and Industry — We have not obtained proper land use rights with respect to some of our properties" and "Risk Factors — Risks Relating to Our Business and Industry — We have not obtained building ownership certificates with respect to some of our properties," we have obtained all necessary land use right certificates and building ownership certificates for all of the land we occupy and buildings we own.

We generally own our assets and equipment. The repair and maintenance of our assets and equipment are charged as expenses as incurred. The age and condition of such assets and equipment vary. We review the useful lives of our assets and equipment annually.

Our Leased Properties

As of the Latest Practicable Date, we leased buildings with a total GFA of approximately 1,022 sq.m. as office space, and land and buildings (including rooftop) with a total site area of approximately 130,007 sq.m. and a total GFA of approximately 740,019 sq.m. for our solar energy project facilities. Our leased properties accounted for approximately 4.9% and 89.8% of the total site area and GFA of properties occupied by us, respectively, as of the Latest Practicable Date. Our leased properties with respect to our solar energy projects are material to our business and operations.

As of the Latest Practicable Date, our leasehold interest in leased properties with an aggregate site area of 130,007 sq.m. which accounted for 4.9% of the total site area of the properties we occupy were subject to certain defects as follows:

- *Production facility*. The use of land by our Zhenjiang Ground Solar Energy Project is inconsistent with the approved land use, which is for residential use. The affected land has an aggregate site area of 130,007 sq.m., which accounted for 4.9% of the total site area of the land we occupy. We have obtained a written confirmation from the local land administration authority that such land would not be resumed and the solar energy facilities would not be demolished during the valid period of such land lease agreement. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), such written confirmation was obtained from the competent authority.

According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), a lessor's failure to obtain proper title certificates for leased properties, including inconsistent use with the approved land use, may preclude us from enforcing our rights under the relevant lease agreement. We may be subject to a fine of up to RMB10,000 for each incident of the failure to file leasing contracts with the competent real estate administrative department for records. The failure to file leasing contracts with the competent real estate administrative department for records alone will not affect the validity of the leasing contracts. Based on the written confirmation dated March 3, 2016 from the Zhenjiang Land and Resources Bureau New District Branch that the facilities of our Zhenjiang Ground Solar Energy Project would not be demolished during the valid period of the land lease agreement, the fact that the other leased properties stated above are primarily used as storage site or office premises and we are able to relocate to other substitutive premises where necessary, and the maximum potential fine we may be subject to, our Directors are of the view that the defects relating to our lease properties will not materially and adversely affect our operations or financial condition. As of the Latest Practicable Date, we have not been subject to any material claim arising out of or in connection with any defect in our leasehold interests with respect to the above properties. See "Risk Factors — Risks Relating to Our Business and Industry — Our leasehold interests in certain leased properties were subject to defects."

Difference of land cost or rental

We are not aware of any difference of land cost or rental we would have to pay if the properties did not have defective titles.

Exemption from Property Valuation

Our properties are used for non-property activities as defined under Rule 5.01(2) of the Hong Kong Listing Rules and they principally include premises for use as production facilities and office space. As of the Latest Practicable Date, no single property interest owned or leased by us had a carrying amount of 15% or more of our total assets. Accordingly, we are not required by Chapter 5 of the Hong Kong Listing Rules to value or include in this Prospectus any valuation report of our property interests. As such, according to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) notice, this Prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our interests in land or buildings.

LICENSES AND PERMITS

Our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), have advised us that, during the Track Record Period and up to the Latest Practicable Date, except otherwise disclosed in "— Legal Compliance," we had obtained all requisite licenses, approvals and permits that are material for our business operations from the relevant government authorities in China. All of these licenses, approvals and permits remained in full effect, and no circumstances existed that would render the revocation or cancellation of our licenses, approvals and permits or would render legal impediments to our business operations. Our PRC legal advisers have also advised us that, to the best of their knowledge, there is no legal impediment to renew any material licenses, approvals, and permits for our business and operations in China, as long as we comply with the relevant legal requirements and provided that we take all necessary steps and submit the relevant applications in accordance with the requirements and schedule prescribed by the applicable PRC laws and regulations. The table below lists the details of our material licenses and permits:

License/Permit	Holder	Granting Authority	Date of Grant	Expiry Date
Electric Power Business License (電力業務許可證)	EB Alternative Energy (Dangshan)	State Electricity Regulatory Commission	September 4, 2014	January 12, 2032
Electric Power Business License (電力業務許可證)	EB Biomass Energy (Hanshan)	Eastern China Bureau of the NEA	May 12, 2015	May 11, 2035
Electric Power Business License (電力業務許可證)	EB Photovoltaic Energy(Zhenjiang)	State Electricity Regulatory Commission	December 28, 2010	December 27, 2030
Electric Power Business License (電力業務許可證)	EB Photovoltaic Energy (Suqian)	Jiangsu Branch of the NEA	December 28, 2010	December 27, 2030
Electric Power Business License (電力業務許可證)	EB Photovoltaic Energy (Changzhou)	State Electricity Regulatory Commission	December 2, 2011	December 1, 2031
Electric Power Business License (電力業務許可證)	EB Wind Power (Ningwu)	Shanxi Energy Regulatory Office	May 16, 2016	May 15, 2036
Electric Power Business License (電力業務許可證)	EB Biomass Energy (Xuyi)	Jiangsu Branch of the NEA	October 13, 2016	October 12, 2036
Electric Power Business License (電力業務許可證)	EB Environmental Energy (Dangshan)	Eastern China Bureau of the NEA	November 8, 2016	November 7, 2036
Electric Power Business License (電力業務許可證)	EB Biomass Energy (Huaiyuan)	Eastern China Bureau of the NEA	March 23, 2017	March 22, 2037
Electric Power Business License (電力業務許可證)	EB Biomass Energy (Dingyuan)	Eastern China Bureau of the NEA	March 23, 2017	March 22, 2037

License/Permit	Holder	Granting Authority	Date of Grant	Expiry Date
Hazardous Waste Business License (medical waste) (危險廢物經營許可證 (醫療廢物))	EB Environmental Protection (Lianyungang) Waste Disposal	Lianyungang Municipal Environmental Protection Bureau	June 7, 2016	June 2017[(2)]
Hazardous Waste Business License (temporary) (危險廢物經營許可證 (臨時))	EB Environmental Protection Hazardous Waste Treatment (Zibo)	Shandong Provincial Environmental Protection Office	August 23, 2016	August 22, 2017
Hazardous Waste Business License (危險廢物經營許可證)	EB Environmental Protection (Yancheng) Solid Waste Treatment	Yancheng Environmental Protection Bureau	October 11, 2016	September 2017[(2)]
Hazardous Waste Business License (industrial waste) (危險廢物經營許可證 (工業廢物))	EB Environmental Protection (Suqian) Solid Waste Treatment	Jiangsu Provincial Environmental Protection Office	April 21, 2016	April 2017[(1)(2)]
Hazardous Waste Business License (industrial waste) (危險廢物經營許可證 (工業廢物))	EB Environmental Protection (Lianyungang) Solid Waste Treatment	Lianyungang Municipal Environmental Protection Bureau	April 15, 2016	April 2017[(1)(2)]
Hazardous Waste Business License (industrial waste) (危險廢物經營許可證 (工業廢物))	EB Environmental Protection (Suzhou) Solid Waste Treatment	Jiangsu Provincial Environmental Protection Office	April 2, 2015	December 2018[(2)]
Hazardous Waste Business License (inclusive of medical waste etc) (危險廢物經營許可證 (包括醫療廢物等))	EB Environmental Solid Waste Treatment (Xinyi)	Jiangsu Provincial Environmental Protection Office	October 21, 2016	April 2017[(1)(2)]
Air Pollutants Discharge License (氣體污染物排放許可證)	EB Environmental Protection (Suzhou) Solid Waste Treatment	Suzhou Municipal Wuzhong District Environmental Protection Bureau	April 28, 2015	April 27, 2018

License/Permit	Holder	Granting Authority	Date of Grant	Expiry Date
Air Pollutants Discharge License (氣體污染物排放許可證)	EB Environmental Protection (Suqian) Solid Waste Treatment	Suqian Municipal Suyu District Environmental Protection Bureau	October 30, 2014	September 2017(2)
Water Pollutants Discharge License (水污染物排放許可證)	EB Environmental Protection (Suqian) Solid Waste Treatment	Suqian Municipal Suyu District Environmental Protection Bureau	October 30, 2014	September 2017(2)
Pollutants Discharge License (temporary) (排放污染物許可證(臨時))	EB Environmental Protection Hazardous Waste Treatment (Zibo)	Zibo Municipal Environmental Protection Bureau	January 22, 2017	June 2017(2)

Note:

(1) The license has not expired and we are in the process of renewal. Under the Administrative Rules of Hazardous Waste Business Licenses (危險廢物經營許可證管理辦法) effective on July 1, 2004, the Company is allowed to apply for renewal of the licenses within 30 business days prior to the expiration date of such licenses. Our PRC Legal Advisers, Allbright Law Offices and Grandall Law Firm (Beijing), are of the view that provided that the Company has met all the requirements and standards for the renewal of these licenses as per relevant laws and regulations and has submitted all the documents required thereunder, there is no legal impediment for such renewal.

(2) The license only specified the month and year of its expiration without any expiration date.

During the Track Record Period and up to the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits with respect to our German solar energy project from the relevant government authorities in Germany.

HEALTH AND SAFETY

We have established an ESHS department, which is led by our vice president, Mr. Wang Dianer. The ESHS department oversees matters related to the environment, safety, health and social responsibility. It will be responsible for communication with the relevant environmental authorities and will ensure compliance with the relevant environmental, health and safety law. We plan to establish an ESHS system with ESHS teams at our regional management centers that will report to the ESHS department at group level. Pursuant to national and local health and safety laws and regulations in China, we are required to provide our employees a safe working environment. This includes providing safe working equipment, adequate protective clothing and gear, providing safety education and training and having dedicated safety management personnel. Furthermore, we have developed and implemented a safety management policy and have provided safety training for our operating personnel and ensured that the operators for special projects, such as facilities dealing with hazardous waste, have undergone special training. We also conduct regular inspections and maintenance checks on our equipment to ensure it is in compliance with the applicable national or industrial standards in respect of design, manufacturing, installation and use. We typically require our independent contractors to follow the national and local health and safety laws and regulations and provide their employees working at our sites with adequate protective equipment and gear and proper safety training.

We believe our health and safety control measures are adequate and comply with the applicable national and local health and safety laws and regulations in China. During the Track Record Period and up to the Latest Practicable Date, there was no accident which would have a material adverse effect on our business, financial condition and results of operations.

ENVIRONMENTAL COMPLIANCE

We are subject to PRC environmental laws and regulations including the PRC Environmental Protection Law, the PRC Environment Impact Appraisal Law, the PRC Water Pollution Prevention and Control Law, and the PRC Air Pollution Prevention and Control Law. See "Regulation."

The combustion of biomass materials generates air pollutants, such as particulate matter (PM), nitrogen oxides (NOx) and sulfur oxide (SOx). See "Industry Overview — Overview of China's Biomass Power Industry — Environmental Impact of Biomass Power Plants." To minimize the negative environmental impact of our biomass power plants, we have sought to procure better quality biomass materials, implemented various pollutant control measures and strictly followed the emission standards adopted for our plants by the government.

In order to achieve the environmentally friendly operation of our facilities, we have established an ESHS department to oversee matters related to the environment, safety, health and social responsibility. We have adopted a series of internal policies and standard operating procedures to monitor different aspects of our operations, from the design and construction of our facilities to the operation and maintenance of our facilities. We have set comprehensive indicators covering environmental incidents, regulatory compliance, health incidents, emission and discharge standards, training, fire safety, and communication with local community. These indicators are monitored periodically and are incorporated into our performance review system. In addition, we have engaged specialized personnel and third party experts to test and analyze the environmental impact of our facilities. We have adopted a broad range of technological measures to improve our environmental performance. We also conduct inspections from time to time on an ad-hoc basis and have in place an accident reporting and resolution procedure. We are also required under our agreements with the local governments to follow certain environmental protection standards and procedures for our projects. The local governments can monitor the environmental impact of our facilities in real-time and our facilities also need to pass the environmental acceptance check after completion of the project in order to obtain the final acceptance certificate for the project to commence operation.

Except as disclosed in "— Legal Compliance," "Risk Factors — Risks Relating to Our Business and Industry — We may fail to obtain or maintain the approvals, permits, licenses and certificates required for our operations" and "Risk Factors — Risks Relating to Our Business and Industry — We may fail to comply with applicable laws, regulations or standards relating to our operations or to control the associated compliance cost," we were in compliance with the relevant environmental laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date, and no material environmental complaints or administrative penalties had been made against or imposed on us as of the Latest Practicable Date.

LEGAL COMPLIANCE

Our non-compliance incidents under the relevant PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date, and the corrective actions we have taken in response to the incidents, are set forth below. We do not expect such non-compliance incidents to have any material adverse impact on our business, financial condition and results of operations, as explained below.

Non-Compliance Relating to Our Ningwu Wind Power Projects

Our Ningwu Wind Power Projects, which consist of the Changfang Mountain Wind Power Project (Phase I) and Zhaojia Mountain Wind Power Project (Phase I), had not obtained the necessary land use right certificates with respect to the lands they occupy during the Track Record Period. In February 2014, the Changfang Mountain Wind Power Project (Phase I) and the Zhaojia Mountain Wind Power Project (Phase I) of the Ningwu Wind Power Projects were included in the fourth approval scheme of wind power generation projects in the 12th Five-Year Plan of the National Energy Administration, and were approved by the Shanxi Development and Reform Commission in April 2014. Pursuant to the approvals granted by the Shanxi Development and Reform Commission, an application for the extension of the effectiveness of such approvals will be required if the construction of the projects does not take place within two years from the date of the approvals, or such approvals will become ineffective. In light of the two-year expiry period of the approvals of the Shanxi Development and Reform Commission, and given the significance of the projects, being named as a city-level key project of Xinzhou City in Shanxi Province in 2015, construction commenced in June 2014 while the land use right certificates were still being applied for. In May 2015, we were found to have violated the PRC Land Administration Law for unauthorized occupation of land for an aggregate site area of 22.75 mu, or approximately 15,167 sq.m., by the Ningwu Bureau of Land and Resources, which ordered us to return the unlawfully occupied land and demolish buildings with a total GFA of 2,726.8 sq.m. within the specified time, confiscated buildings with a total GFA of 12,440.6 sq.m., and imposed a fine of RMB91,004 which we paid in full in May 2015. In July 2015, we submitted a formal application for relevant land use right certificates. Based on a written confirmation of Ningwu Bureau of Land and Resources issued on January 12, 2016, all previous penalties have been satisfied in full and the sanction imposed on the Ningwu Wind Power Projects for the lack of land use right certificates has been completed. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), such written confirmation was obtained from the competent authority. On November 17, 2016, we obtained all real estate right certificates (formerly, land use right certificates) with respect to the lands occupied by our Ningwu Wind Power Projects from the Ningwu Bureau of Land and Resources.

As we did not obtain the land use right certificates, we were then unable to obtain the requisite permits for commencement of construction work, for which the land use right certificates are one of the required documents for application. With respect to our failure to obtain the permit for commencement of construction work, Ningwu Bureau of Housing and Urban-Rural Development imposed a fine of RMB287,070 on us which we have paid on June 7, 2016, representing 1.5% of the total consideration of the construction and installation contract of the relevant building. We conducted an interview with the official of Ningwu Bureau of Housing and Urban-Rural Development on March 31, 2016, and the official confirmed that the authority did not foresee any legal obstacles in granting the permit for commencement of construction work related to the Ningwu Wind Power Projects after the land use right certificates are obtained. We have submitted the application for the permits for commencement of construction work to Ningwu Bureau of Housing and Urban-Rural Development in December 2016.

We obtained the completion certificates for construction work in April 2016. We failed to timely complete the registration of the completion certificate for construction work. According to our PRC legal advisors, Allbright Law Offices and Grandall Law Firm (Beijing), the registration status of the completion certificate for construction work does not affect the Company's right or ability to commence operation, but the competent authority may impose a fine of up to RMB500,000 for failure to register such certificate within the time limit specified. Given that the maximum amount of penalty that may be imposed on EB Wind Power (Ningwu) is low, our Directors consider that such non-compliance incident will not materially and adversely affect our operations, business, financial conditions, results of operation and prospects.

Once the permits for commencement of construction work are obtained, we will apply in due course for the building ownership certificates.

Other Non-Compliance

Other than non-compliance relating to our Ningwu Wind Power Projects, during the Track Record Period and up to the Latest Practicable Date, we had other non-compliance incidents under the relevant PRC laws and regulations, including the lack of permits before commencement of construction work, late registration for completion certificate for construction work, lack of pollutant discharge license and lack of hazardous waste business license. Our business is primarily operated under BOO or BOT model with local governments, and our projects are tied with and supported by the local government's environmental protection and energy policies. Based on our understanding, many of our projects were aimed by the local government to address the escalating issue of an increasing amount of hazardous waste and biomass waste that is not treated or disposed of properly. As there are a number of administrative processes to be completed prior to obtaining all necessary licenses, permits and certificates, any temporary cessation of operations may lead to cumbersome consequences or unwanted delays. In order to facilitate the implementation of such government policies, we have worked closely with the relevant local governments and have taken into consideration feedback from them with the intention to complete the construction of the relevant projects as soon as practicable, and such non-compliance incidents were not a result of the Directors' or the senior management's intention to operate in a non-compliant manner.

The above non-compliance incidents, together with our other non-compliance incidents under the relevant PRC laws and regulations during the Track Record Period and up to the Latest Practicable Date, and the corrective actions we have taken in response to the incidents, are set forth below.

Lack of Transportation Related License

We transport medical waste for our Lianyungang Hazardous Waste Incineration Project pending the grant of the license for the road transportation of medical waste, which is in violation of the Regulations on the Administration of Medical Waste. According to our PRC legal advisors, Allbright Law Offices and Grandall Law Firm (Beijing), the competent authority may order us to cease such transportation, confiscate illegal income and impose a fine from two times up to ten times of the illegal income, but as we have no income for such transportation service as of December 31, 2016 therefore, no fine will be charged. As of the Latest Practicable Date, no such order or fine has been imposed on the Company. On May 16, 2016, the Lianyungang Municipal Environmental Protection Bureau, after consultation with the relevant authorities, has consented to the current road transportation arrangement adopted by the Company while Lianyungang Hazardous Waste Incineration Project (Phase II) is under construction. According to our PRC legal advisers, AllBright Law Offices and Grandall Law Firm (Beijing), the likelihood of us being penalized is relatively low based on the written consent from the local authorities. We are in the process of applying for the license for the road transportation of medical waste with the relevant governmental authorities and the Transport Administration of Guanyun County has issued a letter dated June 6, 2016 confirming that EB Environmental Protection (Lianyungang) Waste Disposal will be granted the license for the road transportation of medical waste within 20 business days upon the application materials being complete and that the applicable requirements are complied with. As of the Latest Practicable Date, Lianyungang Hazardous Waste Incineration Project (Phase II) is under construction. As the construction progresses, further supplementary materials will be submitted for the application and we expect that the license for the road transportation of medical waste will be granted upon the completion of the application materials.

Unauthorized Occupation of Land

In November 2014, EB Environmental Protection Hazardous Waste Treatment (Zibo) was found to violate the PRC Land Administration Law for unauthorized occupation of land for an aggregate site area of 46,576 sq.m. in relation to Zibo Hazardous Waste Incineration Project (Phase I). The Municipal Bureau of Land and Resources of Zibo City ordered EB Environmental Protection Hazardous Waste Treatment (Zibo) to return the unlawfully occupied land, confiscated structures and installations built on such land, and imposed a fine of RMB1,077,700. EB Environmental Protection Hazardous Waste Treatment (Zibo) paid the fine in full in November 2014, and subsequently obtained the relevant land use right certificate in July 2015. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), the possibility of the Company being imposed further penalties with respect to such non-compliance is low.

Lack of Permits before Commencement of Construction

During the Track Record Period, certain of our subsidiaries started construction before the relevant project companies obtained the requisite construction planning permits, permits for commencement of construction work and/or the environmental impact appraisal in violation of the relevant PRC law, including the PRC Urban and Rural Planning Law and the PRC Construction Law. According to our PRC legal advisors, Allbright Law Offices and Grandall Law Firm (Beijing),

- for the lack of construction planning permits, the competent authority may order the relevant PRC companies to rectify the non-compliance and/or demolish the relevant project within a prescribed time, and may impose a maximum fine of up to 10% of the total construction costs of the relevant project on the project company;

- for the lack of permits for commencement of construction work, the competent authority may order the relevant PRC companies to rectify the non-compliance within a prescribed time, and may impose a fine on the project company ranging from 1% to 2% of the total consideration of the construction contract costs of the relevant building; and

- for the lack of environmental impact appraisal, the competent authority may order the relevant PRC companies to rectify the non-compliance within the time limit specified, and may impose a fine ranging from RMB50,000 to RMB200,000 on the project company and an administrative reprimand on the responsible officer(s) of the project company.

As of the Latest Practicable Date, save for (i) EB Environmental Protection Hazardous Waste Treatment (Zibo) and EB Wind Power (Ningwu) which had previously been penalized as described in the paragraph below and in the section "— Non-Compliance Relating to Our Ningwu Wind Power Projects" respectively, and (ii) one of the two projects held by EB Photovoltaic Energy (Zhenjiang) which has not obtained permit for commencement of construction work, all such subsidiaries had obtained the requisite construction planning permits, permits for commencement of construction work and/or the environmental impact appraisal for the projects. According to the Company's PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), given the relevant permits have been obtained for each of the relevant companies save as disclosed above, the likelihood of the aforesaid companies being penalized for lack of permits before commencement of construction work is low.

EB Environmental Protection Hazardous Waste Treatment (Zibo) started construction for Zibo Hazardous Waste Incineration Project (Phase I) before it obtained the requisite construction planning permit and permit for commencement of construction work. It was previously ordered by Linzi District Municipal Administrative Enforcement Bureau of Zibo City (i) in September 2015 to complete the relevant formalities for construction planning permit within 30 days and a fine in the amount of RMB6,617,500 was imposed; and (ii) in November 2015 to complete the relevant formalities for permit for commencement of construction work within 30 days and a fine in the amount of RMB10,000 was imposed. EB Environmental Protection Hazardous Waste Treatment (Zibo) completed the relevant formalities within the prescribed time and obtained the necessary permits (including the construction planning permit and the permit for commencement of construction work) and paid a fine of RMB210,000 in aggregate in November 2015. The outstanding amount of RMB6,417,500 was waived by the government of Linzi District of Zibo City at an internal meeting held in late September 2015. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), in light of the facts stated above, the likelihood of EB Environmental Protection Hazardous Waste Treatment (Zibo) being required to pay the outstanding amount in the future is low with respect to such non-compliance.

Regarding Zhenjiang Rooftop Solar Energy Project held by EB Photovoltaic Energy (Zhenjiang), such project has obtained the construction planning permit but did not obtain a permit for commencement of construction work. EB Photovoltaic Energy (Zhenjiang) has obtained from the competent authority, Zhenjiang New District Bureau of Housing and Urban-Rural Development, (i) a written confirmation dated July 18, 2016 that it will neither impose any penalty on EB Photovoltaic Energy (Zhenjiang) nor order the demolition of the project, and (ii) a written confirmation dated July 25, 2016 that since the Zhenjiang Rooftop Solar Energy Project only involves installing independently operating solar panels on the roofs of completely constructed buildings which have been occupied for use, it is not subject to the Measures for the Administration of Construction Commencement for Construction Projects (建築工程施工許可管理辦法). Accordingly, EB Photovoltaic Energy (Zhenjiang) is not required to obtain the permit for commencement of construction. According to our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), there is no risk of the Company being imposed penalties for the lack of permit for commencement of construction work in respect of Zhenjiang Rooftop Solar Energy Project.

Late Registration for Completion Certificate for Construction Work

Certain of our subsidiaries had not registered for the completion certificate for construction work within the time limit specified. According to our PRC legal advisers, AllBright Law Offices and Grandall Law Firm (Beijing), where registration for the completion certificate for construction is not undertaken within the time limit specified, the competent authority may order the PRC companies to rectify the non-compliance within the time limit specified, and may impose a fine ranging from RMB200,000 to RMB500,000. For the reasons set out below, our PRC legal advisers, AllBright Law Offices and Grandall Law Firm (Beijing), have confirmed that the likelihood of the following companies being penalized is low:

- EB Alternative Energy (Dangshan): we have obtained a written confirmation dated January 12, 2016 from the competent authority, i.e. Dangshan Bureau of Housing and Urban-Rural Development, that no registration for the completion certificate for construction work is required, as it has not processed any registration in respect of biomass power generation projects due to internal regulations and it currently does not process such registration for any biomass power generation project.

- EB Photovoltaic Energy (Changzhou), EB Biomass Energy (Hanshan), EB Environmental Protection (Lianyungang) Waste Disposal, and EB Environmental Protection (Suqian)

Solid Waste Treatment: as of the Latest Practicable Date, each of these companies had completed the registration for the completion certificate for construction work.

- EB Photovoltaic Energy (Suqian): we have obtained written confirmations dated January 5, 2016 and January 11, 2016 respectively, from Suqian Yanghe District Bureau of Communications Construction and Sihong County Bureau of Housing and Urban-Rural Development, that no registration for completion certificate for construction is required, as they have not processed any registration in respect of solar power generation projects due to internal regulations and they currently do not process such registration for any solar power generation project.

- EB Photovoltaic Energy (Zhenjiang): we have obtained a written confirmation dated January 6, 2016, from the competent authority i.e. Zhenjiang New District Bureau of Housing and Urban-Rural Development, that no registration for completion certificate for construction is required, as the relevant requirement only applies to construction, expansion and reconstruction of housing, buildings and municipal infrastructure projects, but not installation of solar panels.

EB Wind Power (Ningwu) (as described in the section "— Non-Compliance Relating to Our Ningwu Wind Power Projects") and EB Environmental Protection Solid Waste Treatment (Suzhou), have not completed registration of the completion certificate for construction work. According to the PRC legal advisers, AllBright Law Offices and Grandall Law Firm (Beijing), the registration status of the completion certificate for construction work does not affect the Company's right or ability to commence operation, but the competent authority may impose a fine of up to RMB500,000 for failure to register any such certificate within the time limit specified. Given that the maximum amount of penalty that may be imposed on EB Wind Power (Ningwu) and EB Environmental Protection Solid Waste Treatment (Suzhou) is low, our Directors consider that such non-compliance incident will not materially and adversely affect our operations, business, financial conditions, results of operation and prospects.

Lack of Pollutant Discharge License

Two of our subsidiaries had not obtained the relevant pollutant discharge licenses before commercial operation in relation to Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass) and Hanshan Biomass Direct Combustion Project. According to our PRC legal advisers, AllBright Law Offices and Grandall Law Firm (Beijing), where a project starts commercial operation before obtaining the requisite pollutant discharge license, the competent authority may order such PRC company to cease operation and may impose a fine ranging from RMB200,000 to RMB1 million. According to our PRC legal advisers, AllBright Law Offices and Grandall Law Firm (Beijing), the likelihood of the relevant project companies being penalized is low based on the written confirmations from the local authorities that (i) pollutant discharge permits for wastewater are not required for these projects because the wastewater generated from such projects is subject to wastewater treatment without any external discharge of wastewater; and (ii) the relevant local authorities currently do not issue pollutant discharge permits for waste gas for these projects due to the lack of relevant implementation policy.

Lack of Hazardous Waste Business License

EB Environmental Protection Hazardous Waste Treatment (Zibo) has commenced trial operation of Zibo Hazardous Waste Incineration Projects (Phase I) in January 2016 and continued generating operation revenue lawfully until March 2016 pending the conduct of environmental impact appraisal by the authorities. EB Environmental Protection Hazardous Waste Treatment (Zibo) has completed the environmental impact appraisal in March 2016 and continued operation until it temporarily ceased operation from June 1, 2016. According to our PRC legal advisers, AllBright Law Offices and Grandall Law Firm (Beijing), for commencing commercial operation without a hazardous waste business license, the competent authority may order the PRC companies to cease operations, and/or confiscate the net profit generated from such non-compliance, and may impose a maximum fine of up to three times based on the said net profit. EB Environmental Protection Hazardous Waste Treatment (Zibo) obtained the hazardous waste business license on August 23, 2016 and our Zibo Hazardous Waste Incineration Projects (Phase I) commenced commercial operation in September 2016. Given that:

- based on the net profit generated by EB Environmental Protection Hazardous Waste Treatment (Zibo) during the period from April 2016 to May 2016, it is expected that the maximum penalty to be imposed (if any) will be less than RMB1.5 million;

- prior to obtaining the hazardous waste business license, we temporarily ceased operations of Zibo Hazardous Waste Incineration Projects (Phase I); and

- the historical revenue contribution of EB Environmental Protection Hazardous Waste Treatment (Zibo) was low and the contribution for the year ended December 31, 2016 was limited,

our Directors consider that such non-compliance incident will not materially and adversely affect our operations, business, financial conditions, results of operation and prospect.

Measures to Improve our Corporate Governance and Internal Control and to Prevent Recurrence of Non-Compliance Incidents

Apart from the remedial measures disclosed above with respect to each individual non-compliance incident, in order to continuously improve our corporate governance and internal control and to prevent recurrence of non-compliance in the future, we have adopted the following measures:

- we have established an audit and risk management committee to oversee our internal control, including, among others, reviewing and making recommendations to our Board in respect of our policies and practices on internal control, reviewing and monitoring our policies and practices on compliance with any requirement, direction and regulation that may be prescribed by the Board, contained in our constitutional documents, or imposed by the Hong Kong Listing Rules and other applicable laws, regulations, rules and codes, and ensuring that appropriate monitoring systems are in place to ensure compliance against the relevant internal control systems, processes and policies, and monitoring the implementation of our plan to maintain compliance with our risk management standards;

- we have revised the terms of our standard agreement with the local governments to expressly provide that the commencement of construction and operation must comply with applicable laws;

- we have designated Mr. Yang Zhiqiang, our Executive Director, as our compliance officer to assist our Board to identify, assess and manage the risks associated with our operation from time to time to ensure due compliance with industry standards, laws, rules and regulations applicable to us;

- we have further strengthened our risk and internal control procedures with respect to legal compliance. Our legal compliance matters will be supervised and overseen by our legal compliance team and risk control committee. Our legal compliance team consists of three full-time members, including Ms. Catherine Tai, our general counsel and company secretary, and Mr. Yang Zhiqiang, one of the Executive Directors. Our risk control committee consists of four full-time members and is led by Mr. Yang Zhiqiang. Ms. Tai is a solicitor in Hong Kong and England and Wales with more than 17 years of experience in dealing with legal and regulatory matters in Hong Kong. Mr. Yang is a qualified PRC lawyer and was previously the chief legal officer of CEIL, who has over 16 years of experience in dealing with legal and compliance matters in the PRC. See the section headed "Directors and Senior Management" for details of the respective experience and qualification of Mr. Yang and Ms. Tai. Our legal and compliance team, together with the risk control committee, will review and strengthen the supervision and internal controls of compliance matters, and ensure that proper systems and procedures are in place to prevent similar incidents in the future;

- we have also taken measures to ensure compliance with licensing and permit requirements on an ongoing basis, in accordance with the licensing and permit requirements set forth in the relevant laws and regulations. In particular, we have adopted a new policy, setting out guidelines for permits and licenses required for each key milestone of a project under PRC laws. According to the new policy, the responsible personnel for the project which commences construction or operation without the necessary permits and licenses will be subject to internal disciplinary actions or penalties. Mr. Yang Zhiqiang, our Executive Director, will be responsible for monitoring our internal control system on licenses and permits. To ensure that we are up to date in obtaining the latest licenses and permits, we also recruit and provide training to personnel to monitor requirements of any potential projects;

- our compliance officer will act as the principal channel of communication between members of our Group in relation to legal, regulatory and financial reporting compliance matters as well as acting as the chief coordinator to oversee the internal control procedures in general. Upon receipt of any queries or reports on legal, regulatory and financial reporting compliance matters, our compliance officer will look into the matter and, if considered appropriate, seek advice, guidance and recommendation from professional advisors and report to relevant members of our Group and/or our Board;

- we will engage external PRC legal advisors which will assist us in performing the requisite legal due diligence and complying with the relevant PRC laws and regulations, and provide training to us on the relevant PRC laws and regulations, where necessary after Listing;

- we will provide our Directors, senior management and employees involved with training, development programs and/or updates regarding the legal and regulatory requirements applicable to the business operations of our Group from time to time;

- we will appoint Guotai Junan Capital Limited as our compliance advisor upon Listing to advise our Group on compliance matters in accordance with Rule 3A.19 of the Hong Kong Listing Rules;

- we will appoint an external Hong Kong legal counsel to advise us on compliance with the Hong Kong Listing Rules and the applicable Hong Kong laws and regulations;

- our PRC legal advisor, Allbright Law Offices, have provided customized training sessions to our executive Directors, non-executive Director, senior management and staff members of all of our project companies, which cover relevant PRC laws and regulations relating to our industries to improve the overall compliance culture of our Group and to raise their awareness of the importance of internal legal compliance and to strengthen their risk management skills; and

- in preparation of the Global Offering, we have engaged an independent external consulting firm as our independent internal control advisor to review our internal controls over financial reporting for certain areas at some of our entities based on a pre-agreed scope and approach, and have implemented the recommendations made by the independent internal control advisor. The internal control advisor's review was last conducted in January 2017, which primarily focused on financial and business related controls covering our key business processes, including project management (such as obtaining licenses), fixed assets management, treasury management, financial reporting and information system control. In relation to our historical non-compliance incidents, we have implemented the above enhanced corporate governance and internal control measures, which were recommended by our legal advisers and the Joint Sponsors. As of the Latest Practicable Date, the Directors confirmed that the said enhanced corporate governance and internal control measures have been fully implemented. We will continue to engage an independent internal control advisor to assist our Audit and Risk

Management Committee in assessing our internal controls where necessary after Listing. The internal control advisor will perform internal control reviews in accordance with the internal audit plan to be approved by the Audit and Risk Management Committee and report the review results to the Audit and Risk Management Committee on an interim basis. Accordingly, we will summarize and disclose material internal control issues noted from the said reviews in our annual report.

Views of our Directors and the Joint Sponsors

Having considered the nature and reasons for the historical non-compliance incidents identified above and the advice from our PRC legal advisers, Allbright Law Offices and Grandall Law Firm (Beijing), the corrective actions taken and the internal control measures adopted by us, the Directors are of the view that (i) our internal control measures are adequate and effective to prevent recurrence of future non-compliance incidents; (ii) we have adequate and effective internal control procedures in place for the purpose of Rule 3A.15(5) of the Hong Kong Listing Rules; and (iii) the past non-compliance incidents do not affect the suitability of the Directors to act as directors of a listed issuer under Rules 3.08 and 3.09 of the Hong Kong Listing Rules or the suitability for listing of our Company under Rule 8.04 of the Hong Kong Listing Rules. In addition, after making enquiries of our management, reviewing our enhanced internal control procedures and discussing with our internal control consultant regarding our internal control system, the Joint Sponsors, are not aware of any reasons to disagree with our Director's view that our enhanced internal control measures are adequate and effective under the Hong Kong Listing Rules.

Legal Compliance

Save as disclosed in this Prospectus, our PRC legal advisors, Allbright Law Offices and Grandall Law Firm (Beijing), confirmed that we complied with all relevant laws and regulations in the PRC during the Track Record Period and we have obtained all relevant approvals, permits, licenses and certificates necessary for our operations and business in all material respects.

LEGAL PROCEEDINGS AND LITIGATION

We may from time to time be subject to legal proceedings, investigations and claims relating to the conduct of our business. We may also initiate legal proceedings in order to protect our contractual and property rights. As of the Latest Practicable Date, we were not a party to, nor are we aware of, any legal, arbitral or administrative proceedings, investigations or claims pending or threatened by or against us or any of our Directors, which, in the opinion of our management, were likely to have a material adverse effect on our business, financial condition or results of operations.

AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we have received a number of accolades and awards for the quality and popularity of our products and services, including:

Award	Year of Award	Awarding Institution / Authority
Power Construction Safety Standardization Enterprise, Level Two (電力安全生產標準化二級企業)	2014	National Energy Administration (國家能源局)
Advanced Enterprise of 2014 (2014年度先進企業)	2015	Central Committee of Communist Party of Tongzha County , Municipal Government of Tongzha County (中共銅閘鎮委員會、銅閘鎮人民政府)
2014 Top Ten Environmental and Resource Recycling Enterprise in Anhui Province (2014年度安徽省十佳環境資源循環利用企業)	2015	Anhui Association of Environmental Protection Industry (安徽省環境保護產業協會)
Outstanding Enterprise of Environmental industry in Anhui Province (安徽省環保產業優秀企業)	2015	Anhui Association of Environmental Protection Industry (安徽省環境保護產業協會)
Advanced Organization of the Fourth Session in Dangshan County (碭山縣第四屆先進集體)	2015	Municipal Government of Dangshan County (碭山縣人民政府)
2015 Advanced Organization of Safety Construction (2015年度安全生產工作先進集體)	2015	Municipal Government of Ningwu County (寧武縣人民政府)
Shanxi Province Excellent Quality Award for Electric Power Construction Projects (山西省電力建設工程優質施工項目)	2016	Supervision Station of Electric Power Construction Projects of Shanxi Province (山西省電力建設工程質量監管中心站)
Water-saving Enterprise of Maanshan City (馬鞍山市節水型企業)	2016	Maanshan Economic and Information Technology Commission and Water Resources Bureau (馬鞍山市經濟和信息化委員會及水利局)
Advanced Enterprise of 2015 (2015年度先進企業)	2016	Jiangsu Binhai Industrial Park Management Committee (江蘇灌雲經濟開發區管理委員會)
2016 Modeling Construction Site for Standardization of Architectural Construction in Huai'an City (2016年淮安市建築施工標準化文明示範工地)	2016	Bureau of Housing and Urban-Rural Development of Huai'an City (淮安市住房和城鄉建設局)
Shanxi Province Fen River Cup Award for Construction Projects (Highest Award for Excellent Quality Construction Projects in Shanxi Province) (山西省建設工程汾水杯獎（山西省優質工程最高獎))	2017	Construction Industry Association of Shanxi Province (山西省建築業協會)
2016 Advanced Award for Key Construction Projects (2016年度重點工業項目建設先進獎)	2017	Administrative Committee in the Economic Development Zone of Guanyun, Jiangsu (江蘇灌雲經濟開發區管理委員會)

Award	Year of Award	Awarding Institution / Authority
Modeling Enterprise of Infrastructure Construction for Occupational Heath in Maanshan City (馬鞍山市職業衛生基礎建設示範企業)	2017	Work Safety Bureau of Maanshan City (馬鞍山市安全生產監督管理局)
Advanced Organization of Attracting Investments of 2016 (2016年度招商引資工作先進集體)	2017	Rugao City Committee of Communist Party of China (中共如皋市委員會) Municipal Government of Rugao City (如皋市人民政府)

OUR CONTROLLING SHAREHOLDER

CEIL is our Controlling Shareholder as at the date of this Prospectus. It will remain our Controlling Shareholder immediately following the completion of the Capitalization Issue and the Global Offering.

CEIL was incorporated in Hong Kong and its shares are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 257) since 1975. The predecessor of CEIL was Newfoundland International Company Ltd, which has been listed on the Hong Kong Stock Exchange since 1975. In 1993, China Everbright Group acquired a controlling interest in Newfoundland International Company Ltd, and Newfoundland International Company Ltd was renamed as CEIL in the same year. CEIL Group is principally engaged in project investment, construction engineering, operation management, technology development and equipment manufacturing related to environmental protection and new energy projects, focusing on six main business segments: (1) envirotech, (2) environmental energy, (3) environmental water, (4) greentech, (5) equipment manufacturing and (6) international business. The envirotech segment mainly focuses on technological research and development. The environmental energy segment mainly focuses on municipal waste-to-energy projects and environmental protection industrial parks. The environmental water segment mainly focuses on waste water treatment projects and water environment management projects. In December 2014, China Everbright Water Holdings Limited, CEIL's then wholly-owned subsidiary, spun off its environmental water business into a water restoration company whose shares are listed on the Mainboard of SGX-ST via a reverse takeover, and it was renamed as China Everbright Water. The greentech segment, being the subject of the Spin-off from CEIL, is comprised of three sub-segments, i.e. the biomass business, the hazardous waste treatment business and the solar energy and wind power business. The equipment manufacturing segment focuses on equipment manufacturing, sales of equipment and provision of after sale services. The international business segment focuses on expansion of overseas environmental protection projects. Following the completion of the Spin-off, CEIL Group (excluding our Group and China Everbright Water and its subsidiaries) will continue to carry out its existing principal business of municipal waste-to-energy.

Since our incorporation, CEIL has been our indirect sole shareholder, holding all the issued share capital of our Company through China Everbright Green Holdings, an investment holding company. As at the Latest Practicable Date, CEIL was in turn held as to approximately 41.4% by China Everbright Group, its largest shareholder. Immediately following the completion of the Capitalization Issue and the Global Offering, we will continue to be a subsidiary of CEIL and CEIL will continue to consolidate our financial results into its accounts in accordance with HKFRS. It is expected that CEIL will remain as the largest shareholder of our Company, holding approximately 72% of the issued share capital of our Company through China Everbright Green Holdings immediately following the completion of the Capitalization Issue and the Global Offering (assuming that the Over-allotment Option is not exercised).

Our Directors believe that the business of the Remaining CEIL Group does not, either directly or indirectly, compete, and is not likely to compete, with our business.

Following the Listing, we will operate independently from CEIL in all essential respects.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDER

After considering the following factors, our Directors are of the view that we are capable of independently carrying on our business from our Controlling Shareholder after the Listing without unduly relying upon them.

Operational Independence

We do not rely on our Controlling Shareholder for our business development, staffing, administration, information technology, sales and marketing. Following the completion of the Spin-off, we will have our own departments specializing in these respective areas to operate separately and independently from our Controlling Shareholder. In particular, we will have our own capabilities, or will acquire relevant services, to perform all essential administrative functions such as finance, accounting, administration and human resources. In addition, we have employees who are responsible for our operations and human resources management.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. Our top 10 customers and suppliers for the Track Record Period were independent third parties, except for certain connected party equipment suppliers. For more details, see "Business — Our Suppliers". Save as disclosed under "Business — Legal Compliance," we are also in possession of all relevant licenses necessary to carry on and operate our principal businesses; we have sufficient operational capacity in terms of capital and employees to operate independently.

During the Track Record Period, we purchased equipment from CEIL at an aggregate consideration of HK$67,467,000. We have access to other suppliers of such equipment, who are independent third parties. Upon Listing, if we decide to make further purchases of equipment from the Remaining CEIL Group or other connected persons, we will comply with the relevant Hong Kong Listing Rules requirements when making such purchases.

China Everbright Group has licensed certain of its trademarks to us through CE Hong Kong and CEIL for nominal licensing fees (the "**Trademark Licensing**"). For details of the licensing agreements, see "Business — Intellectual Property — Name and Trademark." We believe that China Everbright Group has built significant brand recognition and a set of core values associated with the "Everbright" name, and therefore it is essential that China Everbright Group maintains control over the future development and registration of the marks "Everbright" and "中國光大" to ensure consistent use and maintenance of core values in a coordinated manner. For details of the licensed trademark, see "Appendix V — Statutory and General Information — B. Further Information about Our Business — 2. Our Material Intellectual Property Rights." Our Directors are of the view that our independence and administrative capability should not be affected by the Trademark Licensing.

We have entered into certain tenancy agreements with the Remaining CEIL Group, pursuant to which the Remaining CEIL Group leases to us certain office premises. For details, see "Connected Transactions — Continuing Connected Transactions Exempt from the Independent Shareholders' Approval Requirement — Transactions in relation to leases of office premises."

Except as disclosed above, our Directors are of the view that there is no operational dependence by us on our Controlling Shareholder.

Management Independence

Our Company and CEIL have separate boards of directors that function independently. The following table sets out the overlapping director of our Company and the Remaining CEIL Group immediately following the Listing:

Our Company	Remaining CEIL Group
CHEN Xiaoping *Non-executive Director and Chairman*	CHEN Xiaoping *Executive Director of CEIL*

Mr. Chen Xiaoping is our Non-executive Director. He has served as the chief executive officer and an executive director of CEIL since August 2001 and will continue to serve in such positions in CEIL immediately following the Listing. It is expected that Mr. Chen will not be involved in our day-to-day business operations as a Non-executive Director, and our Board believes that such arrangement will not affect the discharge of his duties and responsibilities to us and CEIL Group.

Except as disclosed above, none of our Directors will overlap with the board of CEIL. We will continue to function independently from the Remaining CEIL Group. Immediately following the Listing, there will be no overlapping senior management between us and the Remaining CEIL Group. Our Board is of the view that there is no overlapping management function between us and the Remaining CEIL Group, and we are capable of maintaining management independence.

We consider that our Board and senior management will function independently from our Controlling Shareholder because:

- each Director is aware of his fiduciary duties as director which require, among other things, that he acts for the benefit and in the best interest of our Company and our Shareholders as a whole, and does not allow any conflict between his duties as Director and his personal interests;

- the Independent Non-executive Directors have extensive experience in different areas and have been appointed in accordance with the requirements under the Hong Kong Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions;

- where our Board is considering a resolution in which CEIL is interested, the overlapping Directors between our Company and CEIL are required to abstain from voting on such resolution pursuant to our Articles, and in the event there is an equality of votes by the remaining Directors on such resolution, the chairman (who shall not be an overlapping Director) presiding at such Board meeting shall have a second or casting vote;

- we have established an internal control mechanism to identify related party transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions; and

- in order to allow the non-conflicted members of our Board to function properly with the necessary professional advice, we will engage third-party professional advisers to advise our Board when necessary, depending on the nature and significance of any proposed transactions to be entered into between us and our Directors or their respective associates.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles as Directors independently and manage our business independently from our Controlling Shareholder after the Listing.

Financial Independence

We have an independent financial system and finance team responsible for our own treasury functions and we will make financial decisions based on our own business needs.

As at December 31, 2016, all outstanding loans between our Group and Remaining CEIL Group had been settled by way of capitalization. Further, all forms of financial assistance provided by the Remaining CEIL Group had been terminated or released. The Remaining CEIL Group will not provide any form of financial assistance to us upon Listing. Accordingly, it is expected that there will not be any outstanding indebtedness due from our Group to the Remaining CEIL Group upon Listing. On this basis, we will be financially independent from our Controlling Shareholder at the time of the Listing.

Our Directors believe that our Group will be able to obtain further financing such as bank loans, if necessary, upon market terms and conditions without relying on financial assistance or credit support from our Controlling Shareholder and its associates after the Listing.

For the above reasons, our Directors consider that there is no financial dependence on our Controlling Shareholder.

CLEAR DELINEATION OF BUSINESS

Principal basis for delineation

The table below sets out the principal basis for delineation between the biomass business of our Group and the municipal waste-to-energy business of the Remaining CEIL Group:

	Our Business				Remaining CEIL Group Business
Key business and operation elements	**Biomass**	**Hazardous waste treatment**	**Solar energy**	**Wind power**	**Municipal waste-to-energy**
Geographical location	Rural areas	Industrial zones	Cities and municipals	Remote areas	Large metropolitans and cities
Business model	Collection of agricultural waste and forestry residue at cost, and subsequent processing of such waste and receive power tariff and steam supply fees supplying energy generated from such waste Collection of household waste and receive waste treatment fees and subsequent processing of such waste through incineration to generate electricity	Collection of hazardous waste and receive waste treatment fees	Receive power tariff supplying energy generated from solar energy	Receive power tariff supplying energy generated from wind power	Collection of municipal waste and receive subsidies for such collection, and subsequent processing and incineration of such waste and receive power tariff supplying energy generated from such waste
Power generation	Yes	No	Yes	Yes	Yes
Suppliers of waste	Third party agents and local governments	Industrial companies and medical facilities	N/A	N/A	Local governments

Key business and operation elements	Our Business				Remaining CEIL Group Business
	Biomass	Hazardous waste treatment	Solar energy	Wind power	Municipal waste-to-energy
Cost / fee model of waste supplies	Amount paid to third party agents for agricultural waste supplies as a result of commercial negotiation	With waste treatment fees received from industrial companies and medical facilities. Amount of treatment fees is determined with reference to government fee guidance	N/A	N/A	Subsidies received from local governments for processing household waste. Amount of subsidies received is standardized by government regulations
Electricity offtaker	Power Grid	N/A	Power Grid	Power Grid	Power Grid
Pricing arrangement for electricity generation	RMB0.75 per kilowatt-hour for electricity generated from agricultural waste and forestry residue RMB0.65 per kilowatt-hour for electricity generated from household waste	N/A	RMB1.00 – 3.00 per kilowatt-hour	RMB0.61 per kilowatt-hour	RMB0.65 per kilowatt- hour
Main waste treatment facilities	Water cooling vibrating grate furnace, power station boiler, turbine and generator	N/A	N/A	N/A	Mechanical grate furnace, waste heat recovery boiler, turbine and generator

Key business and operation elements	Our Business				Remaining CEIL Group Business
	Biomass	Hazardous waste treatment	Solar energy	Wind power	Municipal waste-to-energy
Waste treatment technology	Using direct combustion technology to generate electricity or heat from the biomass raw materials without filtration process, subject to general flue gas treatment, slag and ash handling and wastewater treatment processes	N/A	N/A	N/A	Using waste incineration technology to generate electricity from municipal household waste, subject to filtration process and relatively more complicated flue gas treatment, slag and ash handling and wastewater treatment processes due to the toxic and harmful chemicals released in the process

Our biomass business and the municipal waste-to-energy projects of the Remaining CEIL Group, despite both being waste-to-energy businesses, are clearly delineated as demonstrated by the various differences in their respective business models as set out in the table above, in particular:

(i) *Business model / focus:* we will need to purchase at market rates agricultural waste and forestry residue (and also waste from surrounding households) from local third party agents or individual farmers for our biomass business. This is different from the business model of the Remaining CEIL Group's waste-to-energy business, where municipal waste is delivered to the Remaining CEIL Group. In addition, the Remaining CEIL Group also receives subsidies (the amount of such subsidies is set out in government regulations) from local governments for processing such municipal waste;

(ii) *Geographical location:* For reference, a minimum of roughly 300,000 hectares of agricultural land is needed to maintain the optimal operational level of even the smallest biomass plant of the Group. The Group will consider to invest and develop a biomass project in a certain area only where there is a sufficient quantity of agricultural waste to support the investment on a cost efficient basis. As such, our biomass business is located in rural areas within close proximity to the farms that generate a sufficient quantity of agricultural waste. In contrast, the Remaining CEIL Group's waste-to-energy business facilities are situated in urban areas and process primarily municipal waste. Therefore, the Group's biomass projects are mostly located in rural areas in the PRC, while the Remaining CEIL Group's waste-to-energy projects are located in urban areas. Except for five cities, including Suzhou, Changzhou, Nanjing, Zhenjiang and Suqian, where both the Group and the Remaining CEIL Group have operations, we and the Remaining CEIL Group operate in different geographical locations. For the years ended December 31, 2014, 2015 and 2016, the revenue of the Group contributed by these five cities amounted to HK$151.6 million, HK$309.9 million and HK$279.4 million, representing 14.3%, 25.8% and 9.3% of the Group's revenue, respectively;

(iii) *Customers:* except for one overlapping grid company customer between our Group and the Remaining CEIL Group, which is Jiangsu Province Electricity Company (江蘇省電力公司), we and the Remaining CEIL Group have separate customers. For the three years ended December 31, 2014, 2015 and 2016, the revenue of the Group contributed by this overlapping customer amounted to HK$62.2 million, HK$59.2 million and HK$55.8 million, representing 5.9%, 4.9% and 1.9% of the Group's revenue, respectively. For the three years ended December 31, 2014, 2015 and 2016, the revenue of the Remaining CEIL Group contributed by this overlapping customer amounted to HK$429.5 million, HK$901.8 million and HK$954.7 million, respectively; and

(iv) *Waste collected:* most of the waste collected and processed by our biomass business during the Track Record Period was agricultural waste. The Remaining CEIL Group's waste-to-energy projects collect and process household waste. Based on the integrated biomass and waste-to-energy projects currently in our pipeline as at the Latest Practicable Date, upon the commencement of operations of those projects, we estimate that only approximately 19.1% of the total waste to be collected and processed for our biomass business in 2017 will be from households and only approximately 10.4% of the power generation capacity of our biomass business will be utilized for generating power from household waste. Given that the amount of the household waste to be processed by the biomass business will be insignificant when compared to the total waste to be processed in the biomass business and that the biomass business is only one of our several business lines, the processing of household waste will only comprise an insignificant portion of our business.

The municipal waste-to-energy business is a core business component of the Remaining CEIL Group's environmental energy segment. For the year ended December 31, 2016, the revenue of the Remaining CEIL Group and its waste-to-energy business amounted to HK$13,971.2 million and HK$7,905.1 million, respectively; the profits attributable to shareholders of the Remaining CEIL Group amounted to HK$2,124.3 million, the reportable segment profit (EBITDA) of the Remaining CEIL Group amounted to HK$4,031.1 million and the reportable segment profit (EBITDA) of the waste-to-energy business of the Remaining CEIL Group amounted to HK$3,299.7 million, respectively. The municipal waste-to-energy business of the Remaining CEIL Group focuses on the processing of household waste collected in urban areas, while the Group's biomass energy business model focuses on the processing of agricultural waste collected in rural areas. The treatment of household and agricultural waste is not the same and requires different locations, facilities and technologies to operate. Based on the aforesaid reasons, the municipal waste-to-energy business retained by the Remaining CEIL Group belongs to a separate business segment from the biomass business within the CEIL Group, and was not injected into the Group. We do not intend to, and will not, operate any municipal waste-to-energy plant on a standalone basis and do not intend to compete with the Remaining CEIL Group. In addition, our Group's integrated biomass and waste-to-energy projects are and will continue to be located in rural areas of the PRC whilst the Remaining CEIL Group's municipal waste-to-energy projects are located in PRC cities and municipals.

Furthermore, the international business segment of the Remaining CEIL Group is delineated from our business. The international business segment of CEIL has been set up recently for the purposes of expanding the Remaining CEIL Group's overseas business in respect of its existing business segments, namely, envirotech, environmental energy, environmental water and equipment manufacturing. The Group does not have any international business segment except a solar energy project located in Germany under its existing solar energy and wind power segment. Save as the Shenzhen DuPont Distributed Rooftop Solar Energy Project disclosed below which CEIL intended to transfer to the Group, the Remaining CEIL Group does not have any solar energy project.

No competition between the Group and the Remaining CEIL Group

Pursuant to applicable PRC laws and regulations, including the PRC Renewable Energy Law (中華人民共和國可再生能源法), grid companies in the PRC have mandatory obligations to purchase all the electricity generated from renewable energy sources that are within the coverage of their grids and to provide grid-connection services and related technical support. According to Rule 14 of the PRC Renewable Energy Law, China has implemented a system that requires the power grid companies to purchase all electricity generated from renewable sources. Grid companies should enter into grid connection agreements with renewable energy companies to purchase the entire electricity generated by the renewable energy companies within the coverage of their grids. Rule 29 of the PRC Renewable Energy Law further stipulates that any violation to Rule 14 of the PRC Renewable Energy Law, that is, any failure of the grid companies to completely purchase renewable energy as stipulated under the PRC Renewable Energy Law, will result in such grid company being liable for indemnifying the loss incurred by the renewable energy companies. The electricity regulatory authorities will order the grid company to rectify the violation within a certain time limit and will impose a fine on the grid company if it fails to rectify. For further details, see "Regulatory Overview."

As such, all the companies within our Group that carry out energy projects have entered into grid connection agreements with local grid companies, whereby grid companies have agreed to purchase all the electricity generated by the project companies.

In respect of the Remaining CEIL Group, the companies carrying out the energy projects have entered into grid connection agreements whereby the counterparties agreed to purchase the electricity generated in accordance with the on-grid plan formulated by the project companies from time to time.

Furthermore, according to the Trial Measures on Energy Saving and Power Generation Dispatch (節能發電調度辦法試行) issued by the General Office of the State Council of the PRC in August 2007, electricity generated from renewable energy sources enjoys a priority for dispatch over electricity generated from non-renewable energy sources (such as coal). If there is an over-supply of electricity, grid companies are required to fully acquire and dispatch the electricity generated from renewable energy sources before acquiring and dispatching electricity generated from non-renewable energy sources. For further details, see "Regulatory Overview."

During the Track Record Period, the Company is not aware of any incident of grid congestion such that relevant grid companies failed to purchase all the electricity generated by the Group and/or the Remaining CEIL Group. All the grid connection agreements entered into have been adhered to by the relevant grid companies such that these companies have purchased all the electricity that was generated. Therefore, the Group and the Remaining CEIL Group have neither claimed, received nor waived any compensation from grid companies. The Group's grid company customers had purchased all electricity generated by the Group during the Track Record Period.

There is no competition between the Remaining CEIL Group and our Group given that (1) our business and the business of the Remaining CEIL Group are clearly delineated and do not overlap, and (2) under current PRC government policy favoring power generation from environmentally friendly sources, grid companies are required to purchase all the electricity generated by renewable energy companies within the coverage of their grids. All electricity generated by the Group and the Remaining CEIL Group had been and will be purchased by grid companies according to the PRC Law and hence there will be no excess electricity generated by both groups and no competition between the two groups for the transmission of electricity.

Shenzhen DuPont Distributed Rooftop Solar Energy Project

In June 2010, CEIL entered into a cooperation agreement with its customer, DuPont Apollo (Shenzhen) Co., Ltd. (杜邦太陽能(深圳)有限公司) ("**DuPont Apollo**"), with respect to a distributed rooftop solar energy project. Under the cooperation agreement, CEIL is entitled to lump-sum annual payments for electricity from the customer for 25 years. This project has a power generation capacity of 1.30 MW. CEIL employs thin-film amorphous silicon cells technology for the solar energy generation system. The project had a total investment amount of approximately RMB27.9 million and commenced commercial operation in November 2010.

During each of the years ended December 31, 2014, 2015 and 2016, the revenue and profit generated by this project accounted for less than 0.5% and less than 1% of the CEIL Group's total revenue and total profit for the respective periods. It is expected that the revenue and profit contribution of this project will decrease going forward due to depreciation of the facility.

This is a distributed power generation project whereby CEIL installed the facility on the rooftop of the customer, and the electricity is generated on site to be used by the customer directly without connecting to the power grids. The operating model of this project is different from that of our solar energy projects, which are operated under the BOO model and the electricity generated is dispatched to local grid companies.

CEIL had discussed with DuPont Apollo for transferring this project to our Group. However, despite repeated requests from CEIL, DuPont Apollo had not responded to such transfer request as of the Latest Practicable Date. It is CEIL's intention that it will continue to discuss with DuPont Apollo regarding the transfer and should an agreement be reached with DuPont Apollo, CEIL will transfer the Shenzhen DuPont Distributed Rooftop Solar Energy Project to us in accordance with the Hong Kong

Listing Rules requirements. CEIL has undertaken to us that it will first offer to transfer all its interests in this project to us once CEIL has obtained consent from DuPont Apollo. The transfer of interests will be offered to us on fair and reasonable terms by taking into consideration the valuation of the relevant project assets conducted by an independent valuer.

Due to the insignificant size of this project and also the difference in the operating model of this project and that of our solar energy projects, our Directors are of the view that there is a clear delineation between the core businesses of the Remaining CEIL Group and our Group and it is expected that there will be no competition between the core businesses of the two groups.

CORPORATE GOVERNANCE

We have adopted the Code and will comply with the code provisions in the Code. The Code sets forth principles of good corporate governance in relation to, among other matters, directors, chief executive officer, board composition, the appointment, re-election and removal of directors, their responsibilities and remuneration and communications with shareholders.

We are also required to comply with the Model Code for Securities Transactions by Directors of Listed Issuers set forth in Appendix 10 to the Hong Kong Listing Rules, which provides, among other matters, prohibitions on directors' dealings in securities and protection of minority shareholders' rights.

Our Directors are therefore satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between us and our Controlling Shareholder, and to protect minority Shareholders' rights after the Listing.

We are committed to the view that our Board should include a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on our Board which can effectively exercise independent judgment. Our Independent Non-executive Directors, details of whom are set forth in the section entitled "Directors and Senior Management", individually and together possess the requisite knowledge and experience for our Board. All of our Independent Non-executive Directors are experienced and are committed to providing impartial and professional advice to protect the interest of our minority Shareholders.

In addition, our Company will implement the following corporate governance measures following the Spin-off:

- Any transaction made (or proposed to be made) between our Company and our connected persons will be required to comply with (i) Chapter 14A of the Hong Kong Listing Rules which include, but without limitation, where applicable, the announcement, reporting, circular and shareholders' approval requirements and (ii) those other conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with the relevant requirements under the Hong Kong Listing Rules.

- If there is any conflict of interests in the operations of the Remaining CEIL Group and us, and in respect of any proposed contracts or arrangements entered into or to be entered into between the Remaining CEIL Group and us, any director of our Company and CEIL who is considered to be interested in the relevant matter will be required to disclose his interests to the respective boards of directors. In general, after the Listing, any Director who has a material interest in actual or potential connected transactions will be required under the Hong Kong Listing Rules and our Articles to abstain from voting in meetings of the Board in relation to such transactions. In these cases, our Independent Non-executive Directors will bring their independence to our Board's decision making process. They will also advise and vote on the transactions and can seek independent advice from external financial advisers if required. Our non-conflicted Executive Directors will also bring their extensive experience and expertise to our Board.

- Our Independent Non-executive Directors will disclose decisions (with basis) on matters in relation to or transactions with the Remaining CEIL Group reviewed in the interim and the annual reports of our Company or by way of announcement to be published in compliance with the disclosure requirements under the Hong Kong Listing Rules.

In light of the above measures to be implemented by our Board, both our Directors and the directors of CEIL confirm that their respective boards of directors will be able to function and operate independently and effectively in the best interest of the respective companies.

CONFIRMATION

Except as disclosed above, as of the Latest Practicable Date, apart from the business in which our Group is involved, our Controlling Shareholder was not engaged or did not have interest in any business which, directly or indirectly, competes or may compete with the businesses in which our Group is involved and which would require disclosure under Rule 8.10 of the Hong Kong Listing Rules. None of our Directors had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business in which our Group is involved.

CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

Following the Listing, the following transactions will be regarded as continuing connected transactions exempt from the independent Shareholders' approval requirement but subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

Transactions in relation to leases of office premises

Connected persons and relationship

CE Environmental and Everbright Environmental Protection (China) Company Limited (光大環保(中國)有限公司) ("**EB Environmental (China)**") are wholly-owned subsidiaries of CEIL, the Controlling Shareholder of our Company. CE Environmental and EB Environmental (China) are therefore associates of CEIL and connected persons of our Company under the Hong Kong Listing Rules.

Background

In the ordinary and usual course of business, we have entered into and, following the Listing, expect to continue to enter into transactions with the Remaining CEIL Group on normal commercial terms whereby the Remaining CEIL Group leases to us certain office premises. In Hong Kong, CE Environmental sublets to us office premises with a total gross floor area of approximately 300.9 sq.m. for a term of three years commencing on May 18, 2016 and expiring on May 17, 2019 (both days inclusive). Such office premises have been rented by CE Environmental for the same period from Lane Bright Limited, an indirect wholly-owned subsidiary of CE Hong Kong, which is an indirect controlling shareholder of CEIL. In the PRC, EB Environmental (China) leases to us office premises, with a total gross floor area of approximately 540.1 sq.m.. Such office premises have been rented by Everbright Greentech Management (Shenzhen) for a term of three years commencing on January 1, 2017 to December 31, 2019 from EB Environmental (China). The amounts payable by us to CE Environmental and EB Environmental (China) are determined after arm's length negotiations between the parties with reference to prevailing market rent and the rental valuation report of the premises conducted by an independent property consulting firm engaged by CEIL.

In respect of each of the rental arrangements, tenancy agreements have been entered into pursuant to the requirements under Chapter 14A of the Hong Kong Listing Rules. Such tenancy agreements are for a fixed term not exceeding three years and are on normal commercial terms (the "**Tenancy Agreements**", each a "**Tenancy Agreement**").

Historical transaction amounts

We had no transactions with CE Environmental or EB Environmental (China) with respect to the rental arrangements prior to 2016. Subsequent to the commencement of the rental arrangements, the monthly rents payable by us to CE Environmental and EB Environmental (China) are HK$307,800 and RMB124,232, respectively. For the year ended December 31, 2016, the rents payable by us to CE Environmental and EB Environmental (China) amounted to HK$1,985,806 and RMB1,343,051, respectively. We shall be entitled to a rent-free period of three months under the Tenancy Agreement with CE Environmental, which shall be from May 18, 2016 to June 17, 2016; from May 1, 2017 to May 31, 2017, and from May 1, 2018 to May 31, 2018.

Annual caps

Based on (1) the monthly rents payable under the Tenancy Agreements, (2) the three-month rent-free periods as mentioned above, (3) the prevailing and projected market rates of comparable properties in the nearby area, and (4) the expiry date of the lease of office premises from CE Environmental to us on May 17, 2019, our Directors estimate that the annual rental payment under the Tenancy Agreements will not exceed the following annual caps for the three years ending December 31, 2019:

	Year ending December 31,		
	2017	2018	2019
		(HK$)	
Aggregate amounts to be paid by us under the Tenancy Agreements	5,174,741	5,174,741	3,199,691

Hong Kong Listing Rules requirements

Since the highest of all applicable percentage ratios for the transactions under the Tenancy Agreements calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules is more than 0.1% but less than 5%, the transactions under the Tenancy Agreements are continuing connected transactions subject to the reporting, annual review and announcement requirements, but exempt from the independent Shareholders' approval requirement under Rule 14A.76(2)(a) of the Hong Kong Listing Rules.

Transactions in relation to the provision of design services

Connected persons and relationship

Jiangsu Design and Research Institute of Energy Conservation Engineering (江蘇省節能工程設計研究院有限公司) ("**Jiangsu Design & Research Institute**") is a wholly-owned subsidiary of CEIL, the Controlling Shareholder of our Company. Jiangsu Design & Research Institute is therefore an associate of CEIL and a connected person of our Company under the Hong Kong Listing Rules. Jiangsu Design & Research Institute is engaged in the provision of construction services, design of renewable energy construction projects and research and development of environmental protection equipment. On April 7, 2016, CEIL acquired a 100% equity interest in Jiangsu Design & Research Institute from an independent third party as part of its strategy to expand its market share in its "envirotech" segment.

Background

In the ordinary and usual course of business, following the Listing, we expect to enter into transactions with Jiangsu Design & Research Institute on normal commercial terms, whereby we source project design services from Jiangsu Design & Research Institute. Specifically, we expect Jiangsu Design & Research Institute to provide project design services to our Group in our projects primarily related to biomass direct combustion, biomass heat provision, biomass electricity and heat cogeneration, integrated biomass waste-to-energy and hazardous waste.

In respect of the purchase of project design services from Jiangsu Design & Research Institute, we entered into a framework agreement with Jiangsu Design & Research Institute on December 30, 2016 pursuant to the requirements under Chapter 14A of the Hong Kong Listing Rules on normal commercial terms for a fixed term not exceeding three years from January 1, 2017 to December 31, 2019 ("**Project Design Services Framework Agreement**").

We will enter into a project construction design contract with Jiangsu Design & Research Institute in respect of each specific project that we engage it for project design services. The design fee for each project construction design contract should be determined with respect to the specific needs of the project, with reference to prevailing market prices based on the pricing quoted by no fewer than three independent third parties for the same or similar design services and on a fair and reasonable basis. The design fee quoted by Jiangsu Design & Research Institute to our Group shall be no less favorable to us than the terms it quotes to independent third parties for the same design services.

As a subsidiary of CEIL with a proven track record, our Directors are of the view that Jiangsu Design & Research Institute is qualified to offer turnkey design solutions to our renewable energy projects and that it is in the interest of our Company and our Shareholders to enter into the Project Design Services Framework Agreement with Jiangsu Design & Research Institute.

Historical transaction amounts

We had no transactions with Jiangsu Design & Research Institute with respect to the purchase of project design services prior to 2016. For the year ended December 31, 2016, the amount payable to Jiangsu Design & Research Institute by us for project design services was RMB2.2 million.

Annual caps

The independent third party design companies that we have historically engaged include electrical power engineering consultancy companies, electrical power project design companies and research and design institutes. The average cost of project design services for each of the biomass, waste-to-energy and hazardous waste treatment project for the year ended December 31, 2016 amounted to approximately RMB3.1 million. We anticipate that we will require project design services for approximately 10 projects each year and expect that we will engage Jiangsu Design & Research

Institute in approximately five integrated biomass and waste-to-energy projects with each contract costing up to RMB6 million as project design services will be required for both the biomass operations and the waste-to-energy operations of each integrated project. As such, based on (1) the number of projects for which our Company anticipates to engage Jiangsu Design & Research Institute and (2) the cost of project design services required for each anticipated project, with reference to historical transactions with independent third parties who provided similar services to us, our Directors estimate that the annual purchase amount under the Project Design Services Framework Agreement will not exceed the following annual caps for the three years ending December 31, 2019:

	Year ending December 31,		
	2017	**2018**	**2019**
		(RMB)	
Aggregate amounts to be paid by us under the Project Design Services Framework Agreement	30,000,000	30,000,000	30,000,000

Hong Kong Listing Rules requirements

Since the highest of all applicable percentage ratios for the transactions under the Project Design Services Framework Agreement calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules is more than 0.1% but less than 5%, the transactions under the Project Design Services Framework Agreement are continuing connected transactions subject to the reporting, annual review and announcement requirements, but exempt from the independent Shareholders' approval requirement under Rule 14A.76(2)(a) of the Hong Kong Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing, the following transactions will be regarded as continuing connected transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Transactions in relation to the purchase of equipment

Connected persons and relationship

Everbright Environmental Protection Technology Equipment (Changzhou) Company Limited (光大環保技術裝備(常州)有限公司) ("**EB Environmental Changzhou**") is a subsidiary of CEIL, the Controlling Shareholder of our Company. EB Environmental Changzhou is therefore an associate of CEIL and a connected person of our Company under the Hong Kong Listing Rules.

Background

In the ordinary and usual course of business, we have entered into and, following the Listing, expect to continue to enter into transactions with EB Environmental Changzhou on normal commercial terms whereby we purchase (1) grate furnaces, (2) technical services for flue gas treatment and (3) technical services for leachate treatment from EB Environmental Changzhou for the waste-to-energy facilities of our integrated biomass and waste-to-energy projects (the "**Equipment and Related Services**").

In respect of the purchase of the Equipment and Related Services from EB Environmental Changzhou, we entered into a framework agreement with EB Environmental Changzhou on December 30, 2016 pursuant to the requirements under Chapter 14A of the Hong Kong Listing Rules on normal commercial terms for a fixed term not exceeding three years from January 1, 2017 to December 31, 2019 ("**Equipment Purchase Framework Agreement**").

We will enter into separate equipment purchase contracts with EB Environmental Changzhou in respect of the specific needs of our waste-to-energy projects. The amount payable by us under each equipment purchase contract should be determined with respect to the specific needs of the project and the required technology, with reference to prevailing market prices based on the pricing quoted by no fewer than three independent third parties for the same or similar equipment and on a fair and reasonable basis. The prices quoted by EB Environmental Changzhou to our Group shall be no less favorable to us than the terms it quotes to independent third parties for the same equipment.

Historical transaction amounts

We had no transactions with EB Environmental Changzhou with respect to the purchase of the Equipment and Related Services prior to 2015. For the year ended December 31, 2015 and the year ended December 31, 2016, the amounts payable to EB Environmental Changzhou by us for the Equipment and Related Services were RMB24.9 million and RMB20.0 million, respectively. For the year ended December 31, 2015, the amounts payable to EB Environmental Changzhou by us for grate furnaces, technical services for flue gas treatment and technical services for leachate treatment were RMB9.4 million, RMB8.4 million and RMB7.1 million, respectively. For the year ended December 31, 2016, the amounts payable to EB Environmental Changzhou by us for grate furnaces, technical services for flue gas treatment and technical services for leachate treatment were RMB6.5 million, RMB8.8 million and RMB4.7 million, respectively.

Annual caps

For each of 2017, 2018 and 2019, we anticipate to launch around six new projects each year, in which each project will cost approximately RMB14 million. Based on historical transactions, we anticipate that technical services for flue gas treatment and leachate treatment will cost approximately RMB800,000 to RMB1 million for each project, respectively. The relevant cost for each project is determined in accordance with design specifics and the technical services required to ensure that the flue gas and leachate systems operate in accordance with the required standards. As such, based on (1) the historical prices of the Equipment and Related Services purchased by the Group from EB Environmental Changzhou; (2) the projections for the biomass and waste-to-energy projects under construction and to be completed, and expected expansion of our biomass projects business in the years 2017, 2018 and 2019, and (3) anticipated inflation in the PRC whereby causing an increase in the price of equipment and labor generally, our Directors estimate that the annual purchase amount under the Equipment Purchase Framework Agreement will not exceed the following annual caps for the three years ending December 31, 2019:

	Year ending December 31,		
	2017	2018	2019
		(RMB)	
Aggregate amounts to be paid by us under the Equipment Purchase Framework Agreement	80,000,000	90,000,000	100,000,000

Hong Kong Listing Rules requirements

Since the highest of all applicable percentage ratios for the transactions under the Equipment Purchase Framework Agreement calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceeds 5%, the transactions under the Equipment Purchase Framework Agreement are continuing connected transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Transactions in relation to deposit services

Connected persons and relationship

China Everbright Group is a controlling shareholder of CEIL, the Controlling Shareholder of our Company. China Everbright Group is therefore an associate of CEIL and a connected person of our Company under the Hong Kong Listing Rules.

Background

In the ordinary and usual course of business, we have entered into and, following the Listing, expect to continue to enter into transactions with China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司) ("**CE Bank**") as procured by China Everbright Group on normal commercial terms whereby we receive deposit services (including current and fixed term deposits) in accordance with rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC from CE Bank ("**Deposit Services**"). CE Bank is a licensed commercial bank registered with the China Banking Regulatory Commission. Services rendered by CE Bank to our Group and the CEIL Group include deposit, loan and related services.

In respect of the Deposit Services from CE Bank as procured by China Everbright Group, we entered into a framework agreement with China Everbright Group on March 17, 2017 pursuant to the requirements under Chapter 14A of the Hong Kong Listing Rules on normal commercial terms for a fixed term not exceeding three years from the date of the agreement to December 31, 2019 ("**Deposit Services Framework Agreement**").

Under the Deposit Services Framework Agreement, China Everbright Group shall procure CE Bank to provide the Deposit Services to our Group at interest rates determined based on normal commercial terms and after arm's length negotiations between CE Bank and our Group that are no less favorable to our Group than the terms available to us from independent third parties.

Historical transaction amounts

For the three years ended December 31, 2014, 2015 and 2016, the maximum daily closing balance of deposits (including interests accrued thereon) placed by our Group with CE Bank was HK$102.5 million, HK$78.3 million and HK$139.7 million, respectively.

Caps on future transaction amounts

Based on (1) the historical maximum daily closing balance of deposits (including interest accrued thereon) of our Group with CE Bank in previous years, (2) the expected continuous growth in assets and amount of deposits of our Group, (3) the business development plans and financing needs of our Group over the next three years, and (4) cash management needs of our Group (particularly in respect of the proceeds of any future loans that our Group may receive from CE Bank), our Directors estimate that the maximum daily closing balance of deposit amount under the Deposit Services Framework Agreement will not exceed the following caps for the three years ending December 31, 2019:

	Year ending December 31,		
	2017	2018	2019
		(HK$)	
Maximum daily closing balance of deposits (including interests accrued thereon)	500,000,000	500,000,000	500,000,000

Hong Kong Listing Rules requirements

Since the highest of all applicable percentage ratios for the transactions under the Deposit Services Framework Agreement calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceeds 5%, the transactions under the Deposit Services Framework Agreement are continuing connected transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Transactions in relation to loan services

Connected persons and relationship

China Everbright Group is a controlling shareholder of CEIL, the Controlling Shareholder of our Company. China Everbright Group, is therefore an associate of CEIL and a connected person of our Company under the Hong Kong Listing Rules.

Background

In the ordinary and usual course of business, following the Listing, we expect to enter into transactions with CE Bank as procured by China Everbright Group on normal commercial terms whereby we receive loans (including revolving credit facility and fixed term loans) in accordance with the rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC from CE Bank (the "**Loan Services**").

In respect of the Loan Services from CE Bank as procured by China Everbright Group, we entered into a framework agreement with China Everbright Group on March 17, 2017 pursuant to the requirements under Chapter 14A of the Hong Kong Listing Rules on normal commercial terms for a fixed term not exceeding three years from the date of the agreement to December 31, 2019 ("**Loan Services Framework Agreement**").

Under the Loan Services Framework Agreement, China Everbright Group shall procure CE Bank to provide the loans to our Group at interest rates determined based on normal commercial terms and after arm's length negotiations between CE Bank and our Group that are no less favorable to our Group than the terms available to us from independent third parties.

Historical transaction amounts

We had no transactions with CE Bank with respect to Loan Services prior to 2016. For the year ended December 31, 2016, the amount of bank loans we have obtained from CE Bank was RMB30,000,000.

Caps on future transaction amounts

Based on (1) the expected increase in the amount of loans required by our Group arising from the anticipated growth in our future business operations, and (2) the business development plans and financing needs of our Group over the next three years, our Directors estimate that the maximum daily closing balance of loans under the Loan Services Framework Agreement will not exceed the following caps for the three years ending December 31, 2019:

	Year ending December 31,		
	2017	**2018**	**2019**
		(HK$)	
Maximum daily closing balance of loans (excludes loans which do not require security over the Group's assets)	500,000,000	500,000,000	500,000,000

For the purpose of arriving at the above caps, we have assumed that we will obtain loans from CE Bank to finance two new projects in the three years ending December 31, 2019, and the loan amount for each project is approximately HK$250 million. The proposed cap of HK$500 million constitutes only an insignificant portion of our Company's overall funding needs for projects that commence construction in 2017 or after.

Hong Kong Listing Rules requirements

Since the highest of all applicable percentage ratios for the transactions under the Loan Services Framework Agreement calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules exceeds 5%, the transactions under the Loan Services Framework Agreement are continuing connected transactions subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

WAIVER

As the transactions under the Tenancy Agreements, Project Design Services Framework Agreement, Equipment Purchase Framework Agreement, Deposit Services Framework Agreement and Loan Services Framework Agreement are expected to be carried out on a continuing and recurring basis and extend over a period of time, the Directors consider that strict compliance with the announcement requirement and independent Shareholders' approval requirement under the Hong Kong Listing Rules would be unduly burdensome, impractical and would impose unnecessary administrative costs on us.

Accordingly, we have applied for, and the Hong Kong Stock Exchange has granted us, a waiver pursuant to Rule14A.105 of the Hong Kong Listing Rules to (a) exempt the transactions under the Tenancy Agreements and the Project Design Services Agreement from compliance with the announcement requirement under Rule 14A.35 of the Hong Kong Listing Rules for the three years ending December 31, 2019, subject to the condition that the annual transaction value shall not exceed the proposed annual caps set out above; and (b) exempt the transactions under the Equipment Purchase Framework Agreement, the Deposit Services Framework Agreement and the Loan Services Framework Agreement from compliance with the announcement and independent Shareholders' approval requirements under Rules 14A.35 to 14A.48 of the Hong Kong Listing Rules for the three years ending December 31, 2019, subject to the condition that the annual transaction value shall not exceed the proposed annual caps set out above. In addition, we will comply with the applicable provisions under Rules 14A.34, 14A.49, 14A.51 to 14A.59 and 14A.71(6) of the Hong Kong Listing Rules. Upon the expiry of the waiver after December 31, 2019, we will comply with the applicable provisions of Chapter 14A of the Hong Kong Listing Rules as amended from time to time or apply for relevant waivers.

Furthermore, given (1) the nature of the Deposit Services and Loan Services rendered under the Deposit Services Framework Agreement and Loan Services Framework Agreement and (2) our Group's financing needs to efficiently facilitate business operations, we are of the view that the caps set for both the Deposit Services and Loan Services will be more appropriately expressed in terms of a maximum daily closing balance of deposits and a maximum daily closing balance of loans, rather than on an annual basis, under the Deposit Services Framework Agreement and the Loan Services Framework Agreement.

In the event of any future amendments to the Hong Kong Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions, we will take immediate steps to ensure compliance with such new requirements within a reasonable time. We will also comply with the applicable requirements under the Hong Kong Listing Rules if any of the respective proposed annual caps set out above are exceeded, or when the Tenancy Agreements, Project Design Services Framework Agreement, Equipment Purchase Framework Agreement, Deposit Services Framework Agreement or Loan Services Framework Agreement are renewed or when there is a material change under the terms of such agreements.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our Independent Non-executive Directors) are of the opinion that (i) the transactions under the Tenancy Agreements, Project Design Services Framework Agreement, Equipment Purchase Framework Agreement, Deposit Services Framework Agreement and Loan Services Framework Agreement have been entered into, and will be carried out, in the ordinary and usual course of business of the Company and on normal commercial terms or better (or terms no less favorable to the Company than terms available to or from independent third parties); (ii) the transactions under the Tenancy Agreements, Project Design Services Framework Agreement, Equipment Purchase Framework Agreement, Deposit Services Framework Agreement and Loan Services Framework Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole; and (iii) the proposed caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors are of the view that (i) the terms of the Tenancy Agreements, Project Design Services Framework Agreement, Equipment Purchase Framework Agreement, Deposit Services Framework Agreement and Loan Services Framework Agreement are in the ordinary and usual course of our business, on normal commercial terms or better (or terms no less favorable to the Company than terms available to or from independent third parties) and are fair and reasonable and in the interest of the Company and the Shareholders as a whole, and (ii) the proposed caps are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

OTHER INFORMATION

In November 2012, CE Hong Kong entered into a licensing agreement with CEIL to grant CEIL and its affiliates the non-exclusive rights to use the trademarks of "Everbright" for their products and services and use "Everbright" as part of their respective company names during the validity of the trademarks at a fee of HK$1. The Trademark License Agreement is for an unspecified term and will terminate automatically upon (i) mutual consent of the parties; (ii) termination of the licensing deed between China Everbright Group and CE Hong Kong in relating to the same trademark by the parties thereto; (iii) CE Hong Kong ceases to, directly or indirectly, control CEIL; or (iv) the dissolution or winding up of CEIL. For details of the trademarks, please refer to the section headed "Appendix V Statutory and General Information — B. Further Information about Our Business — 2. Our Material Intellectual Property Rights — (a) Trademarks".

Since all the applicable percentage ratios for the transactions under the licensing agreement calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules are less than 0.1%, the transactions under the licensing agreement are continuing connected transactions fully exempt from the shareholders' approval, annual review and all disclosure requirements under Rule 14A.76 of the Hong Kong Listing Rules.

BOARD OF DIRECTORS

Our Board of Directors comprises nine Directors, including three Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. Our Executive Directors, Non-executive Directors and Independent Non-executive Directors will be subject to rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

The following table sets out information in respect of the Directors of our Company:

Name	Age	Position	Date of Appointment as a Director	Date of first joining our Group	Duties
Qian Xiaodong (錢曉東)	44	Executive Director and Chief Executive Officer	October 13, 2015	July 2003	Overseeing the Group's operations and management; implementing decisions and plans approved by the Board; making day-to-day operational and managerial decisions; and coordinating overall business operations
Yang Zhiqiang (楊志強)	56	Executive Director and Vice President	October 13, 2015	December 2003	Managing the day-to-day business and operations of the Group
Wang Yungang (王雲剛)	54	Executive Director and Vice President	April 11, 2016	July 2009	Managing the day-to-day project construction of the Group
Chen Xiaoping (陳小平)	63	Non-executive Director and Chairman	April 11, 2016	August 2001	Overseeing the functioning of the Board; formulating overall strategies and policies of the Company; and taking responsibility for ensuring that good corporate governance practices and procedures are established
Hu Yanguo (胡延國)	50	Non-executive Director	April 11, 2016	April 2006	Supervising the management of the Group
Tang Xianqing (唐賢清)	52	Non-executive Director	April 11, 2016	February 2016	Supervising the management of the Group

Name	Age	Position	Date of Appointment as a Director	Date of first joining our Group	Duties
Chow Siu Lui (鄒小磊)	56	Independent Non-executive Director	January 20, 2017	May 2017(1)	Supervising the management of the Group
Philip Tsao (曹為實)	56	Independent Non-executive Director	January 20, 2017	May 2017(1)	Supervising the management of the Group
Yan Houmin (嚴厚民)	62	Independent Non-executive Director	January 20, 2017	May 2017(1)	Supervising the management of the Group

Note:

(1) Appointment effective upon the Listing Date.

Executive Directors

Mr. QIAN Xiaodong (錢曉東), aged 44, has been our Executive Director since October 2015 and also chief executive officer since January 2016. Mr. Qian is responsible for overseeing the Group's operations and management, implementing decisions and plans approved by the Board, making day-to-day operational and managerial decisions and coordinating overall business operations of the Group. Mr. Qian joined the CEIL Group in July 2003. Mr. Qian currently serves as a director of 21 operating subsidiaries of the biomass business (which are EB Alternative Energy (Dangshan); EB Biomass Energy (Xuyi); EB Environmental Energy (Dangshan); EB Biomass Energy (Suqian); EB Urban and Rural Renewable Energy (Guanyun); EB Biomass Energy (Rugao); EB Urban and Rural Renewable Energy (Xiao County); EB Urban and Rural Renewable Energy (Mianzhu); EB Urban and Rural Renewable Energy (Fengyang); EB Urban and Rural Biomass Energy (Nanjing); EB Biomass Energy (Liuan); EB Pyroelectric Energy (Liuan); EB Urban and Rural Renewable Energy (Huai'an); EB Biomass Energy (TianjinJixian); EB Urban and Rural Renewable Energy (Xiayi); EB Biomass Energy (Shayang)) EB Urban and Rural Renewable Energy (Zhongjiang); EB Biomass Energy (Puyang); EB Biomass Energy (Guixi); EB Biomass Energy (Lianshui); and EB Urban and Rural Renewable Energy (Zhongxiang); nine operating subsidiaries of the hazardous waste treatment business (which are EB Environmental Protection (Suzhou) Solid Waste Treatment; EB Environmental Protection (Lianyungang) Solid Waste Treatment; EB Environmental Solid Waste Treatment (Xinyi); EB Environmental Protection Hazardous Waste Treatment (Zibo); EB Environmental Protection (Lianyungang) Waste Disposal; EB Solid Waste Landfill (Xinyi) Holdings; EB Greentech Environmental Solid Waste Treatment (Linshu)); EB Greentech Biological Technology (Xinyi) and EB Greentech Environmental Solid Waste Treatment (Chuzhou), and four operating subsidiaries of the solar energy business (which are EB Photovoltaic Energy (Huaining); EB Photovoltaic Energy (Zhenjiang); EB Photovoltaic Energy (Suqian) and EB Photovoltaic Energy (Changzhou)) of the Group.

Prior to his position in the Company, Mr. Qian served as the deputy general manager of CEIL from March 2015 to January 2016, the general manager of the investment development department of CEIL from February 2008 to January 2016 and the general manager of Everbright Environmental Protection Venture Capital (Shenzhen) Ltd. (光大環保創業投資(深圳)有限公司), a wholly-owned subsidiary of the CEIL Group, from July 2011 to January 2016.

Mr. Qian obtained a bachelor's degree in heat energy engineering from the Department of Heat Energy Engineering of Dalian University of Technology (大連理工大學) in the PRC in July 1995 and a master's degree in environmental engineering from the Southeast University (東南大學) in the PRC in March 2003.

Mr. YANG Zhiqiang (楊志強), aged 56, has been our Executive Director since October 2015 and also vice president since January 2016. Mr. Yang is responsible for managing the day-to-day business and operations of the Group. Mr. Yang joined the CEIL Group in December 2003. Mr. Yang currently serves as a supervisor in eleven operating subsidiaries of the biomass business (which are EB Biomass Energy (Xuyi); EB Urban and Rural Renewable Energy (Guanyun); EB Biomass Energy (Chuzhou); EB Biomass Energy (Rugao); EB Urban and Rural Renewable Energy (Xiao County); EB Urban and Rural Renewable Energy (Mianzhu); EB Urban and Rural Renewable Energy (Fengyang); EB Urban and Rural Biomass Energy (Nanjing); EB Biomass Energy (Liuan); EB Pyroelectric Energy (Liuan) and EB Urban and Rural Renewable Energy (Huai'an)), five operating subsidiaries of the solar energy and wind power business (which are EB Photovoltaic Energy (Huaining); EB Photovoltaic Energy (Zhenjiang); EB Photovoltaic Energy (Suqian); EB Photovoltaic Energy (Changzhou) and EB Wind Power (Ningwu)), and two operating subsidiaries of the hazardous waste treatment business (which are EB Environmental Protection (Suzhou) Solid Waste Treatment and EB Environmental Protection (Lianyungang) Waste Disposal) of the Group. Mr. Yang also serves as a director of EB Solid Waste Landfill (Xinyi) Holdings, EB Biomass Energy (TianjinJixian), EB Urban and Rural Renewable Energy (Xiayi), EB Biomass Energy (Shayang), EB Urban and Rural Renewable Energy (Zhongjiang), EB Greentech Biological Technology (Xinyi), EB Biomass Energy (Puyang), EB Biomass Energy (Guixi), EB Greentech Environmental Solid Waste Treatment (Chuzhou), EB Biomass Energy (Lianshu) and EB Urban and Rural Renewable Energy (Zhongxiang).

Mr. Yang served as the chief legal officer of CEIL from July 2012 to March 2016, and as a non-executive director of China Everbright Water, a subsidiary of CEIL listed on the main board of the SGX-ST, from December 2014 to February 2017. Prior to joining the CEIL Group in December 2003, Mr. Yang was the legal assistant of Livasiri & Co. from October 1998 to December 2003 and a trainee lawyer of Beijing Xinghe Legal Firm from January 2001 to March 2002.

Mr. Yang obtained a bachelor's degree from the Medical Science Department of Beijing Medical University (中國北京醫科大學) in the PRC in August 1984 and obtained the qualification of an attending doctor in December 1991. He obtained a Postgraduate Diploma in Law from The College of Law of England and Wales in 1999. Mr. Yang was qualified as a lawyer in the PRC in March 2000.

Mr. WANG Yungang (王雲剛), aged 54, has been our vice president since January 2016 and also our Executive Director since April 2016. Mr. Wang is responsible for managing the day-to-day project construction of the Group. Mr. Wang joined the CEIL Group in July 2009. Prior to joining CEIL Group, Mr. Wang held various managerial positions in Harbin Electric International Company Limited from 1994 to 2004. Mr. Wang served as a director of Everbright Greentech Management (Shenzhen), EB Urban and Rural Biomass Energy (Nanjing) and EB Urban and Rural Renewable Energy (Huai'an); he also served as the deputy chief engineer and the deputy general manager in Everbright Environmental Protection Engineering (Shenzhen) Company Limited (光大環保工程技術(深圳)有限公司) from September 2009 to December 2009, and from December 2009 to present, respectively. Mr. Wang was the general manager of the engineering management center of Everbright Environmental Protection (China) Company Limited (光大環保(中國)有限公司) between February 2014 and December 2015.

Mr. Wang obtained a bachelor's degree in electrical engineering from Northeast Dianli College (東北電力學院) in the PRC in July 1984 and a certificate of completion of a management science and engineering program from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in May 2001. Mr. Wang has been a senior engineer in the PRC since September 1996.

Non-executive Directors

Mr. CHEN Xiaoping (陳小平), aged 63, has been our Non-executive Director and our Chairman of the Board since April 2016 and had been a non-executive director of China Everbright Water, a subsidiary of CEIL listed on the main board of the SGX-ST, from December 2014 to August 2015. Mr. Chen is responsible for overseeing the functioning of the Board, formulating overall strategies and policies of the Company and ensuring that good corporate governance practices and procedures are established. Mr. Chen joined the CEIL Group in August 2001.

Prior to his position in the Company, Mr. Chen has served as the executive director and chief executive officer of CEIL since August 2001. Mr. Chen currently serves as the deputy chairman of All-China Environment Federation, the standing director of China Environmental Culture Promotion Association and has been the deputy president of Chinese Ecological Civilization Research and Promotion Association since December 2015. Mr. Chen served as a researcher at the China International Economic Development Research Centre from August 2006 to August 2011. Mr. Chen had also been the assistant governor of China Everbright Bank Company Limited (a company listed on the Main Board of the Stock Exchange, with stock code: 6818) and the president of its Guangzhou Branch from October 1997 to August 2000 and February 2000 to August 2000, respectively.

Mr. Chen graduated from the Department of Finance of the Southwest University in Finance and Economics (中國西南財經大學) in the PRC in June 1988, completed a masters course in business management at the Research Institute of Business Management of Sichuan University (四川大學) in the PRC in October 1997 and graduated from a masters course at the Department of Finance and Trade of the Graduate School of Chinese Academy of Social Sciences (中國社會科學研究院財貿系) in the PRC in November 1998. He has been a senior economist in the PRC since June 1993 and a certified public accountant in the PRC since July 1997.

Mr. HU Yanguo (胡延國), aged 50, has been our Non-executive Director since April 2016. Mr. Hu is responsible for supervising the management of the Group. Mr. Hu joined the CEIL Group in April 2006. Mr. Hu currently serves as a director of eleven operating subsidiaries of the biomass business (which are EB Environmental Energy (Dangshan); EB Biomass Fuel (Suqian); EB Biomass Fuel (Xuyi); EB Biomass Fuel (Guanyun); EB Biomass Energy (Dingyuan); EB Biomass Energy (Huaiyuan); EB Biomass Energy (Lingbi); EB Environmental Energy (Lingbi); Hanshan EB Biomass Fuel; EB Biomass Energy (Rudong) and EB Biomass Energy (Chuzhou)), six operating subsidiaries of the hazardous waste treatment business (which are EB Environmental Protection (Suzhou) Solid Waste Treatment; EB Environmental Protection (Suqian) Solid Waste Treatment; EB Environmental Protection (Yancheng) Solid Waste Treatment; EB Environmental Protection Hazardous Waste Treatment (Zibo); EB Environmental Protection (Lianyungang) Waste Disposal and EB Environmental Solid Waste Treatment (Xinyi)) and one operating subsidiary of the wind power business (which is EB Wind Power (Ningwu)) of the Group.

Mr. Hu has also been serving as the deputy general manager of CEIL since April 2010 and the general manager of Everbright Environmental Protection (China) Company Limited* (光大環保(中國)有限公司), a wholly-owned subsidiary of the CEIL Group since January 2015. Prior to joining the CEIL Group since April 2006, Mr. Hu was a lecturer of mathematics at the Northeast Forestry University (東北林業大學) from July 1988 to September 1992 and the person-in charge of the accounting department of the Guangzhou branch of China Everbright Bank Company Limited (a listed company on the Main Board of the Stock Exchange, with stock code: 6818) from February 2000 to August 2001. Mr. Hu was a director of Qinghai Spring Medicinal Resources Technology Co., Ltd. (formerly known as Qinghai Sunshiny Mining Co., Ltd and is a listed company on the Shanghai Stock Exchange with stock code: SH600381) from June 2001 to April 2006.

Mr. Hu obtained a bachelor's degree in mathematics and a master's degree in Forestry Economy and Management from Northeast Forestry University (東北林業大學) in the PRC in July 1988 and March 1995, respectively. Mr. Hu has been a certified public accountant in the PRC since April 1998.

Mr. TANG Xianqing (唐賢清), aged 52, has been our Non-executive Director since April 2016. Mr. Tang is responsible for supervising the management of the Group. Mr. Tang joined the CEIL Group in February 2016. Mr. Tang currently serves as the chief investment officer of CEIL and also a part-time lecturer of the master in finance program of the School of Economics and Management in South China Normal University (華南師範大學) in the PRC.

Prior to joining the CEIL Group, Mr. Tang held several positions at China Everbright Bank Company Limited (a listed company on the Main Board of the Stock Exchange, with stock code: 6818) between April 2000 and March 2013, including the team leader of the Foshan Branch Preparatory Team from February 2008 to October 2008, assistant governor of the Guangzhou branch from April 2008 to August 2010, governor of the Foshan branch from October 2008 to November 2009, deputy governor of the Guangzhou branch from August 2010 to August 2011, and the chief risk officer of the Guangzhou branch from August 2011 to March 2013. Mr. Tang also served as the governor at the Guangzhou branch of Guangdong Huaxing Bank (廣東華興銀行) from July 2013 to September 2014, and the governor assistant at Guangdong Huaxing Bank from July 2013 to February 2016.

Mr. Tang obtained his master's degree in world economics from Sichuan University (四川大學) (formerly known as Sichuan Union University (四川聯合大學)) in the PRC in June 1995. Mr. Tang has been awarded the qualification as an economist specializing in finance by Office of the Leading Group for Professional Title Reforms in Guangzhou (廣州市職稱改革領導小組辦公室) since September 1998.

Independent Non-executive Directors

Mr. Chow Siu Lui (鄒小磊), aged 56, has been appointed as our Independent Non-executive Director effective as of the Listing Date.

Mr. Chow has been a partner of VMS Investment Group (HK) Ltd. since April 2016.

Mr. Chow joined KPMG in July 1983, and was a partner in KPMG from July 1995 to December 2011. Mr. Chow was also the chairman of the audit committee and a council member of the Hong Kong Institute of Chartered Secretaries ("**HKICS**") from 2009 to 2016. He was the chairman of the Mainland Development Strategies Advisory Panel of the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") since 2016 and a member of its Registration and Practice Committee of the HKICPA from 2011 to 2016.

Mr. Chow has been serving as an independent non-executive director of Fullshare Holdings Limited (a listed company on the Main Board of the Stock Exchange, with stock code: 607) since December 2013, an independent non-executive director of Universal Medical Financial & Technical Advisory Services Company Limited (a listed company on the Main Board of the Stock Exchange (stock Code: 2666) since June 2015, an independent non-executive director of Sinco Pharmaceuticals Holdings Limited (a listed company on the Main Board of the Stock Exchange, with stock code: 6833) since February 2016, an independent non-executive director of Shanghai Dazhong Public Utilities (Group) Co., Ltd (a listed company on the Main Board of the Stock Exchange, with stock code: 1635) since April 2016, and an independent non-executive director of Futong Technology Development Holdings Limited (a listed company on the Main Board of the Stock Exchange, with stock code: 465) since December 2016. Mr. Chow was an independent non-executive director of NWS Holdings Limited (whose shares are listed on the Main Board of the Stock Exchange with stock code: 659) from March 2012 to June 2012 and an independent non-executive director of Kong Shum Union Property Management (Holding) Limited (a listed company on the Growth Enterprise Market of the Stock Exchange, with stock Code: 8181) from February 2015 to October 2015.

In November 1983, Mr. Chow obtained the professional diploma in accountancy from the Hong Kong Polytechnic University. Mr. Chow became qualified as a member of the Hong Kong Society of Accountants (now renamed as the Hong Kong Institute of Certified Public Accountants) in October 1986 and a chartered certified accountant with the Association of Chartered Certified Accountants in July 1991. Mr. Chow was admitted as a fellow member of the Association of Chartered Certified Accountants in September 1991 and a fellow member of the Hong Kong Society of Accountants in December 1993.

Mr. Philip TSAO (曹為實), aged 56, has been appointed as our Independent Non-executive Director effective as of the Listing Date.

Mr. Tsao is currently the founder and chief executive officer of CHANCES Advisory Group. He served as a consultant at Barclays Capital Asia Limited from June 2015 to March 2016. Prior to his current role, Mr. Tsao was a managing director of Barclays Capital Asia Limited from June 2011 to May 2015; an executive director of Goldman Sachs (Asia) L.L.C. from October 1997 to February 2002; a managing director of UBS from February 2002 to April 2006; the president of China Development Industrial Bank (中華開發工業銀行) ("**CDIB**") from July 2006 to April 2008; an executive vice president of China Development Financial Holding Corporation (中華開發金融控股公司) ("**CDFHC**", a company listed on Taiwan Stock Exchange with stock code: 2883.) from August 2006 to March 2009; a director of CDFHC and CDIB (a subsidiary of CDFHC) from July 2006 to July 2009 and a managing director of Morgan Stanley Asia Limited from March 2010 to June 2011.

Mr. Tsao received a bachelor's degree in power mechanical engineering from National Tsing Hua University in Taiwan in June 1984, and a Master of Business Administration degree from National Taiwan University in Taiwan in June 1988. Mr. Tsao has been a Chartered Financial Analyst since September 1996.

In July 2007, the Taiwan Financial Supervisory Commission (金融監督管理委員會 (the "**FSC**") imposed a penalty on Grand Cathay Securities Corporation (大華證券股份有限公司) ("**Grand Cathay Securities**"), a subsidiary of CDFHC, for breaching the underwriting limit under the relevant FSC's requirements when Grand Cathay Securities acted as the underwriter in the convertible bond issuance by COSMOS Bank (萬泰銀行) in 2006 (the "**Underwriting Incident**"). The FSC ordered CDFHC to take internal disciplinary actions and suspended Grand Cathay Securities' chairman and deputy general manager from their service as the chairman and deputy general manager for three months and 12 months, respectively.

Mr. Tsao was the director of CDIB from July 2006 to July 2009 and the president of CDIB from July 2006 to April 2008 and the executive vice president of CDFHC from August 2006 to March 2009. Mr. Tsao has confirmed that he had no direct involvement in the Underwriting Incident, given Grand Cathay Securities' convertible bond issuance was completed before Mr. Tsao joined CDIB and CDFHC. No penalty or any other form of disciplinary action has been imposed on Mr. Tsao by the FSC. However, according to the written resolutions of the FSC, CDFHC should impose penalties on Mr. Tsao due to his inadequate supervision (「督導不周」). In response to such decision made by the FSC, in July 2007, CDFHC took internal disciplinary action and suspended Mr. Tsao from his service as executive vice president for three months. According to Mr. Tsao's understanding, such internal disciplinary action was imposed on him in his capacity as a member of the senior management of CDFHC when FSC's decision was made, despite the fact that he had no direct involvement in the Underwriting Incident.

In December 2006, FSC imposed a fine of New Taiwan Dollar 10 million on CDIB for corporate governance inadequacies in relation to the bank's spin-off of its assets to a third party investor (the

"**Spin-off Incident**"). The FSC suspected mishandling during the transfer. In response to the regulatory investigation, in January 2007, CDIB reduced the salary of each of its senior executives, including Mr. Tsao, by 30% for three months. Mr. Tsao has confirmed that no penalty or any other form of disciplinary action has been imposed on Mr. Tsao by the FSC, and that he had no direct involvement in the Spin-off Incident.

In December 2014, the FSC imposed administrative fines on the Taipei Branch of Barclays Bank PLC ("**Barclays TP**") and issued official reprimands with regard to certain deficiencies in Barclays TP's internal control and compliance program and violations of the Banking Act during the period from 2011 to May 2014 (the "**Barclays Incident**", together with the Underwriting Incident and the Spin-off Incident, the "**Incidents**"). Mr. Tsao was appointed the representative officer of Barclays TP shortly after the penalty was imposed on Barclays TP by the FSC. According to Mr. Tsao, he was assigned from Barclays Capital Asia Limited in Hong Kong to work in Barclays TP for the purpose of assisting Barclays TP to rectify the deficiencies and co-operating with the FSC to facilitate better communication. Mr. Tsao has also confirmed that he was not a director or officer of Barclays TP when the Barclays Incident occurred and therefore, had no direct involvement in the incident.

On the basis that (i) no penalty or any other form of disciplinary action has been directly imposed on Mr. Tsao by the FSC in respect of the Incidents; (ii) the internal disciplinary actions imposed on Mr. Tsao in respect of the Underwriting Incident and Spin-off Incident were relatively immaterial; (iii) Mr. Tsao was not a director or officer of Barclays TP at the time when the Barclays Incident occurred; (iv) the Underwriting Incident and Spin-off Incident took place in 2006 and 2007, respectively, and were not recurring; and (v) Mr. Tsao remains a licensed person under the public register maintained by the SFC, the Joint Sponsors are of the view that Mr. Tsao is suitable to be the Independent Non-executive Director of the Company.

Prof. YAN Houmin (嚴厚民), aged 62, has been appointed as our Independent Non-executive Director effective as of the Listing Date.

Prof. Yan currently serves as the chair professor of management sciences and the Dean of College of Business at the City University of Hong Kong ("**CityU**"). Prior to his current role at CityU, Prof. Yan served as a tenured associate professor at the School of Management, University of Texas at Dallas from August 2001 to August 2004; the Director of Executive M.Sc. Programme in Logistics and Supply Chain Management at the Chinese University of Hong Kong from 2003 to 2011; an alternate director and research advisor for the Hong Kong Research and Development Center for Logistics and Supply Chain Management Enabling Technologies from 2006 to 2007 and from 2007 to 2011, respectively; an Executive Director for Centre of Supply Chain Management and Logistics Optimization at the Li & Fung Institute of Supply Chain Management, the Chinese University of Hong Kong from 2006 to 2011.

Prof. Yan received his bachelor's degree and master's degree in electrical engineering from the Department of Automation in Tsinghua University in the PRC in July 1982 and April 1985, respectively. Prof. Yan received a doctor of philosophy degree from the University of Toronto in Canada in June 1994.

Save as disclosed herein, none of our Directors of the Company held any directorship positions in any listed companies in Hong Kong and overseas within the 3 years immediately preceding the date of this Prospectus. There is no other information relating to the relationship of any of our Directors with other Directors and senior management officers that should be disclosed pursuant to Rule 13.51(2) or paragraph 41(3) of Appendix 1A of the Hong Kong Listing Rules.

Save as disclosed herein, none of our Directors has any interests in any business, which competes or is likely to compete, either directly or indirectly, with our business.

Save as disclosed herein, to the best of the knowledge, information and belief of our Directors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Hong Kong Listing Rules as of the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management of our business. The table below shows certain information in respect of the senior management of our Company (other than the Executive Directors):

Name	Age	Position	Date of Appointment	Date of joining our Group	Duties
Lo Kam Fan (盧錦勳)	42	Financial Controller	January 2016	November 2015	Primarily responsible for financial related matters of the Group
Wang Dianer (王殿二)	39	Vice President	January 2016	November 2006	Primarily responsible for the operation and management of projects of the Group

Mr. LO Kam Fan (盧錦勳), aged 42, has been appointed as our financial controller since November 2015. Mr. Lo is responsible for financial related matters of the Group. Mr. Lo also serves as a director of CE Greentech Management, CEG Corporate Services, EB Greentech Biomass Energy (Puyang) Holdings, EB Greentech Environmental Solid Waste Treatment (Chuzhou) Holdings, EB Biomass Energy (TianjinJixian), EB Urban and Rural Renewable Energy (Xiayi) and Everbright Biomass Energy (Shayang) Limited, EB Urban and Rural Renewable Energy (Zhongjiang), EB Greentech Biological Technology (Xinyi), EB Biomass Energy (Puyang), EB Biomass Energy (Guixi), EB Greentech Environmental Solid Waste Treatment (Chuzhou), EB Biomass Energy (Lianshui) and EB Urban and Rural Renewable Energy (Zhongxiang). Mr. Lo also serves as a supervisor of EB Solid

Waste Landfill (Xinyi) Holdings and EB Greentech Environmental Solid Waste Treatment (Linshu). Prior to joining the Group, Mr. Lo served in a number of listed companies on Hong Kong Stock Exchange, namely, as the financial controller in Shenzhen International Holdings Limited (深圳國際控股有限公司) (stock code: 0152) from July 2001 to March 2009, as the financial controller and company secretary in Eco-Tek Holdings Limited (環康集團有限公司) (stock code: 8169) from May 2009 to September 2011, as the chief financial officer and company secretary in Wai Chun Mining Industry Group Company Limited (偉俊礦業集團有限公司) (stock code: 0660) and Wai Chun Group Holdings Limited (偉俊集團控股有限公司) (stock code: 1013) from November 2011 to August 2012 and as the chief financial officer and company secretary in China Vanguard Group Ltd. (眾彩科技股份有限公司) (stock code: 8156) from August 2012 to July 2014.

Mr. Lo obtained an honours diploma in accounting from Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) in July 1997 and a master's degree in finance from Curtin University of Technology Australia in Australia in December 2002. Mr. Lo has been a fellow member of the Hong Kong Institute of Certified Public Accountants since May 2010 and an associate of the Association of International Accountants since April 2001.

Mr. WANG Dianer (王殿二), aged 39, has been appointed as our vice president since January 2016. Mr. Wang is responsible for the operation and management of projects of our Group.

Mr. Wang joined the CEIL Group in November 2006. Mr. Wang served as the deputy general manager of Everbright Environmental Energy (Yixing) Limited (光大環保能源(宜興)有限公司) between January 2008 and February 2009, the deputy supervisor of Jinan WTE Project between February 2009 and May 2011, the General Manager of EB Alternative Energy (Dangshan), the project leader of the construction of Dangshan project between May 2010 and September 2013, the General Manager of Everbright Environmental Energy (Zhenjiang) Limited (光大環保能源（鎮江）有限公司) between September 2013 and February 2016 and the General Manager of EB Photovoltaic Energy (Zhenjiang) and EB Photovoltaic Energy (Huaining) since September 2013 and February 2014 respectively. Prior to joining the CEIL Group, Mr. Wang held positions at Anhui Guozhen Biomass Electricity Company Limited (安徽國幀生物質發電有限責任公司), including the human resources manager and production manager, from July 1995 to October 2006.

Mr. Wang completed the legal studies program in Anhui University (安徽大學) in the PRC in December 2005 and the power plant and electricity system program in the Shanghai University of Electric Power (上海電力學院) in the PRC in July 2006.

COMPANY SECRETARY

Ms. TAI Wing Kwan, Catherine (戴詠群), aged 43, is the company secretary of our Company and was appointed in April 2016.

Ms. Tai joined our Company in December 2015 and serves as our Company's general counsel and company secretary. Ms. Tai is responsible for providing legal support, regulatory and compliance advice to the Company. Ms. Tai also serves as the general counsel of CEIL.

Ms. Tai has over 17 years of experience in legal and regulatory matters, having worked in an international firm as a litigation and regulatory lawyer, moving in-house as legal counsel and company secretary in 2010. Ms. Tai obtained a bachelor of laws degree in June 1996 and a postgraduate certificate in laws in June 1997 from the University of Hong Kong. She was admitted as a solicitor in Hong Kong and England and Wales in October 1999 and May 2000 respectively.

COMPLIANCE ADVISOR

We have appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Hong Kong Listing Rules. The term of such appointment shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Hong Kong Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date.

Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, the compliance advisor will advise the Company on the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where we propose to use the proceeds of the Listing in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this Prospectus; and

(d) where the Stock Exchange makes an inquiry of us under Rule 13.10 of the Hong Kong Listing Rules.

BOARD COMMITTEES

We have established the following committees in our Board of Directors: an Audit and Risk Management Committee, a Remuneration Committee and a Nomination Committee. The committees operate in accordance with terms of reference established by our Board of Directors.

Audit and Risk Management Committee

We have established an Audit and Risk Management Committee with terms of reference in compliance with Rule 3.21 of the Hong Kong Listing Rules and paragraphs C3 and D3 of the Code and Corporate Governance Practices as set out in Appendix 14 to the Hong Kong Listing Rules. The Audit and Risk Management Committee consists of three Independent Non-executive Directors, namely, Mr. Chow Siu Lui, Mr. Philip Tsao and Prof. Yan Houmin, with Mr. Chow Siu Lui being the chairman of the committee. As required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules, Mr. Chow

Siu Lui, being the chairman of the committee, holds the appropriate professional qualifications. The primary duties of the Audit and Risk Management Committee are to assist our Board by providing an independent view of the effectiveness of the financial reporting process, internal control, corporate governance and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board.

Remuneration Committee

We have established a Remuneration Committee with terms of reference in compliance with paragraph B1 of the Code and Corporate Governance Practices as set out in Appendix 14 to the Hong Kong Listing Rules. The Remuneration Committee consists of three Independent Non-executive Directors, namely, Prof. Yan Houmin, Mr. Chow Siu Lui and Mr. Philip Tsao, and one Executive Director, namely, Mr. Qian Xiaodong, with Mr. Philip Tsao being the chairman of the committee. The primary duties of the Remuneration Committee include but not limited to, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; and (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Nomination Committee

We have established a Nomination Committee with terms of reference in compliance with paragraph A5 of the Code and Corporate Governance Practices as set out in Appendix 14 to the Hong Kong Listing Rules. The Nomination Committee consists of three Independent Non-executive Directors, namely, Mr. Philip Tsao, Prof. Yan Houmin and Mr. Chow Siu Lui, and one Non-executive Director, namely, Mr. Chen Xiaoping, with Mr. Chen Xiaoping being the chairman of the committee. The primary functions of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board of Directors, assessing the independence of Independent Non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

CORPORATE GOVERNANCE

Our Company intends to comply with all code provisions under the Principles of Good Governance, Code Provisions and Recommended Best Practices in Appendix 14 to the Hong Kong Listing Rules after the Listing.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive remuneration, including salaries, allowances and benefits in kind, including our contribution to the pension plan on their behalf.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) incurred by our Company in respect of the five highest paid individuals for the three years ended December 31, 2014, 2015 and 2016 was approximately HK$2.12 million, HK$2.25 million and HK$11.06 million, respectively.

The aggregate amount of remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans and discretionary bonuses) incurred by our Company in respect of our Directors for the three years ended December 31, 2014, 2015 and 2016 amounted to nil, nil and HK$7.57 million, respectively.

Further, none of our Directors or senior management waived any remuneration during that period.

Save as disclosed above, no other payments have been paid or are payable, in respect of the three years ended December 31, 2014, 2015 and 2016 by the Company to our Directors or senior management.

We expect the annual Directors' fees (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans) payable by our Company for the year ended December 31, 2017 to be approximately HK$7.57 million.

We expect the aggregate remuneration (including basic salaries, housing allowances, other allowances and benefits in kind, contributions to pension plans) payable by our Company to our senior management (other than the Executive Directors) for the year ended December 31, 2017 to be approximately HK$3.49 million.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or receivable by, our Directors or past Directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

Remuneration Policy

Our Directors and senior management receive compensation in the form of salaries in relation to the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the business operations. Our Group regularly reviews and determines the remuneration and compensation packages of its Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and senior management and the performance of our Group. After Listing, our Company's

Remuneration Committee will review and determine the remuneration and compensation packages of our Directors with reference to their responsibilities, workload, time devoted to the Group and the performance of our Group.

Save as disclosed, none of our Controlling Shareholder, Executive Director, Non-executive Directors and their respective associates are interested in any business which competes or is likely to compete with our business and is required to be disclosed pursuant to the Hong Kong Listing Rules.

AUTHORIZED AND ISSUED SHARE CAPITAL

Assuming the Over-allotment Option is not exercised, the following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately following the Capitalization Issue and the Global Offering:

Authorized share capital	US$
5,000,000,000 Shares	500,000,000

Issued and to be issued, fully paid or credited as fully paid upon the completion of the Global Offering	US$	Approximate percentage of issued share capital (%)
4,000 Shares in issue as of the date of this Prospectus	400	0.0
1,439,996,000 Shares to be issued pursuant to the Capitalization Issue	143,999,600	72.0
560,000,000 Shares to be issued under the Global Offering	56,000,000	28.0
2,000,000,000 Total	**200,000,000**	**100.0**

ASSUMPTIONS

The above tables assume that the Global Offering become unconditional and our Shares are issued pursuant to the Global Offering. It assumes that the Over-allotment Option is not exercised and takes no account of any Shares which may be allotted and issued, or repurchased by our Company pursuant to the general mandates given to our Directors to allot, issue or repurchase new Shares as described below.

RANKING

Our Shares are ordinary shares in the share capital of our Company and rank *pari passu* with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of this Prospectus.

CERTAIN CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Pursuant to the Cayman Companies Law and the terms of our Memorandum of Association and Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its share capital; (ii) consolidate or divide all or any of its share capital into Shares of larger or smaller amount than its existing Shares; (iii) divide its unissued Shares into several classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any Shares at the date of the resolution which have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the Shares cancelled. In addition, our Company may subject to the provisions of the Cayman Companies Law reduce its share capital by its shareholders passing a special resolution. For details, see ''Appendix IV — Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — (e) Alteration of capital.''

Pursuant to our Articles of Association, if at any time the share capital of our Company is divided into different classes of shares, all or any of the special rights attached to the Share or any class of Shares (unless otherwise provided for by the terms of issue of the Shares of that class) may, subject to the provisions of the Cayman Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For details, see ''Appendix IV — Summary of the Constitution of the Company and Cayman Islands Company Law — 2. Articles of Association — (d) Variation of rights of existing shares or classes of shares.''

GENERAL MANDATE TO ISSUE SHARES

Conditional on the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with our Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or any scrip dividend scheme or similar arrangements, any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our Shareholders) with an aggregate nominal value of not more than the sum of:

- 20% of the number of issued shares of our Company immediately upon completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and
- the number of Shares repurchased by us (if any) under the general mandate to repurchase Shares referred to below.

This general mandate to issue Shares will expire at the earliest of:

- the conclusion of our Company's next annual general meeting; or
- the expiration of the period within which our Company's next annual general meeting is required by any applicable law or our Articles of Association to be held; or
- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For details of this general mandate, see ''Appendix V — Statutory and General Information — A. Further Information About Our Group — 6. Resolutions in Writing of the Sole Shareholder of our Company Passed on April 10, 2017.''

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares of an aggregate number not more than 10% of the number of issued shares of our Company immediately upon the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange(s) on which our Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or the requirements of the Hong Kong Listing Rules. A summary of the relevant Hong Kong Listing Rules is set out in the section entitled ''Appendix V — Statutory and General Information — A. Further Information About Our Group — 7. Restriction on Share Repurchase.''

The general mandate to repurchase Shares will expire at the earliest of:

- the conclusion of our Company's next annual general meeting; or
- the expiration of the period within which our Company's next annual general meeting is required by any applicable law or our Articles of Association to be held; or
- when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

For details of this repurchase mandate, see ''Appendix V — Statutory and General Information — A. Further Information About Our Group — 6. Resolutions in Writing of the Sole Shareholder of our Company Passed on April 10, 2017.''

UNDERTAKINGS BY OUR COMPANY

Pursuant to Rule 10.08 of the Hong Kong Listing Rules, our Company has undertaken to the Stock Exchange that our Company will not issue any further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) or enter into any agreement to such issue within six months from the date on which dealings in our Ordinary Shares commence on the Stock Exchange (whether or not such issues of Shares or securities will be completed within six months from the commencement of dealing), except in the circumstances provided under Rule 10.08 of the Hong Kong Listing Rules.

UNDERTAKINGS BY OUR CONTROLLING SHAREHOLDER

Pursuant to Rule 10.07 of the Hong Kong Listing Rules, our Controlling Shareholder has undertaken to our Company, the Joint Sponsors and the Stock Exchange that it shall not and shall procure that the relevant registered holder(s) of the Shares shall not, without the prior written consent of the Hong Kong Stock Exchange, except pursuant to the Capitalization Issue, the Global Offering or the Over-allotment Option or the Stock Borrowing Agreement:

(a) in the period commencing on the date by reference to which disclosure of its shareholding is made in this Prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or securities in respect of which it/he/she is shown by this Prospectus to be the beneficial owner(s); and

(b) in the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares or securities referred to in the immediately preceding paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholder would cease to be the controlling shareholder of our Company, i.e. it ceases to control 30% or more of the voting power at general meetings of our Company.

Furthermore, our Controlling Shareholder has undertaken with our Company, the Joint Sponsors and the Stock Exchange that within a period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this Prospectus and ending on the date on which is the first anniversary of the Listing Date, it shall:

(a) when it pledges or charges any Shares or securities of our Company beneficially owned by it in favor of an authorized institution (as defined under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company in writing of such pledge or charge together with the number of securities so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

So far as is known to our Directors, immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised), the following persons will have an interest and/or short position in our Shares or underlying Shares that would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote of any member of our Group:

Name	Capacity	Interests in number of Shares	Approximate percentage of issued Shares
China Everbright Green Holdings[(1)]	Beneficial owner	1,440,000,000	72%
CEIL[(1)]	Interest in a controlled corporation	1,440,000,000	72%
CE Hong Kong[(2)]	Interests in controlled corporations	1,462,912,986	73.15%
China Everbright Group[(3)]	Interest in a controlled corporation	1,462,912,986	73.15%
Central Huijin Investment Ltd.[(4)]	Interest in a controlled corporation	1,462,912,986	73.15%

Notes:

(1) China Everbright Green Holdings is a wholly-owned subsidiary of CEIL, which is in turn controlled by CE Hong Kong. Accordingly, CEIL and CE Hong Kong are deemed to be interested in the 1,440,000,000 Shares held by China Everbright Green Holdings.

(2) CE Hong Kong is the indirect controlling shareholder of CEIL and holds approximately 41.4% shares in CEIL, and is therefore deemed to be interested in the 1,440,000,000 Shares held by China Everbright Green Holdings. CE Hong Kong holds (1) 100% of the issued shares of Guildford Limited ("Guildford") indirectly; and (2) 100% of the issued shares of Everbright Investment & Management Limited ("EIM"), respectively. Assuming that Guildford and EIM will take up their respective Assured Entitlements under the Preferential Offering in full, CE Hong Kong will also be deemed to be interested in 21,706,369 Shares and 1,206,617 Shares to be allocated to Guildford and EIM, respectively.

(3) China Everbright Group holds 100% of issued shares of CE Hong Kong, and is therefore deemed to be interested in the 1,462,912,986 Shares that CE Hong Kong is deemed to be interested in.

(4) Central Huijin Investment Ltd. is indirectly wholly owned by the State Council of the PRC and holds 55.67% equity interest of China Everbright Group. It is deemed to be interested in the 1,462,912,986 Shares that CE Hong Kong is deemed to be interested in.

Save as disclosed above, none of our Directors is aware of any other person who will, immediately following the completion of the Capitalization Issue and the Global Offering, have an interest or short position in our Shares which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote of any other member of our Group.

CORNERSTONE PLACING

We and the Joint Sponsors have entered into cornerstone investment agreements with certain investors (the "**Cornerstone Investors**", each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors have agreed to (subject to certain conditions) subscribe at the Offer Price for a certain number of our Offer Shares (the "**Cornerstone Placing**").

Based on the Offer Price of HK$5.18 (being the low end of the Offer Price range set out in this Prospectus), the total number of Shares to be subscribed for by the Cornerstone Investors will be 208,332,000 Shares (rounded down to the nearest whole board lot), representing (i) approximately 37.2% of the Offer Shares and approximately 10.4% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised, or (ii) approximately 32.3% of the Offer Shares and approximately 10.0% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is fully exercised.

Based on the Offer Price of HK$5.54 (being the mid-point of the Offer Price range set out in this Prospectus), the total number of Shares to be subscribed for by the Cornerstone Investors will be 201,279,000 Shares, representing (i) approximately 35.9% of the Offer Shares and approximately 10.1% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised, or (ii) approximately 31.3% of the Offer Shares and approximately 9.7% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is fully exercised.

Based on the Offer Price of HK$5.90 (being the high end of the Offer Price range set out in this Prospectus), the total number of Shares to be subscribed for by the Cornerstone Investors will be 194,075,000 Shares, representing (i) approximately 34.7% of the Offer Shares and approximately 9.7% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised, or (ii) approximately 30.1% of the Offer Shares and approximately 9.3% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is fully exercised.

To the best knowledge of our Company, each of the Cornerstone Investors, save for Beijing Hanguang Investment Corporation and China International Capital Corporation Limited (being an asset manager that is a qualified domestic institutional investor who will subscribe for and hold the Offer Shares on behalf of China Structural Reform Fund Corporation Limited, one of our cornerstone investors), is an independent third party, is not our connected person (as defined under the Hong Kong Listing Rules) or existing shareholder, is not a close associate of any of our existing shareholders, and is independent of our connected persons and their respective close associates. Please refer to the section entitled "Waivers and Consents from Strict Compliance with the Hong Kong Listing Rules — Waivers and Consents in respect of Allocation of Shares to Connected Clients of Certain Joint Bookrunners and Close Associates of an Existing Shareholder" for details. Each of the Cornerstone

Investors is independent from each other (save as disclosed below) and makes independent investment decisions.

The Cornerstone Placing will form part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors (i) will rank *pari passu* in all respects with the other fully paid Shares in issue upon completion of the Capitalization Issue and the Global Offering and (ii) save for the Offer Shares to be subscribed by Beijing Hanguang Investment Corporation, will be counted towards the public float of our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering other than pursuant to the respective cornerstone investment agreements. Immediately following completion of the Capitalization Issue and the Global Offering, none of the Cornerstone Investors will have any representation on the Board, nor will any of the Cornerstone Investors become a substantial shareholder (as defined under the Hong Kong Listing Rules) of our Company. No special rights have been granted to the Cornerstone Investors pursuant to the Cornerstone Placing. The Offer Shares to be subscribed by the Cornerstone Investors will not be affected by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation". Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations to be published on May 5, 2017.

CORNERSTONE INVESTORS

We have entered into cornerstone investment agreements with each of the following Cornerstone Investors. The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing.

Asian Development Bank

Asian Development Bank ("**ADB**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased for an aggregate amount of HK$77,689,000 at the Offer Price but in any event shall not be more than 10% of the total issued share capital of the Company, immediately following completion of the Global Offering. Based on the Offer Price of HK$5.90 (being the high end of the Offer Price range set out in this Prospectus), ADB will subscribe for 13,167,000 Shares, representing (i) approximately 2.4% of the Offer Shares and approximately 0.7% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised, or (ii) approximately 2.0% of the Offer Shares and approximately 0.6% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is fully exercised.

ADB, headquartered in Manila, Philippines, is dedicated to reducing poverty in Asia and the Pacific through inclusive economic growth, environmentally sustainable growth, and regional integration. Founded in 1966, it is established by the Agreement Establishing the Asian Development Bank to foster economic growth and co-operation in the Asia and the Pacific region and to contribute to the acceleration of the process of economic development of the developing member countries in the region. ADB is owned by 67 members, 48 of which are from the Asia and Pacific region.

Our Company and ADB entered into a policy agreement (the "**Policy Agreement**") on April 10, 2017 whereby we agreed, amongst others, to adopt certain corporate governance measures, namely (a) not to engage in certain sanctionable practices; (b) to comply with environmental and social requirements and implement the environmental and social management system; and (c) to comply with disclosure requirements under applicable law and regulations. ADB will not have any special right after the Listing.

(a) Sanctionable Practices

We undertake not to engage in sanctionable practices (including corrupt, fraudulent, coercive and collusive practices) and will institute, maintain and comply with internal procedures and controls following international best practice standards applicable to the Group.

(b) Environmental and Social Policy

We will comply with applicable laws pertaining to the Group relating to environment, pollution, health and safety, indigenous peoples, and/or involuntary resettlement, and the relevant requirements set out in ADB's Safeguard Policy Statement (2009), Social Protection Strategy (2001) and the ADB Policy on Gender and Development (1998) (collectively, the "**E&S Requirements**"). We will also implement our environmental and social management system to identify, assess and manage the social and environmental risks and impacts in respect of our operations on an ongoing basis in accordance with the E&S Requirements.

(c) Others

Under the Policy Agreement, we have also granted ADB with rights to access our operating facilities, books and records (except for non-public inside information), and employees and agents of the Group to enable ADB solely to ascertain our compliance with our obligations under the Policy Agreement. If any information requested or accessed by ADB under the Policy Agreement constitutes non-public inside information, we will as soon as reasonably practicable disclose such information to both ADB and the public and/or its shareholders for the purpose of ensuring equal dissemination of information in accordance with, and as required by, applicable laws and regulations (including the Hong Kong Listing Rules, the SFO and the Companies Ordinance). ADB has also acknowledged in the Policy Agreement that, if ADB knows that it is in possession of any non-public inside information regarding the Company pursuant to the Policy Agreement, for the purpose of the relevant requirements under the SFO, ADB will comply with the relevant requirements under the SFO in relation to its dealings in the Shares.

Beijing Hanguang Investment Corporation

Beijing Hanguang Investment Corporation (北京漢廣投資有限責任公司) ("**Beijing Hanguang**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased for an aggregate amount of US$10 million at the Offer Price. Based on the Offer Price of HK$5.90 (being the high end of the Offer Price range set out in this Prospectus), Beijing Hanguang will subscribe for 13,171,000 Shares, representing (i) approximately 2.4% of the Offer Shares and approximately 0.7% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised, or (ii) approximately 2.0% of the Offer Shares and approximately 0.6% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is fully exercised.

Beijing Hanguang is a wholly-owned subsidiary of CIC Capital Corporation (中投海外直接投資有限責任公司), which in turn is wholly owned by China Investment Corporation (中國投資有限責任公司) ("**CIC**"). Headquartered in Beijing, CIC was founded on September 29, 2007 as a wholly state-owned company incorporated in accordance with the Company Law of the People's Republic of China. CIC invests on a commercial basis, with an objective to seek long-term, risk-adjusted financial returns.

As CIC controls 100% of the equity interests of Central Huijin, Beijing Hanguang is a close associate of Central Huijin (an indirect controlling shareholder of China Everbright Green Holdings, the existing Shareholder of the Company). As CIC controls 100% of the equity interests of Central Huijin (who indirectly controls the equity interests of the Joint Bookrunners (except China Merchants Securities (HK) Co., Limited)), Beijing Hanguang is also a "connected client" of the Joint Bookrunners (except China Merchants Securities (HK) Co., Limited). As such, the participation of Beijing Hanguang as a cornerstone investor is subject to a waiver from Rule 10.04 of the Hong Kong Listing Rules and a consent under paragraphs 5(1) and 5(2) of Appendix 6 to the Hong Kong Listing Rules from the Stock Exchange. Please refer to the section entitled "Waivers and Consents from Strict Compliance with the Hong Kong Listing Rules — Waivers and Consents in respect of Allocation of Shares to Connected Clients of Certain Joint Bookrunners and Close Associates of an Existing Shareholder."

China Structural Reform Fund Corporation Limited

China Structural Reform Fund Corporation Limited (中國國有企業結構調整基金股份有限公司) ("**China Structural Reform Fund**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased for an aggregate amount of US$75 million at the Offer Price, but in any event shall not be more than 99,800,000 Offer Shares. Based on the Offer Price of HK$5.90 (being the high end of the Offer Price range set out in this Prospectus), China Structural Reform Fund will subscribe for 98,788,000 Shares, representing (i) approximately 17.6% of the Offer Shares and approximately 4.9% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised, or (ii) approximately 15.3% of the Offer Shares and approximately 4.7% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is fully exercised.

China Structural Reform Fund is a company incorporated in the PRC in which the State-owned Assets Supervision and Administration Commission of the State Council, via a number of state-owned enterprises, indirectly holds approximately 58% of its equity interest. The remaining shareholding of China Structural Reform Fund is mainly held by certain other state-owned enterprises. China Structural Reform Fund is mainly engaged in business including private fund-raising, equity investment, investment consulting, project investment and asset management and business management consultation.

For the purpose of this cornerstone investment, China Structural Reform Fund has engaged China International Capital Corporation Limited, an asset manager that is a qualified domestic institutional investor as approved by the relevant PRC authority (the "**QDII Manager**"), to subscribe for and hold such Offer Shares on a non-discretionary basis on behalf of the China Structural Reform Fund.

The QDII Manager acts in accordance with the instructions from China Structural Reform Fund in order to facilitate the participation by China Structural Reform Fund in the Global Offering of the Company. Other than being a client of the QDII Manager, China Structural Reform Fund is an independent third party of the Joint Bookrunners. As the QDII Manager and the Joint Bookrunners (except China Merchants Securities (HK) Co., Limited) (the "**Relevant Brokers**") are members of a group of companies controlled by Central Huijin, the QDII Manager is a "connected client" of the Relevant Brokers under paragraph 13(7) of Appendix 6 to the Hong Kong Listing Rules. As the QDII Manager is controlled by Central Huijin, the QDII Manager is a close associate (as defined under the Hong Kong Listing Rules) of Central Huijin (an indirect controlling Shareholder of China Everbright Green Holdings, the existing Shareholder of the Company). As such, the participation of China Structural Reform Fund as a cornerstone investor through the QDII Manager is subject to a waiver from Rule 10.04 of the Hong Kong Listing Rules and a consent under paragraphs 5(1) and 5(2) of Appendix 6 to the Hong Kong Listing Rules from the Stock Exchange. The Offer Shares to be allocated and issued to China Structural Reform Fund under the Global Offering will be held by the QDII Manager on a non-discretionary basis on behalf of China Structural Reform Fund. It is confirmed by the Company that the cornerstone investment agreement of China Structural Reform Fund does not contain any material terms which are more favorable to China Structural Reform Fund or the QDII Manager than those in the other cornerstone investment agreements. In addition, apart from the preferential treatment of assured entitlement under a cornerstone investment, (i) each of the Company and the Relevant Brokers has also confirmed that, no preferential treatment has been, nor will be, given to the QDII Manager by virtue of its relationship with each of the Relevant Brokers; (ii) the QDII Manager has confirmed that, to the best of its knowledge and belief, it has not received and will not receive preferential treatment in the allocation of the Global Offering on behalf of China Structural Reform Fund as a cornerstone investor by virtue of its relationship with each of the Relevant Brokers; (iii) each of the Joint Bookrunners has confirmed no preferential treatment has been, nor will be, given to the QDII Manager by virtue of its relationship with each of the Relevant Brokers and (iv) each of the Joint Sponsors has confirmed that, it has no reason to believe that the QDII Manager received any preferential treatment in the allocation of the Global Offering as a cornerstone investor on behalf of China Structural Reform Fund by virtue of its relationship with each of the Relevant Brokers. An application has been made to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 10.04 of the Hong Kong Listing Rules and a consent under Paragraphs 5(1) and 5(2) of Appendix 6 to the Hong Kong Listing Rules to allow Offer Shares to be allocated to the QDII Manager (to be held on behalf of China Structural Reform Fund) as a "connected client" of each of the Relevant Brokers and a close associate of Central Huijin (an indirect controlling shareholder of China Everbright Green Holdings, the existing Shareholder of the Company.

GGHY (Xiamen) Asset Management Co.,Ltd.

GGHY (Xiamen) Asset Management Co.,Ltd. (硅谷惠銀（廈門）資產管理有限公司) ("**GGHY**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased for an aggregate amount of RMB90 million at the Offer Price. Based on the Offer Price of HK$5.90 (being the high end of the Offer Price range set out in the Prospectus), GGHY will subscribe for 17,189,000 Shares, representing (i) approximately 3.1% of the Offer Shares and approximately 0.9% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised, or (ii) approximately 2.7% of the Offer Shares and approximately 0.8% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is fully exercised.

GGHY is a company established in the PRC, mainly engaged in asset management. Its ultimate controlling shareholder is Xiamen Rural Commercial Investment Group Company Limited (廈門農商投資集團有限責任公司), and the other two shareholders are Zhejiang Silicon Paradise Hengyu Venture Investment Company Limited (浙江天堂硅谷恒裕創業投資有限公司) (wholly owned by TTGG (as defined below)) and Xiamen Qingyue Investment Management Partnership L.P. (廈門清樾投資管理合夥企業(有限合夥)). GGHY will subscribe for the Shares through GGHY Everbright Greentech Private Equity Fund (硅谷惠銀光大綠色環保私募投資基金).

Zhejiang Silicon Paradise Asset Management Group Co., Ltd.

Zhejiang Silicon Paradise Asset Management Group Co., Ltd. (浙江天堂硅谷資產管理集團有限公司) ("**TTGG**") has agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot) which may be purchased for an aggregate amount of RMB271 million at the Offer Price. Based on the Offer Price of HK$5.90 (being the high end of the Offer Price range set out in the Prospectus), TTGG will subscribe for 51,760,000 Shares, representing (i) approximately 9.2% of the Offer Shares and approximately 2.6% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised, or (ii) approximately 8.0% of the Offer Shares and approximately 2.5% of the Shares in issue immediately upon completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is fully exercised.

TTGG is a company established in the PRC, mainly engaged in asset management. Its ultimate controlling shareholder, HEAVEN-SENT Capital Management Group Company Limited (硅谷天堂資產管理集團股份有限公司) was listed on the National Equities Exchange and Quotation (Stock Code: 833044) since July 2015. TTGG will subscribe for the Shares through "TTGG Environmental Protection Industry Private Equity Fund" (天堂硅谷環保產業私募投資基金).

Conditions Precedent

The subscriptions by the Cornerstone Investors are subject to the satisfaction of the following conditions precedent:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into, and having become effective and unconditional by no later than the respective times and dates specified therein;

(ii) neither of the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been terminated;

(iii) the Listing Committee having granted the listing of, and permission to deal in, the Shares and that such approval or permission having not been revoked;

(iv) the Offer Price having been agreed upon between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters);

(v) no laws shall have been enacted or promulgated which prohibit the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or in the cornerstone investment agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(vi) the respective representations, warranties and undertakings of (a) the Cornerstone Investors (other than Beijing Hanguang) are accurate and true in all respects and not misleading and that there is no breach of the cornerstone investment agreements on the part of such Cornerstone Investors; and (b) Beijing Hanguang are accurate and true in all material respects and not misleading and that there is no material breach of the cornerstone investment agreement on the part of Beijing Hanguang.

In addition, the subscription obligation of ADB is also subject to the following conditions precedent:

(i) the issuance of the preliminary offering circular, international offering circular, Prospectus, Application Forms and any other announcements which may be issued by the Company in connection with the Global Offering (the "**Public Documents**") and such Public Documents having not been subsequently withdrawn, repudiated or supplemented (except for (a) the pricing supplement set forth in the International Underwriting Agreement; and (b) any supplement as a result of any decrease in the low end of the Offer Price range);

(ii) the Offer Price having been agreed at a price not more than HK$6.67 per Share excluding the brokerage, SFC transaction levy and the Hong Kong Stock Exchange trading fee; and

(iii) ADB shall have established to its satisfaction that the government of the PRC has no objection to ADB's purchase of the Shares pursuant to the relevant cornerstone investment agreement.

Restrictions on disposals by the Cornerstone Investors

Each of the Cornerstone Investors has agreed that it will not, and will cause its affiliates not to, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the respective cornerstone investment agreement) any of the Shares to be subscribed by it pursuant to the respective cornerstone investment agreement.

Certain of the Cornerstone Investors may transfer or enter into specific transactions in relation to the Shares so subscribed for in certain limited circumstances as permitted in the relevant cornerstone investment agreement, such as transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that prior to such transfer, such wholly-owned subsidiary undertakes, and such Cornerstone Investor undertakes to procure, that such wholly owned subsidiary agrees to be bound by the Cornerstone Investor's obligations stipulated under the relevant cornerstone investment agreement and subject to the restrictions on disposals imposed on the Cornerstone Investor.

The following discussion should be read in conjunction with our audited consolidated financial information as of and for the years ended December 31, 2014, 2015 and 2016, together with the accompanying notes, as set forth in the Accountants' Report in Appendix I to this Prospectus. Our consolidated financial information has been prepared in accordance with HKFRS which may differ in material aspects from generally accepted accounting principles in other jurisdictions, including the United States.

The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties. Factors that could cause or contribute to such differences include those disclosed in the section headed "Risk Factors" in this Prospectus.

OVERVIEW

We are a PRC specialty environmental protection service provider, focused on the biomass and hazardous waste treatment industries. We have leading position in these markets in the PRC, with the fourth largest aggregate biomass power generation designed capacity and the third largest aggregate hazardous waste disposal designed capacity in China as of December 31, 2016 for projects in operation, under construction and at the planning stage, according to Frost & Sullivan. As of the Latest Practicable Date, we had a diversified portfolio of 68 projects, including 24 projects in operation, 14 projects under construction and 30 projects at the planning stage, in the following three business segments:

- *Biomass.* We utilize biomass raw materials, such as agricultural waste and forestry residue, to generate electricity and heat. As of the Latest Practicable Date, we had 37 biomass projects, including seven projects in operation, 12 projects under construction and 18 projects at the planning stage, with an aggregate power generation designed capacity of 810 MW, an aggregate biomass material processing designed capacity of 7,099,800 tons per annum and an aggregate household waste processing designed capacity of 1,679,000 tons per annum.

- *Hazardous waste treatment*. We collect and safely dispose of hazardous waste to minimize its environmental impact. As of the Latest Practicable Date, we had 22 hazardous waste treatment projects, including eight projects in operation, two projects under construction and 12 projects at the planning stage, with an aggregate hazardous waste disposal designed capacity of 504,150 tons per annum.

- *Solar energy and wind power*. We operate solar energy and wind power facilities to generate clean electricity. As of the Latest Practicable Date, we had seven solar energy projects and two wind power projects in operation with an aggregate power generation designed capacity of 125.9 MW.

Our total revenue increased from HK$1,057.8 million in 2014 to HK$1,203.2 million in 2015, and further increased to HK$3,000.1 million in 2016. Our profit for the year increased from HK$199.7 million in 2014 to HK$271.4 million in 2015, and further increased to HK$629.5 million in 2016. Our EBITDA increased from HK$306.4 million in 2014 to HK$441.8 million in 2015, and further increased to HK$982.6 million in 2016.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are affected by the following key factors. Moreover, due to the particular nature of our business, we accounted for certain projects, including substantially all of our biomass projects and certain of our hazardous waste treatment projects, as service concession arrangements under HKFRS. Such accounting treatment and the substantial subjective judgment in connection with such treatment had and will continue to have a material impact on our results of operations and financial position. See "— Impact of Accounting Treatment of Service Concession Arrangements."

Governmental Policies and Support

Governmental policies and regulations play a critical role in our industry and business. With an increased level of environmental awareness in recent years, the PRC government has been active in promoting the growth of the environmental protection industry in general by way of policies and regulations. Our results of operations are highly influenced by and sensitive to changes in these laws and regulations.

We currently benefit from the following governmental policies and support:

- *Preferential on-grid tariffs, mandatory power purchase and grid connection privilege*. The power grid companies are required under the PRC laws to purchase all the electricity generated from biomass, solar energy and wind power facilities such as ours at on-grid tariffs set by the PRC government. We benefit from the higher on-grid tariffs compared to the on-grid tariffs from conventional sources. During the Track Record Period, our average on-grid tariffs were RMB0.75/kWh, RMB2.25/kWh and RMB0.61/kWh for electricity generated by our biomass, solar energy and wind power projects, respectively, as compared to on-grid tariffs for coal-fired power which range between RMB0.30/kWh to RMB0.50/kWh according to Frost & Sullivan. In addition, power grid companies are required under PRC law to give priority to clean energy companies for grid connection.

- *Various tax incentives*. We currently enjoy various preferential tax treatments in China in the form of preferential enterprise income tax rates and VAT refunds. For example, project companies for our biomass, hazardous waste treatment, solar energy and wind power projects are entitled to refunds of up to 100%, 70%, 50% and 50% of the VAT, respectively. For the years ended December 31, 2014, 2015 and 2016, we received VAT refunds in the amount of HK$15.3 million, HK$23.2 million and HK$42.2 million, respectively. For biomass projects, the revenue of an eligible operating company is deemed to be 90% of the actual revenue for the purposes of calculating the amount of their enterprise income taxes, and some of our biomass projects are currently entitled to this treatment. Project companies for our hazardous waste treatment, solar energy and wind power projects are entitled to an enterprise income tax exemption for the first three years after the relevant company generates revenue and a 50% deduction in the following three years. For the years ended December 31, 2014, 2015 and 2016, our effective tax rate was 11.3%, 17.2% and 19.6%, respectively, while the statutory enterprise income tax rate in China was 25.0%.

- *Government subsidies*. We are also entitled to government subsidies from the local governments for our projects. Such subsidies may be applicable to a region or a particular project, as the case may be. For the years ended December 31, 2014, 2015 and 2016, government grant income amounted to HK$1.7 million, HK$5.4 million and HK$15.8 million, respectively.

Moreover, the PRC government has made environmental protection one of its development priorities. Environmental regulatory requirements and enforcement in China, such as emission and pollution control standards, are becoming increasingly stringent. Various laws, regulations and policies were recently adopted by different levels of the PRC government, including the Action Plan to Prevent and Control Air Pollution (大氣污染防治行動計劃) promulgated in September 2013, the amended Environmental Protection Law that became effective in January 2015, and the Guidance on Promoting Agricultural Waste Control and Utilization in Rural Areas (促進農村農業廢棄物控制及利用的指導意見) promulgated in November 2015. Moreover, building an eco-friendly society and environmental protection have been elevated as a national development target and feature prominently as one of the core goals of the 13th Five-Year Plan. According to Frost & Sullivan, investment in the PRC environmental protection industry is expected to grow at a CAGR of 17.5% from RMB1,600.0 billion in 2017 to RMB3,049.4 billion in 2021. We believe that such policy focus and government investment in environmental protection will further improve the prospects of our business and our industry as a whole. Going forward, government policies and regulations relating to environmental protection will continue to have a material effect on our business, financial position, results of operations and prospects.

Pricing and Energy Output of Our Biomass, Solar Energy and Wind Power Projects in Operation

For our biomass, solar energy and wind power projects, we sell electricity to the power grid and receive payments based on the amount of electricity we supply and the applicable on-grid tariffs.

Revenue from electricity sales accounted for approximately 27.6%, 36.7% and 22.0%, respectively, of our total revenue for the years ended December 31, 2014, 2015 and 2016. Since our first biomass project with heat generation systems, the Sucheng Biomass Heat Supply Project, commenced commercial operation in September 2016, we provide heat in the form of steam to industrial customers, and generate operation revenue from payments for sale of steam based on the amount of supply at the applicable local steam supply price. As a result, our revenues depend on the level of on-grid tariffs and steam supply prices and the amount of electricity or steam that we generate and sell.

The level of the on-grid tariffs and steam supply price are set and may be adjusted by the relevant governmental authorities, for which we have no control. The on-grid tariffs are determined and reviewed by the pricing authorities in China uniformly throughout China or the relevant resource zones by reference to energy sources. The level of on-grid tariffs applicable to each source generally reflects the policy support from the PRC government for such energy source. For details regarding pricing policy for on-grid tariffs, see "Regulatory Overview — Policy on Biomass, Solar and Wind Energy." For the Track Record Period, the average on-grid tariffs for electricity generated from our biomass, solar energy and wind power projects were RMB0.75/kWh, RMB2.25/kWh and RMB0.61/kWh, respectively. The steam supply price is generally determined by the local governments, subject to adjustments according to steam supply fees, fuel prices and consumer purchase index in surrounding areas by the local government. See "Business — Our Biomass Business — Revenue Sources and Preferential Policies — Steam supply fees." For our biomass projects, the steam supply prices ranged from RMB202 per ton to RMB240 per ton during the Track Record Period.

The amount of electricity or steam we can sell depends on the aggregate power and steam generation capacity of our projects in operation as well as the actual electricity and steam output efficiency. As of December 31, 2014, 2015 and 2016, the aggregate power generation designed capacity of our projects in operation was 89.9 MW, 185.9 MW and 276.9 MW, respectively. Our first biomass project with heat generation systems, the Sucheng Biomass Heat Supply Project, which commenced commercial operation in September 2016, has a steam generation designed capacity of 350,400 tons per annum. Given the capacity for our biomass projects, a higher utilization rate for our facilities results in higher volume of electricity and steam generated during a given period, and *vice versa*. Utilization of our biomass facilities is primarily affected by the quantity and quality of biomass raw materials available to us, which in turn depends on the available resources and our efficient management of the supply networks. Utilization of our facilities may also be affected by outages and overhauls of our facilities and may be lower during the ramp-up and testing period for facilities that recently start operation. For the years ended December 31, 2014, 2015 and 2016, the utilization rate of our biomass projects in operation was 82.2%, 90.8% and 86.8%, respectively. Output of our solar energy and wind power facilities is primarily affected by the meteorological conditions. Site selection and accurate estimates of the available solar and wind resources are critical to achieving high output for our solar energy and wind power projects.

We believe that the level of on-grid tariffs and steam supply prices will be stable in the near future, and annual output of our solar energy and wind power projects will not fluctuate significantly.

As a result, we expect that the growth in the aggregate power and steam generation capacity for our projects in operation, as well as the utilization rate of our biomass projects, will affect our business, financial position, results of operations and prospects.

Pricing and Capacity of our Hazardous Waste Treatment Projects in Operation

We provide waste treatment services to waste producers, such as industrial companies and hospitals, and receive waste treatment fees based on the unit price and waste volume. For the years ended December 31, 2014, 2015 and 2016, revenue from hazardous waste treatment services accounted for approximately 42.8%, 13.6% and 11.2% of our total revenue, respectively. Our revenues depend on the level of waste treatment fees and the amount and mix of hazardous waste we treat in a given period.

Factors affecting the level of our waste treatment fees include the available treatment capability of the relevant facility, the demand in the local market for waste treatment services, the fees charged by our competitors in nearby regions, and general economic conditions in China and in the regions where we operate. For the years ended December 31, 2014, 2015 and 2016, our average waste treatment fee was RMB1,490.7 per ton, RMB2,171.9 per ton and RMB2,413.6 per ton, respectively. We negotiate fees directly with our customers based on the guidance price set by the local pricing authority, category of hazardous waste to be treated and market conditions. Due to the shortage of treatment capacity, we believe that we currently have leverage to increase the level of hazardous waste treatment fees. In addition, as the price varies according to the type of waste treated, the average waste treatment fees with respect to a period is affected by the mix of hazardous waste we have treated for such period. As the demand for our waste treatment services increases, we plan to allocate our waste treatment capacity to the types of waste with higher prices to the extent practicable in order to improve our profitability.

The volume of hazardous waste treated by us is generally affected by the number, size and mix of waste-producing enterprises in the relevant area, the competitiveness of our pricing, the general economic conditions and the level of industrialization in the area serviced by our facilities. In addition, the waste treatment volume of each of our hazardous waste treatment projects is limited by the relevant approvals for the project. Our hazardous waste projects are located in Jiangsu Province and Shandong Province in East China, the region with the highest volume of hazardous waste output, according to Frost & Sullivan. As there is currently a shortage of hazardous waste processing capacity in this region, according to Frost & Sullivan, the volume of hazardous waste treated by our hazardous waste treatment projects is primarily affected by the aggregate treatment capacity of our projects in operation. As of December 31, 2014, 2015 and 2016, our hazardous waste treatment projects in operation had an aggregate hazardous waste treatment designed capacity of 61,650 tons per annum, 63,650 tons per annum and 130,980 tons per annum, respectively.

Biomass Raw Materials Supply and Pricing

During the Track Record Period, costs of biomass raw materials represented a major component of our direct costs and operating expenses. For the years ended December 31, 2014, 2015 and 2016, our costs for biomass raw materials amounted to HK$119.9 million, HK$186.1 million and HK$269.5 million, respectively, representing approximately 53.4%, 59.8% and 55.7%, respectively, of the direct costs and operating expenses (excluding construction costs) of the Group. As we have little control over the on-grid tariffs for electricity generated by our biomass facilities, the profitability of our biomass facilities in operation may fluctuate according to biomass supply prices.

We primarily contract with third-party local biomass brokers to acquire biomass raw materials, who collect biomass raw materials from individual farmers and transport them to our facilities. The price of biomass raw materials depends on, among others, availability of biomass raw materials in the region, accessibility of the source point, labor costs, economic conditions and governmental support for farmers and brokers for utilizing biomass raw materials. The price also depends on the quality of biomass raw materials, as we adjust our purchase price for each batch of biomass raw materials based on its water and ash content. As we typically enter into short-term supply agreements with biomass brokers, the price is constantly affected by the prevailing market conditions. For the years ended December 31, 2014, 2015 and 2016, the average unit price was RMB261.9 per ton, RMB300.3 per ton and RMB304.9 per ton, respectively. The average unit price of our biomass raw materials has increased as the quality of our biomass raw materials has improved with lower water and ash content. As a result of the higher quality of the biomass raw materials, the average on-grid electricity generated per ton of biomass materials has increased. For the years ended December 31, 2014, 2015 and 2016, the average on-grid electricity generated per ton of biomass materials was 0.75MWh, 0.85MWh and 0.89MWh, respectively. We believe that our ability to efficiently manage our supply networks will continue to affect the price, quality and quantity of biomass raw materials, and in turn affect our results of operation.

The following table sets forth the sensitivity of our profit for the years ended December 31, 2014, 2015 and 2016 in relation to movements in costs of biomass materials for the years indicated:

Increase / (Decrease) of Costs of Biomass Materials	Year ended December 31,					
	2014		2015		2016	
	Changes in Profit	% Change	Changes in Profit	% Change	Changes in Profit	% Change
	(HK$ in thousands, except percentages)					
5%	(6,198)	(3.1)	(9,998)	(3.7)	(13,850)	(2.2)
(5)%	6,198	3.1	9,998	3.7	13,850	2.2

Our Business Expansion and Access to Financing

We have expanded our business during the Track Record Period from a total of 20 projects in operation, under construction and at the planning stage as of January 1, 2014 to 63 as of December 31, 2016. Our results of operations and financial condition are affected by the capacity and growth of our projects. As our capacity increases, our potential electricity sales and waste treatment volume will increase accordingly. From January 1, 2014 to December 31, 2016, the aggregate electricity generation designed capacity of our biomass projects in operation increased from 30 MW to 151 MW, and the aggregate hazardous waste treatment designed capacity of our projects in operation increased from 60,000 tons per annum to 130,980 tons per annum. As a result, we have increased our electricity sales volume and hazardous waste disposal volume during the Track Record Period. In addition, as of the Latest Practicable Date, we also had 44 projects in our pipeline, including 14 projects under construction and 30 projects at the planning stage. As these projects commence commercial operation, we expect them to further contribute to our growth in the future. Going forward, we intend to further expand our business to source additional projects. We may face challenges in identifying appropriate projects which will meet our selection criteria, including the expected rate of return. Our growth also depends on our ability to successfully negotiate, bid or acquire the target projects, navigate local policy and regulatory environments in new areas we may expand into, and compete with existing players in the target markets.

Moreover, all of our projects are capital intensive. For the years ended December 31, 2014, 2015 and 2016, our capital expenditures were HK$797.5 million, HK$1,148.1 million and HK$1,548.8 million, respectively. We expect our capital expenditures for the years ending December 31, 2017, 2018 and 2019 to be HK$3,702.9 million, HK$3,929.7 million and HK$3,994.2 million, respectively, which will be mainly for the construction of new projects in our pipeline. Historically, we financed such expansion through external debts and internally generated cash. For the years ended December 31, 2014, 2015 and 2016, our finance costs, excluding capitalized portion, were HK$26.2 million, HK$41.2 million and HK$67.7 million, respectively. In October 2016, our parent company, CEIL, has signed a Strategic Cooperation Agreement on Supporting the Construction of Eco-friendly Society by Green Financial (綠色金融支援生態環境建設戰略合作協定) with China Development Bank to explore the strategic cooperation between the two parties in energy saving and environmental protection fields. According to this agreement, China Development Bank will provide financial support of RMB20.0 billion to CEIL, of which RMB5.0 billion will be provided to us. As of the Latest Practicable Date, we also had unutilized banking facilities of HK$3,555.9 million. Our ability to secure sufficient external financing and control our finance costs will affect our business, results of operations and profitability.

IMPACT OF THE ACCOUNTING TREATMENT FOR SERVICE CONCESSION ARRANGEMENTS

The accounting treatment of certain of our projects as service concession arrangements has had and will continue to have an impact on our results of operations and financial position. All of our projects under the BOT model were accounted for as service concession arrangements. Based on a case-by-case review, certain of our projects under the BOO model were accounted for as service concession arrangements. Our decision to account for a BOO project as a service concession arrangement involves judgment by our management. See "— Critical Accounting Policies, Estimates and Judgments — Service Concession Arrangements." The impact of the accounting treatment of a project depending on whether it is treated as a service concession arrangement is summarized below.

The following table sets forth a breakdown of our projects, including our projects in operation and projects under construction, by whether they are accounted for as service concession arrangements at the end of the years indicated.

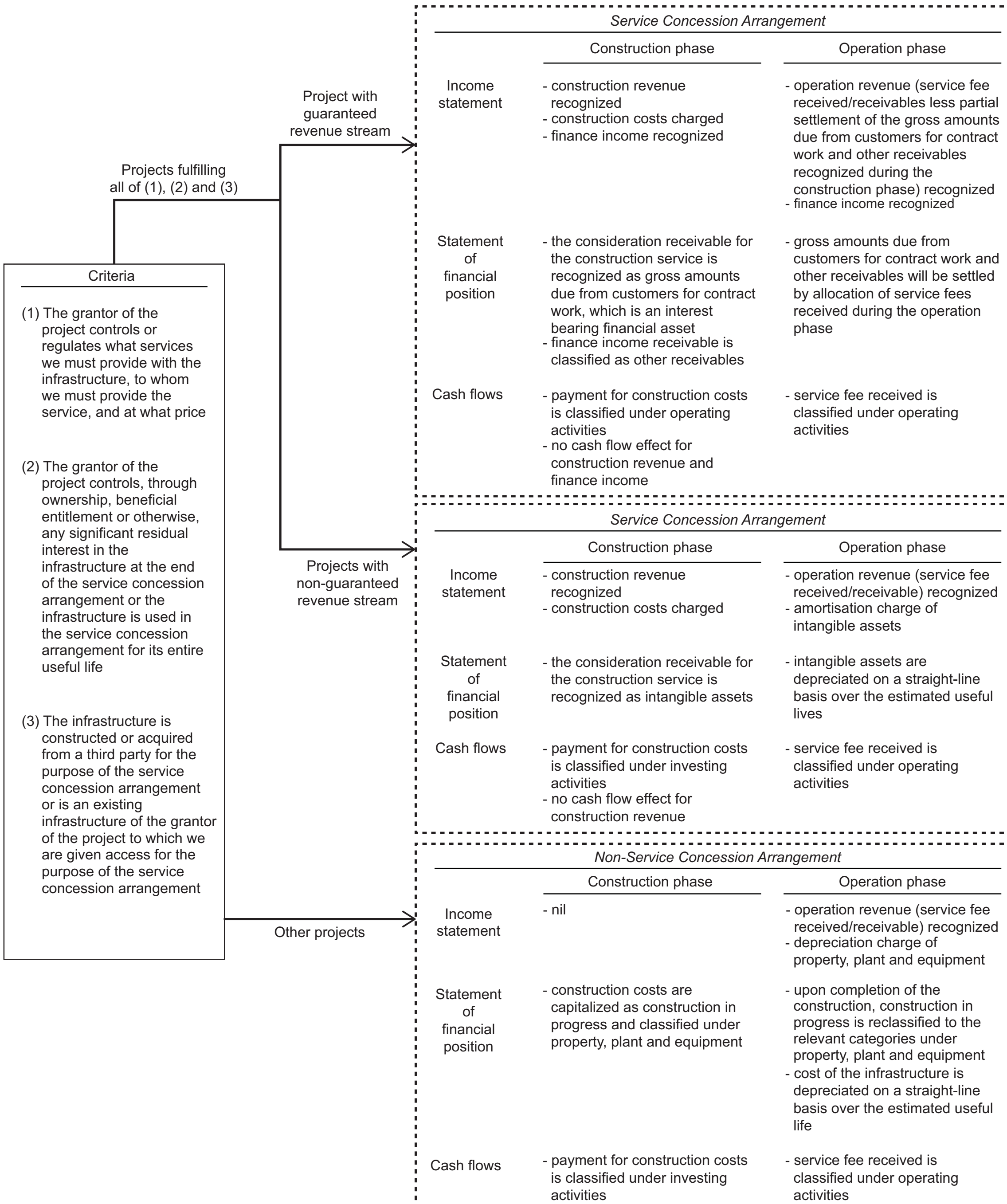
	As of December 31,		
	2014	2015	2016
Service concession arrangements:			
Biomass	2	6	17(1)
Hazardous waste treatment	5	6	6(2)
Total	**7**	**12**	**23**
Non-service concession arrangements:			
Biomass	—	1	2
Hazardous waste treatment	2	2	4
Solar energy and wind power	9	9	9
Total	**11**	**12**	**15**

Notes:

(1) Includes Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass), Hanshan Biomass Direct Combustion Project, Sucheng Biomass Heat Supply Project, Xuyi Biomass Electricity and Heat Cogeneration Project, Dingyuan Biomass Direct Combustion Project, Lingbi Integrated Biomass and Waste-to-Energy Project (Biomass), Nanqiao Biomass Direct Combustion Project, Xiao County Integrated Biomass and Waste-to-Energy Project (Biomass), Guanyun Integrated Biomass and Waste-to-Energy Project (Biomass), Mianzhu Integrated Biomass and Waste-to-Energy Project (Biomass), Fengyang Integrated Biomass and Waste-to-Energy Project (Biomass) and Yeji Biomass Electricity and Heat Cogeneration Project, all of which are accounted for as service concession arrangements with intangible assets, and Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Lingbi Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Xiao County Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Guanyun Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy) and Fengyang Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), all of which are accounted for as service concession arrangements with gross amounts due from customers for contract work.

(2) Includes Suzhou Hazardous Waste Landfill Project (Phase I), Suzhou Hazardous Waste Landfill Project (Phase II) and Suqian Hazardous Waste Landfill Project, all of which are accounted for as service concession arrangements with gross amounts due from customers for contract work, and Guanyun Hazardous Waste Landfill Project, Binhai Hazardous Waste Landfill Project, and Xinyi Hazardous Waste Incineration Project, all of which are accounted for as service concession arrangements with intangible assets.

The following chart sets forth a summary of the accounting treatment for service concession arrangements and non-service concession arrangements under HKFRS:



Projects Accounted for as Service Concession Arrangements

For projects accounted for as service concession arrangements, we recognize revenue during both the construction phase and the operational phase. Therefore, there is a mismatch between our revenue and the underlying cash flows for such projects, because we generally do not receive actual payments for our construction services and only receive payments for our operation services.

The following table sets forth our revenue from projects accounted for as service concession arrangements for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Construction service	670,742	68.5	635,210	57.7	2,048,566	76.5
Operation service	294,620	30.1	447,248	40.6	592,519	22.1
Finance income	13,798	1.4	18,728	1.7	36,577	1.4
Total	**979,160**	**100.0**	**1,101,186**	**100.0**	**2,677,662**	**100.0**

For projects accounted for as service concession arrangements, we recognize non-cash revenue during the construction phase which appears on our financial statements as "construction service revenue." Revenue of our construction services for each project is generally recognized as a percentage of the fair value of the completed project based on the progress of construction work, and therefore is mainly affected by the number of projects under construction, the estimated fair value of those projects at completion, and the stage of completion. An increase in the number of projects under construction and progress of construction work for individual projects would lead to an increase of our construction service revenues. As the number of projects under construction depends on the timing of sourcing new pipeline projects and may fluctuate from period to period, revenue from our construction services may fluctuate accordingly. For accounting policies related to construction contracts, see "— Critical Accounting Policies, Estimates and Judgments — Construction Contracts."

We also recognize finance income as other receivables in the statement of financial position during both the operational and construction phases for projects that are accounted for as service concession arrangements with financial assets recorded during the construction phase. Finance income represents the amount of interest accrued on the outstanding balance of the gross amounts due from customers for contract work using the effective interest method at the prevailing PBOC rate at the time we enter into the relevant agreement.

The fair value of our construction services, which is recognized over the construction phase of a project as construction service revenue, is based on the valuation prepared by independent third party valuers, Grant Sherman Appraisal Limited and RHL Appraisal Limited, and is derived from the construction costs estimated by us at the time of valuation plus their respective mark-up, which is determined by the valuer with reference to publicly available information regarding the operating margins of selected comparable companies that provide construction services to similar projects in the PRC. We have established relevant procedures in approving our budgets for construction costs. Once we have identified a new potential project, we will go through our budgeting process and review its potential return. For each potential project, our investment development department will obtain the proposed project specifications such as the expected power or steam generation capacity, waste treatment capacity, and site location from the relevant local government. Based on such specifications, our construction department will prepare a technical plan with respect to each potential project, and our budgeting department will provide an estimate of the total construction costs based on the costs of land, buildings and equipment. Estimated costs for construction of projects typically consist of engineering and installation cost, equipment cost, land cost, staff cost and other cost such as design cost and inspection cost. Our finance management department will adjust variables relating to funding, such as interest rate assumptions to finalize the budget for the relevant project. The entire proposal is submitted to our construction and technical committee for approval relating to the technical aspects, and to our project risk management committee for approval relating to the financial aspects. For all of our projects, the proposal is further submitted to the management committee and the board of directors for approval. After our board of directors approve the budget for construction cost, it will be used by the valuer in determining the valuation of our construction service. In appraising our construction services, Grant Sherman Appraisal Limited and RHL Appraisal Limited also consider, among other things, the amount of investment, capacity, construction period and other characteristics of the construction services, and study the market conditions of projects in the relevant industry. Grant Sherman Appraisal Limited is a professional firm providing valuation and consulting services for a wide range of industries and business functions. Since its establishment in 2002, it has worked with listed companies and private businesses in Hong Kong, Macau, mainland China and other countries. Grant Sherman Appraisal Limited has served as an adviser to companies listed on the Stock Exchange in respect of the provision of similar services. RHL Appraisal Limited is a professional firm focusing on two major core businesses, corporate valuation & advisory and real estate solution & surveying practice, and was founded in Hong Kong in 1972. During the past 45 years, it has provided multiple valuation and advisory services to clients from different backgrounds, including listed companies, companies considering initial public offering in Hong Kong and overseas, immigration firms, solicitors, accountants, banks, financial institutions, real estate developers, government bodies as well as NGOs. According to Grant Sherman Appraisal Limited and RHL Appraisal Limited, the mark-ups for our construction services for purposes of their valuation during the Track Record Period ranged from 14.8% to 25.0%, which were in line with the market norm. Gross profit margin based on the mark-up for our construction services for purposes of their valuation may be different from the actual gross profit margin of our construction services because the actual costs for our construction services may be different from the estimated construction costs used at the time of determining the fair value of our construction services due to the uncertainty in construction work which can be affected by complex construction technologies, geological conditions, weather and other factors which are out of our control and fluctuation in costs of construction contractors and engineering service providers and purchase price for construction materials and equipment during the period from valuation to the commencement of construction, which can be a year or more. Differences between the gross profit margins based on mark-ups for valuation and the actual gross profit margins also arise due to variation in construction costs as a result of changes in sewage treatment system, grid connection or other parts of the facilities which can be affected by many factors during the construction. Cost savings will result in the actual gross profit margin being higher than the gross profit margin based on mark-up while cost overruns will result in the actual gross profit margin being lower than the gross profit margin based on mark-up. During the Track Record Period, our cost overruns and savings ranged between -17.9% (cost overrun) and 13.5% (cost saving) of the estimated construction costs. For the years ended December 31, 2014, 2015 and 2016, the gross profit margin of our construction service for biomass projects amounted up to 29.1%, which was higher than 20.0%, the equivalent gross profit margin of the highest end of the mark-up range (25.0%), primarily due to cost savings of our biomass projects due to our smooth construction progress with little variation claims from our contractors regarding the construction fees, as a result of our efficient management and control of project construction. For the actual gross profit margins of our construction services during the Track Record Period, see "— Description of Selected Income Statement Line Items — Gross Profit."

The following table sets forth the sensitivity of our construction service revenue for the years ended December 31, 2014, 2015 and 2016 in relation to movements in the mark-ups of our construction services for the respective years indicated:

	Year ended December 31,					
	2014		2015		2016	
Increase / (Decrease) of Mark ups	Changes in Construction Service Revenue	% Change	Changes in Construction Service Revenue	% Change	Changes in Construction Service Revenue	% Change
	(HK$ in thousands, except percentage)					
5%	28,672	4.3	26,503	4.2	76,257	3.7
3%	17,203	2.6	15,902	2.5	45,754	2.2
1%	5,734	0.9	5,301	0.8	15,251	0.7
(1)%	(5,734)	(0.9)	(5,301)	(0.8)	(15,251)	(0.7)
(3)%	(17,203)	(2.6)	(15,902)	(2.5)	(45,754)	(2.2)
(5)%	(28,672)	(4.3)	(26,503)	(4.2)	(76,257)	(3.7)

While we record revenue on the income statement during the construction phase, we record the relevant construction contracts in progress at the end of the reporting period in the statement of financial position either as "intangible assets" or "gross amounts due from customers for contract work" depending on whether the revenue stream under the relevant construction contract is guaranteed. If the revenue stream is not guaranteed, the construction contracts will be recorded as "intangible assets" and if the revenue stream under the construction contracts is guaranteed, the construction contracts will be recorded as "gross amounts due from customers for contract work." See "— Critical Accounting Policies, Estimates and Judgments — Construction Contracts."

For projects accounted for as service concession arrangements with intangible assets recorded during the construction phase, such as most of our biomass projects (other than the waste-to-energy portion), the entire service fees we receive during the operational phase will be recorded as revenue from operation services, while the intangible assets we record in relation to the revenue generated from construction services will be amortized over the estimated useful life on a straight-line basis. See "— Critical Accounting Policies, Estimates and Judgments — Intangible Assets."

With respect to each project accounted for as a service concession arrangement with financial assets recorded during the construction phase, we recognize construction revenue as gross amounts due from customers for contract work during the construction phase, and recognize finance income as other receivables during both the operational and construction phases. Finance income represents the amount of interest accrued on the outstanding balance of the gross amounts due from customers for contract work using the effective interest method at the prevailing PBOC rate at the time we enter into the relevant agreement. The interest rates ranged from 5.15% to 6.91% per annum during our Track Record Period. The financial assets, which consist of gross amounts due from customers for contract work and other receivables, are offset by a portion of cash receipt generated as service fee (recorded as progress billings) on a straight-line basis during the operational phase such that the balance of the relevant financial assets will be reduced to zero at the end of the concession period. The remaining portion of the cash receipt generated as service fee is then recorded as operation revenue. As such, upon the commencement of the operational phase, based on the total balance of the financial assets with respect to a project as of that time, the amount of cash receipt to be allocated to offset the financial assets for each year over the remaining concession period is fixed, while the actual cash receipt from our operation services may fluctuate from period to period.

For projects with construction revenue recognized as intangible assets, the intangible assets are amortized on a straight-line basis over the period of their useful lives. Accordingly, upon the commencement of the operational phase, assuming the operating scale and pricing of operation services remain the same each year, the revenue, which only consists of income generated from operation services, is expected to remain stable over the operational phase. For projects with construction revenue recognized as financial assets, operation revenue accounts for the majority of the revenue during the operational phase while finance income accounts for the remainder. Finance income decreases as the outstanding balances of the financial assets decrease over the operational phase. Accordingly, upon the commencement of the operational phase, assuming the operating scale and pricing of operation services remain the same each year, the revenue, which consists of operation service revenue and finance income, is expected to decrease over the operational phase.

Intangible assets and gross amounts due from customers for contract work are subject to impairment testing when there is an impairment indicator. An example of an impairment indicator is the case that we do not receive sufficient cash payments during the operational phase if the relevant project does not materialize or if the actual cash receipts in the operational phase are smaller than expected. Besides, intangible assets that are not yet available for use are subject to impairment testing throughout the concession period of which the recoverable amount is estimated annually as to whether or not there is any indication of impairment. See "— Critical Accounting Policies, Estimates and Judgments — Impairment of Receivables," "— Critical Accounting Policies, Estimates and Judgments — Impairment of Other Assets," and "Risk Factors — Risks Relating to Our Business and Industry — Our results may fluctuate due to our accounting treatment with respect to service concession arrangements." We did not incur any impairment or write-offs related to insufficient cash payments in the operational phases of our projects accounted for as service concession arrangements during the Track Record Period.

Most of our biomass projects and some of our hazardous waste treatment projects as of the Latest Practicable Date are accounted for as service concession arrangements. The construction contracts for the biomass portion of our integrated biomass and waste-to-energy projects and some of our hazardous waste treatment projects are recorded under "intangible assets," while the construction contracts for the waste-to-energy portion of our integrated biomass and waste-to-energy projects and some of our hazardous waste treatment projects are recorded under "gross amounts due from customers for contract work". The following table sets forth a breakdown of the intangible assets and gross amounts due from customers for contract work with respect to projects accounted for as service concession arrangements as of the dates indicated:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Intangible assets[(1)]:			
BOT projects	435,102	460,570	498,271
BOO projects	923,700	1,201,059	2,477,543
	1,358,802	1,661,629	2,975,814
Gross amounts due from customers for contract work[(2)]:			
BOT projects	58,014	44,450	35,335
BOO projects	118,986	329,332	770,169
	177,000	373,782	805,504

Notes:

(1) Include Dangshan Integrated Biomass and Waste-to-Energy Project (Biomass), Hanshan Biomass Direct Combustion Project, Sucheng Biomass Heat Supply Project, Xuyi Biomass Electricity and Heat Cogeneration Project, Dingyuan Biomass Direct Combustion Project, Lingbi Integrated Biomass and Waste-to-Energy Project (Biomass), Nanqiao Biomass Direct Combustion Project, Xiao County Integrated Biomass and Waste-to-Energy Project (Biomass), Guanyun Integrated Biomass and Waste-to-Energy Project (Biomass), Mianzhu Integrated Biomass and Waste-to-Energy Project (Biomass), Fengyang Integrated Biomass and Waste-to-Energy Project (Biomass) and Yeji Biomass Electricity and Heat Cogeneration Project, Guanyun Hazardous Waste Landfill Project, Binhai Hazardous Waste Landfill Project and Xinyi Hazardous Waste Incineration Project.

(2) Include Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Lingbi Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Xiao County Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Guanyun Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Fengyang Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Suzhou Hazardous Waste Landfill Project (Phase I), Suzhou Hazardous Waste Landfill Project (Phase II) and Suqian Hazardous Waste Landfill Project.

The following table sets forth a breakdown of construction revenue recorded under intangible assets and gross amounts due from customers for contract work for projects accounted for as service concession arrangements during the Track Record Period.

Construction revenue recorded as additions to:	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Intangible assets	670,742	401,090	1,533,543
Gross amounts due from customers for contract work	—	234,120	515,023
Total	670,742	635,210	2,048,566

The following roll forward table sets forth the movement in the balances of intangible assets during the Track Record Period. Construction revenue allocated to the intangible assets is shown as the "additions" in the following roll forward table which increase the balance of the intangible assets.

	Intangible Assets		
	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	(HK$ in thousands)		
Cost:			
At January 1, 2014	692,062	83,130	775,192
Exchange adjustments	(20,986)	(5,776)	(26,762)
Additions	312,994	357,748	670,742
At December 31, 2014	984,070	435,102	1,419,172
Accumulated amortization:			
At January 1, 2014	38,463	—	38,463
Exchange adjustments	(1,225)	—	(1,225)
Charge for the year	23,132	—	23,132
At December 31, 2014	60,370	—	60,370
Net book value:			
At December 31, 2014	923,700	435,102	1,358,802
Cost:			
At January 1, 2015	984,070	435,102	1,419,172
Exchange adjustments	(50,396)	(18,801)	(69,197)
Additions	356,821	44,269	401,090
At December 31, 2015	1,290,495	460,570	1,751,065
Accumulated amortization:			
At January 1, 2015	60,370	—	60,370
Exchange adjustments	(3,418)	—	(3,418)
Charge for the year	32,484	—	32,484
At December 31, 2015	89,436	—	89,436
Net book value:			
At December 31, 2015	1,201,059	460,570	1,661,629

	Intangible Assets		
	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	(HK$ in thousands)		
Cost:			
At January 1, 2016	1,290,495	460,570	1,751,065
Exchange adjustments	(151,501)	(34,001)	(185,502)
Additions	1,456,593	76,950	1,533,543
At December 31, 2016	2,595,587	503,519	3,099,106
Accumulated amortization:			
At January 1, 2016	89,436	—	89,436
Exchange adjustments	(7,563)	(249)	(7,812)
Charge for the year	36,171	5,497	41,668
At December 31, 2016	118,044	5,248	123,292
Net book value:			
At December 31, 2016	2,477,543	498,271	2,975,814

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that intangible assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased. If any such indication exists, the intangible assets' recoverable amount is estimated. In addition, for intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment. As of December 31, 2014, 2015 and 2016, there were certain projects that had not commenced operation, the amounts of the project operating rights of these projects were HK$435.1 million , HK$806.4 million and HK$894.9 million, respectively.

The recoverable amount of each of these operating rights recognized as intangible assets was determined based on value-in-use calculations, i.e. the present value of the future cash flows expected to be derived from the projects. The cash flow projections are based on the most recent financial budgets approved by the senior management covering a budget period of five years. The financial budgets are prepared primarily based on the service agreements governing the relevant projects together with key assumptions such as utilization rates and gross profit margins that represent the senior management's best estimate of the set of economic conditions that will exist over the period. Such key assumptions are supported by historical data of existing projects with similar production capacity, technologies and type of biomass materials processed or hazardous waste treated.

For example, the utilization rate and gross profit margins used for determining the recoverable amount of our biomass project operating rights are supported by our existing biomass facilities' historical utilization rates which in turn are primarily affected by the quality and conversion rates of the biomass raw materials available to us, as well as our historical tariffs and our cost of biomass materials. We expect our historical utilization rate to be a reasonable indication of our utilization rate going forward because we have been able to effectively control the quality of the biomass raw materials available to us and we have been able to maintain a relatively stable conversion rate based on our quality control measures and the mature technologies we employ at our biomass facilities; as such, we do not expect any material change in the quality and conversion rate of our biomass raw materials as well as the utilization rate of our biomass facilities. We expect our historical gross profit margins to be a reasonable indication of our gross profit margins going forward because we have been able to maintain tariffs at a stable level and we have been able to effectively control the cost of our biomass materials as a result of our comprehensive and robust biomass supply networks. See "Business — Our Biomass Business — Our Biomass Supply Networks."

The cash flow projections beyond the budget period are extrapolated using an estimated inflation rate of 2% which does not exceed the average long-term growth rates for the industry in which the projects operate. Two of our main revenue sources, namely, on-grid tariff as set by the Government and hazardous waste treatment fee as agreed between us and the industrial companies and medical institutions with reference to fee guidance by the Government, are subject to adjustments by the Government based on a number of factors such as inflation and market conditions. Our material costs and labor costs are also linked to inflation. Discount rates of 13.5% to 14.3% have been adopted for the value-in-use calculations during the Track Record Period. Discount rates used are the pre-tax rates that reflect the current market assessments of the time value of money and the specific risks relating to the relevant project operating rights. In determining the discount rate, we assumed a constant level of gearing throughout the cash flow forecast period, including in the terminal value. Our cost of capital, incremental borrowing rate and other market borrowing rates have been taken into consideration. We have also made reference to discount rates adopted by certain other companies in the environmental protection industry in the PRC and considered our discount rate to be within the range of rates used by those companies.

The following table sets forth the movement in the balance of gross amounts due from customers for contract work during the Track Record Period. Construction revenue allocated to gross amounts due from customers for contract work as shown in the following roll forward table increases the balance of gross amounts due from customers for contract work while part of the future service fee received during the operational phase will be allocated to progress billings to settle the gross amounts due from customers for contract work.

	Gross Amounts due from Customers for Contract Work		
	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	(HK$ in thousands)		
At January 1, 2014	—	207,760	207,760
Construction revenue for the year	—	—	—
Progress billings for the year	—	(25,676)	(25,676)
Exchange adjustments	—	(5,084)	(5,084)
At December 31, 2014	—	177,000	177,000
At January 1, 2015	—	177,000	177,000
Construction revenue for the year	234,120	—	234,120
Progress billings for the year	—	(23,790)	(23,790)
Exchange adjustments	(7,182)	(6,366)	(13,548)
At December 31, 2015	226,938	146,844	373,782
At January 1, 2016	226,938	146,844	373,782
Construction revenue for the year	506,982	8,041	515,023
Progress billings for the year	(14,973)	(22,067)	(37,040)
Exchange adjustments	(37,166)	(9,095)	(46,261)
At December 31, 2016	681,781	123,723	805,504

Projects Not Accounted for as Service Concession Arrangements

Our revenue from projects not accounted for as service concession arrangements for the years ended December 31, 2014, 2015 and 2016 was HK$78.6 million, HK$102.0 million and HK$322.5 million, respectively.

For projects not accounted for as service concession arrangements, we do not record any revenue during the construction phase and only recognize revenue when our services are rendered during the operational phase. See "— Critical Accounting Policies, Estimates and Judgments — Revenue Recognition — Revenue from operation services." In particular, revenues are recognized when we receive on-grid tariffs generated from our facilities, or when our hazardous waste treatment services are rendered. The amount of such revenue is recorded in our consolidated income statement as revenue from operation services.

During the construction phase, costs related to the construction of our facilities are capitalized as property, plant and equipment or interest in leasehold land held for own use under operating leases.

Depreciation of such property, plant and equipment is recognized in profit or loss on a straight-line basis over their estimated useful lives. See "— Critical Accounting Policies, Estimates and Judgments — Property, Plant and Equipment." Amortization of interest in leasehold land held for own use under operating leases is recognized in profit or loss on a straight-line basis over the period of the lease term.

The accounting treatment for projects not accounted for as service concession arrangements does not involve any estimations or recognitions of construction revenues.

Project Mix

As revenues from construction services accounted for a relatively large portion of our total revenues during the Track Record Period and the profit margin of our construction services is typically lower than that of our operation services, the mix of projects accounted for as service concession arrangements and the other projects had a material effect on our revenue and profit margin during the Track Record Period. As of the Latest Practicable Date, we had 44 pipeline projects, including 14 projects under construction and 30 projects at the planning stage, most of which are currently accounted for, or are expected to be accounted for, as service concession arrangements. As a result, we believe that the mix of projects under construction and in operation will continue to have a similar effect on our revenue and profit margin, and our results of operations may continue to fluctuate according to the number, fair value and construction stage of the projects accounted for as service concession arrangements during a given period.

BASIS OF PRESENTATION

Our consolidated financial information has been prepared using the merger basis of accounting as if we had always been in existence. CEIL controlled the companies now comprising the Group before the Reorganization and continued to control these companies after the Reorganization. The control is not transitory and therefore the Reorganization has been accounted for as business combination of entities under common control. The consolidated statements of financial position, consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated cash flow statements for the years ended December 31, 2014, 2015 and 2016 have been prepared as if the current group structure had been in existence throughout the Track Record Period. All material intra-group balances, transactions and cash flows have been eliminated in preparing the financial information.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are significant to the preparation of our consolidated financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In such cases, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our financial statements. Our significant accounting policies, estimates and judgments, which are important for an understanding of our financial condition and results of operations, are set forth in detail in Notes 1 and 2 to the Accountants' Report in Appendix I to this Prospectus.

Service Concession Arrangements

We entered into projects under BOT and BOO models. We concluded that all of our projects under the BOT model and certain of our projects under BOO model are service concession arrangements. The determination is primarily based on whether the local government, which is the grantor of the service concession arrangements for our projects, controls and regulates the services that we must provide with the infrastructure and whether it does so at a pre-determined service charge. For our projects under BOT model accounted for as service concession arrangements, the relevant infrastructure has to be transferred to the local government at nil consideration upon expiry of the applicable agreement. For our projects under BOO model accounted for as service concession arrangements, the relevant infrastructure is used under the arrangement for its entire or substantial useful life. Accordingly, at the end of the service concession period, the residual value of the relevant infrastructure under BOO model will become zero and the relevant infrastructure would not be recognized as property, plant and equipment on our consolidated statement of financial position. See "— Impact of the Accounting Treatment for Service Concession Arrangement — Projects Accounted for as Service Concession Arrangements" and "Business — Our Customers — BOO and BOT Models."

Construction Contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognized profit less recognized losses and progress billings, and are presented in the statement of financial position either as "gross amounts due from customers for contract work" or "intangible assets" (as an asset) or the "gross amounts due to customers for contract work" (as a liability), as applicable. The determination as to whether "gross amounts due from customers for contract work" or "intangible assets" should be recorded is based on whether there is minimum guaranteed future revenue stream under the relevant service concession arrangement. If there is a minimum guaranteed future revenue stream, we will record it as "gross amounts due from customers for contract work." Otherwise, we will record it as "intangible assets."

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract based on the latest available information. The final outcome with respect to each project is determined based on the fair value of the completed project as appraised by external valuers. The fair value of construction services is determined based on appraisals by third party valuers at the inception of service concession arrangements. The independent valuer assesses the fair value of construction service based on the budgeted construction costs and estimated return on cost for the projects, which will be considered as mark-ups for our projects. We estimate the budgeted construction cost based on our assessment of market conditions, cost of raw materials and equipment, and other operating costs, among other factors. In order to assess the estimated return on cost, the independent valuer would make reference to the relevant operating margins as of the valuation dates of comparable companies providing similar construction services. The stage of completion is assessed by reference to the work performed according to the surveyors. When the final outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

Revenue and profit recognition on an incomplete project is dependent on estimating the final outcome of the construction contract, as well as the work done to date. Based on our recent experience and the nature of the construction activity undertaken by us, we make estimates of the point at which we consider the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached, the "gross amounts due from customers for contract work" will not include profit which we may eventually realize from the work to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognized in future years as an adjustment to the amounts recorded to date.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to us and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows.

Revenue from construction services

Revenue relating to construction services under a service concession arrangement is recognized consistent with our accounting policy on recognizing revenue from construction contracts. See "— Impact of the Accounting Treatment for Service Concession Arrangement — Projects Accounted for as Service Concession Arrangements" and "— Construction Contracts." We do not recognize revenue from construction services for projects not accounted for as service concession arrangements.

Revenue from operation services

Revenue from operation services for projects not accounted for as service concession arrangements is recognized when the related services are rendered.

For projects accounted for as service concession arrangements, operation service revenue is recognized in the period in which services are provided by us. The consideration received is allocated by reference to the relative fair values of the services delivered. See "— Impact of the Accounting Treatment for Service Concession Arrangement — Projects Accounted for as Service Concession Arrangements."

Finance income

Finance income is recognized on projects accounted for as service concession arrangements, which are accrued using the effective interest method on the outstanding balance of the gross amounts due from customers for contract work at the prevailing PBOC rate at the time that we enter into the relevant agreement. See "— Impact of the Accounting Treatment for Service Concession Arrangement — Projects Accounted for as Service Concession Arrangements."

Government grants

Government grants are recognized in the statement of financial position initially when there is reasonable assurance that they will be received and that we will comply with the conditions attaching to them. Grants that compensate us for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate us for the cost of an asset are recognized initially as deferred income and amortized to profit or loss on a straight-line basis over the useful life of the asset.

Intangible Assets

Intangible assets represent operating rights of certain biomass and hazardous waste treatment projects accounted for as service concession arrangements. See "— Construction Contracts." The intangible assets are stated at cost less accumulated amortization and impairment losses. Amortization of intangible assets is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets are amortized from the date they are available for use and their estimated useful lives are as follows:

Type	Useful Life
Biomass project operating rights	30 years
Hazardous waste treatment project operating rights	20 to 30 years

Both the period and method of amortization are reviewed annually.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Type of Property	Useful Life
• Buildings situated on leasehold land	Shorter of the unexpired term of lease and the estimated useful lives, from 20 to 50 years
• Plant and machinery	5 to 25 years
• Leasehold improvements	10 years or over the remaining term of the lease, if shorter
• Furniture and fixtures	5 to 10 years
• Motor vehicles, electronic equipment and others	3 to 12 years

No depreciation is provided in respect of construction in progress.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Impairment of Receivables

Current and non-current receivables that are stated at cost or amortized cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to our attention about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization; and

- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss of trade and other receivables is determined and measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition of the relevant assets, where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of debtors included within debtors, other receivables, deposits and prepayments, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When we are satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

We estimate impairment losses for bad and doubtful debts resulting from the inability of the customers to make the required payments. We base the estimates on the aging of the receivables, customer credit-worthiness, and historical write-off experience. If the financial conditions of customers were to deteriorate, actual write-offs would be higher than estimated.

Impairment of Other Assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;

- pre-paid interests in leasehold land classified as being held under an operating lease;

- intangible assets; and

- interest in a joint venture.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

If circumstances indicate that the carrying values of property, plant and equipment, interest in leasehold land held for own use under operating leases, intangible assets, interest in a joint venture and other financial assets may not be recoverable, these assets may be considered impaired, and an impairment loss may be recognized in accordance with HKAS 36, Impairment of assets. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to estimate precisely fair values because quoted market prices for our assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to revenue and amount of operating costs. We use all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a *pro rata* basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

Income Tax Provisions

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. We carefully evaluate tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognized for temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized, management's judgment is required to assess the probability of future taxable profits. Management reassess these estimates at the end of each reporting period. Additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

DESCRIPTION OF SELECTED INCOME STATEMENT LINE ITEMS

Revenue

The following table sets forth a breakdown of our revenue by segment for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Biomass	532,641	50.4	946,320	78.7	2,449,253	81.6
Hazardous waste treatment	453,091	42.8	164,194	13.6	335,763	11.2
Solar energy and wind power	72,052	6.8	92,684	7.7	215,115	7.2
Total	**1,057,784**	**100.0**	**1,203,198**	**100.0**	**3,000,131**	**100.0**

Biomass Business

The following table sets forth a breakdown of revenue from our biomass business by revenue source for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Construction service	312,994	58.8	590,941	62.4	1,963,575	80.2
Operation service	219,647	41.2	348,989	36.9	459,840	18.8
Finance income	—	—	6,390	0.7	25,838	1.0
Total	**532,641**	**100.0**	**946,320**	**100.0**	**2,449,253**	**100.0**

Revenue from our biomass business includes the revenue we record for the construction service, operation service and finance income. Most of our biomass projects are accounted for as service concession arrangements. See "— Impact of the Accounting Treatment for Service Concession Arrangement — Projects Accounted for as Service Concession Arrangements." Revenue from our operation service primarily consists of on-grid tariffs we receive from local power grid companies for sales of electricity under the relevant power purchase agreements. We also receive waste treatment fees for the treatment of household waste from the local government under the relevant investment or concession agreements for our integrated biomass and waste-to-energy projects, although we expect this revenue to account for a relatively small portion of our total revenue. For our biomass cogeneration projects, we receive steam supply fees from customers for sales of steam under the relevant steam supply agreements. Our revenues from our biomass business are mainly driven by on-grid tariffs, steam prices, and the actual amount of electricity and steam generated by our biomass facilities, which in turn depends on the total number and capacity of our projects and their operating efficiency. We also record finance income which is related to the gross amounts due from customers for contract work recorded for the construction service of our projects accounted for as service concession arrangements. See "— Impact of the Accounting Treatment for Service Concession Arrangement — Projects Accounted for as Service Concession Arrangements."

The following table sets forth certain operating data for our biomass projects for the years indicated:

	Year ended December 31,		
	2014	2015	2016
Number of projects under construction at year end	—	5	12
Projects in operation:			
Designed capacity at year end (MW)	60.0	60.0	151
Electricity sold (MWh)	271,167	440,641	618,718
Average on-grid tariff (RMB/kWh)	0.75	0.75	0.75

Hazardous Waste Treatment Business

The following table sets forth a breakdown of our revenue from our hazardous waste treatment business by revenue source for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Construction service	357,748	79.0	44,269	27.0	84,991	25.3
Operation service	81,545	18.0	107,587	65.5	240,033	71.5
Finance income	13,798	3.0	12,338	7.5	10,739	3.2
Total	**453,091**	**100.0**	**164,194**	**100.0**	**335,763**	**100.0**

Revenue from our hazardous waste treatment business includes the revenue we record for the construction service and operation service and finance income. Most of our hazardous waste treatment projects are accounted for as service concession arrangements. See "— Impact of the Accounting Treatment for Service Concession Arrangement — Projects Accounted for as Service Concession Arrangements." Revenue from our operation services primarily consists of waste treatment fees received from our customers, which are mainly driven by the level of unit waste treatment fees and the actual amount and mix of waste treated by us. Payment of waste treatment fees we will receive for the services provided by our hazardous waste treatment facilities accounted for as service concession arrangements will first be deducted to offset the gross amounts due from customers for contract work we have recorded in relation to the revenue generated from construction services allocated to the applicable period. See "— Impact of Accounting Treatment of Service Concession Arrangements." We also record finance income which is related to the gross amounts due from customers for contract work recorded for the construction service of our projects accounted for as service concession arrangements. See "— Impact of the Accounting Treatment for Service Concession Arrangement — Projects Accounted for as Service Concession Arrangements."

The following table sets forth certain operating data for our hazardous waste treatment projects for the years indicated:

	Year ended December 31,		
	2014	2015	2016
Number of projects under construction at year end	3	4	2
Projects in operation:			
Designed capacity at year end (tons per annum)	61,650	63,650	130,980
Received waste (tons)	60,740.3	52,340.7	99,639.7
Average waste treatment fee (RMB/ton)	1,490.7	2,171.9	2,413.6

Solar Energy and Wind Power Business

Revenue from our solar energy and wind power business for the years ended December 31, 2014, 2015 and 2016 were HK$72.1 million, HK$92.7 million and HK$215.1 million, respectively. None of our solar energy and wind power projects are accounted for as service concession arrangements and therefore we only record revenue after the projects commence operation. Such revenue primarily consists of on-grid tariffs we receive from local power grid companies for sales of electricity under the relevant power purchase agreements, and is mainly driven by on-grid tariffs and the actual amount of electricity generated by our solar energy and wind power facilities, which in turn depends on the total number and capacity of our projects and their respective operating efficiency since the power grid companies need to purchase all of our electricity generated. As of the Latest Practicable Date, all of our solar energy and wind power projects are in operation and we do not have any such project under construction or at the planning stage.

The following table sets forth certain operating data for our solar energy and wind power projects for the years indicated:

	Year ended December 31,		
	2014	2015	2016
Solar energy			
Designed capacity at year end (MW)	29.9	29.9	29.9
Electricity sold (MWh)	29,829	28,909	28,134
Average on-grid tariff (RMB/kWh)	2.25	2.23	2.27
Wind power			
Designed capacity at year end (MW)	—	96	96
Electricity sold (MWh)	—	41,586	244,556
Average on-grid tariff (RMB/kWh)	—	0.61	0.61

Direct Costs and Operating Expenses

Our direct costs and operating expenses primarily consist of construction cost, cost of biomass raw materials, amortization of intangible assets, depreciation for property, plant and equipment, repair and maintenance fees and staff cost. The following table sets forth the components of our direct costs and operating expenses for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Construction cost	540,365	70.7	457,282	59.5	1,525,139	75.9
Material costs	123,955	16.2	199,961	26.0	277,006	13.8
Amortization of intangible assets	23,132	3.0	32,484	4.2	41,668	2.1
Depreciation	26,004	3.4	30,612	4.0	71,275	3.5
Repair and maintenance expenses	10,190	1.3	12,575	1.7	15,554	0.8
Operational staff cost	5,380	0.7	7,174	0.9	18,305	0.9
Others	35,694	4.7	28,574	3.7	59,673	3.0
Total	**764,720**	**100.0**	**768,662**	**100.0**	**2,008,620**	**100.0**

The following table sets forth our direct costs and operating expenses by business segment for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Biomass	391,792	51.2	664,060	86.4	1,790,176	89.1
Hazardous waste treatment	348,554	45.6	72,426	9.4	147,853	7.4
Solar energy and wind power	24,374	3.2	32,176	4.2	70,591	3.5
Total	**764,720**	**100.0**	**768,662**	**100.0**	**2,008,620**	**100.0**

Gross Profit

Gross profit from operations represents the excess of revenue over direct costs and operating expenses. Since the gross profit margin of operation services and construction services are similar for our biomass business, gross profit margin of our biomass business fluctuated but remained relatively stable during the Track Record Period despite the fluctuation in the proportion of construction service revenue and operation service revenue. In comparison, gross profit margin of our hazardous waste treatment business fluctuated significantly during the Track Record Period as a result of changes in the number of projects under construction accounted for as service concession arrangements because gross profit margin for construction service revenue is much lower than gross profit margin for operation service revenue for our hazardous waste treatment business. Gross profit margin of our solar energy and wind power business remained relatively stable during the Track Record Period and the increase in 2016 compared to 2015 was due to the revenue generation by Ningwu Wind Power Projects since September 2015.

The following table sets forth our gross profit and gross profit margin by business segment for the years indicated:

	Year ended December 31,								
	2014			2015			2016		
	Gross Profit	% of Total	Margin %	Gross Profit	% of Total	Margin %	Gross Profit	% of Total	Margin %
	(HK$ in thousands, except percentages)								
Biomass	140,849	48.0	26.4	282,260	65.0	29.8	659,077	66.5	26.9
Hazardous waste treatment	104,537	35.7	23.1	91,768	21.1	55.9	187,910	18.9	56.0
Solar energy and wind power	47,678	16.3	66.2	60,508	13.9	65.3	144,524	14.6	67.2
Total	**293,064**	**100.0**	**27.7**	**434,536**	**100.0**	**36.1**	**991,511**	**100.0**	**33.0**

The following table sets forth a breakdown of our gross profit and gross profit margin by stage of projects, i.e. construction stage and operation stage (finance income is recognized during both construction and operation stages), for the years indicated:

	Year ended December 31,								
	2014			2015			2016		
	Gross Profit	% of Total	Margin %	Gross Profit	% of Total	Margin %	Gross Profit	% of Total	Margin %
	(HK$ in thousands, except percentage)								
Construction revenue	130,377	44.5	19.4	177,928	40.9	28.0	523,427	52.8	25.6
Operation revenue	148,889	50.8	39.9	237,880	54.8	43.3	431,507	43.5	47.2
Finance income	13,798	4.7	—	18,728	4.3	—	36,577	3.7	—
Total	**293,064**	**100.0**	**27.7**	**434,536**	**100.0**	**36.1**	**991,511**	**100.0**	**33.0**

During the Track Record Period, the gross profit margin of construction services for our biomass business was higher than that for our hazardous waste treatment business, because the construction of biomass projects involved more complex construction technologies and equipment than that of hazardous waste treatment projects which resulted in higher construction costs, and thus higher construction service revenues, for our biomass projects as compared to our hazardous waste treatment projects. Over the same period, gross profit margin of operation services for our biomass business was lower than that of our hazardous waste treatment business mainly due to the purchase costs of raw materials for the operation of biomass projects. The following table sets forth our gross profit and gross profit margin by nature of services provided for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	Margin %	Amount	Margin %	Amount	Margin %
	(HK$ in thousands, except percentage)					
Construction services:						
Biomass	78,913	25.2	171,911	29.1	511,898	26.1
Hazardous waste treatment	51,464	14.4	6,017	13.6	11,529	13.6
	130,377	19.4	177,928	28.0	523,427	25.6
Operation services:						
Biomass	61,936	28.2	103,959	29.8	121,341	26.4
Hazardous waste treatment	39,275	48.2	73,413	68.2	165,642	69.0
Solar energy and wind power	47,678	66.2	60,508	65.3	144,524	67.2
	148,889	39.9	237,880	43.3	431,507	47.2
Finance income	13,798	—	18,728	—	36,577	—
Total	**293,064**	**27.7**	**434,536**	**36.1**	**991,511**	**33.0**

Other Revenue

Our other revenue primarily consists of refund of VAT, interest income, government grants and others. Our biomass project companies are entitled to refunds of up to 100% of the VAT. Our hazardous waste treatment project companies are entitled to refunds of up to 70% of the VAT. Our solar energy project companies and wind power project companies are entitled to refunds of up to 50% of the VAT. Government subsidy income is primarily related to (i) government grants for biomass raw materials used by us, and (ii) government subsidies for our investments in new projects and acquisition of properties, plant and equipment. Refunds of VAT and government grants for biomass usage are generally dependent on our business volume, while government grants with respect to project investment may fluctuate from period to period depending on the new projects we source. Interest income relates to interest on our bank deposits and amounts due from fellow subsidiaries.

The following table sets forth the components of our other revenue for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
VAT refund	15,282	70.4	23,209	61.3	42,249	62.2
Interest income	3,229	14.9	7,105	18.8	5,615	8.3
Government grants	1,737	8.0	5,444	14.4	15,750	23.2
Others	1,445	6.7	2,100	5.5	4,283	6.3
Total	**21,693**	**100.0**	**37,858**	**100.0**	**67,897**	**100.0**

Other Loss

Our other loss primarily consists of losses we incur as a result of our disposal of property, plant and equipment, which represent obsolete equipment that have been sold for scrap and replaced by upgraded equipment. Our other loss represented an insignificant portion of our revenue throughout the Track Record Period.

Administrative Expenses

Our administrative expenses primarily comprise salaries, marketing expenses, exchange gains and losses, depreciation of property, plant and equipment, office expenses, legal and professional fee, property management fee, vehicle expenses, other miscellaneous charges and taxes and other expenses. For the years ended December 31, 2014, 2015 and 2016, our administrative expenses represented 6.0%, 8.5% and 6.6%, respectively, of our total revenue.

The following table sets forth the components of our administrative expenses for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Salaries	17,328	27.3	30,211	29.7	52,620	26.6
Marketing expenses	8,184	12.9	11,297	11.1	20,846	10.5
Exchange loss	3,990	6.3	9,728	9.6	12,653	6.4
Depreciation of property, plant and equipment	5,428	8.5	9,256	9.1	14,325	7.2
Amortization of interest in leasehold land held for own use under operating leases	588	0.9	549	0.5	4,239	2.1
Office expenses	4,481	7.1	7,228	7.1	8,595	4.4
Legal and professional fee	1,635	2.6	6,527	6.4	39,124	19.8
Property management fee	3,296	5.2	4,505	4.4	11,185	5.7
Vehicle expenses	3,438	5.4	3,966	3.9	10,276	5.2
Miscellaneous charges and taxes	6,698	10.6	7,211	7.1	6,186	3.1
Others	8,359	13.2	11,232	11.1	17,698	9.0
Total	**63,425**	**100.0**	**101,710**	**100.0**	**197,747**	**100.0**

Finance Costs

Our finance costs primarily consist of interest on bank loans and on borrowings from our affiliates. Our finance costs exclude capitalized interest expenses. For the years ended December 31, 2014, 2015 and 2016, our finance costs represented 2.5%, 3.4% and 2.3% of our revenue, respectively.

Income Tax

Our income tax represents enterprise income tax expenses, withholding tax expenses payable on undistributed profits to non-PRC residents by our subsidiaries in China, and tax effect of temporary differences on revenue recognition. For the years ended December 31, 2014, 2015 and 2016, our effective tax rate was 11.3%, 17.2% and 19.6%, respectively.

Hong Kong. Our subsidiaries incorporated in Hong Kong were subject to a profit tax at the rates of 16.5% in the years ended December 31, 2014, 2015 and 2016. No provision for Hong Kong profit tax was made as we had no estimated assessable profits arising from Hong Kong during the Track Record Period.

PRC. Our income tax provision in respect of operations in the PRC was calculated at the tax rate of 25% on the estimated assessable profits for each of the years ended December 31, 2014, 2015 and 2016. Taxable income of our biomass project companies was calculated by taking into account 90% of the actual revenue for purposes of calculating the amount of their EIT. During the Track Record

Period, certain of our hazardous waste treatment project companies and solar energy and wind power project companies were exempt from EIT or entitled to a 50% deduction. See "— Factors Affecting Our Results of Operations — Governmental Policies and Support." We reversed an over-provision of income tax in the amount of HK$13.7 million in 2014, which represented a tax refund received by us in respect of an approval obtained for tax concession of a hazardous waste treatment project, for which the relevant amount of tax was previously paid and provided for.

Profit for the Year

Our profit for the years ended December 31, 2014, 2015 and 2016 was HK$199.7 million, HK$271.4 million and HK$629.5 million, respectively, which included our non-controlling interests. Our net profit margin was 18.9%, 22.6% and 21.0%, respectively, for the same years.

OTHER FINANCIAL MEASURES

To supplement our consolidated financial statements which are presented in accordance with HKFRS, we also use EBIT and EBITDA as additional financial measures. We present these financial measures because they are used by our management to evaluate our operating performance. We also believe that these financial measures provide useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as our management and in comparing financial results across accounting periods and to those of our peer companies.

EBIT represents profit or loss before income tax and finance costs. EBITDA represents profit or loss before income tax, finance costs, depreciation of property, plant and equipment, and amortization of interest in leasehold land held for own use under operating leases and intangible assets.

The use of EBIT and EBITDA has certain limitations because it does not reflect all items of income and expenses that affect our operations. Items excluded from EBIT and EBITDA are significant components in understanding and assessing our operating and financial performance. Income tax expense, finance costs, depreciation of property, plant and equipment and amortization of interest in leasehold land held for own use under operating leases and intangible assets have been and may continue to be incurred in our business. Each of these items should also be considered in the overall evaluation of our results. Additionally, EBIT and EBITDA do not consider changes in working capital, capital expenditures and other investing activities and should not be considered as a measure of our liquidity. The terms EBIT and EBITDA are not defined under HKFRS, and EBIT and EBITDA are not measures of profit for the year, operating profit or liquidity presented in accordance with HKFRS.

We compensate for these limitations by reconciling the financial measures to the nearest HKFRS performance measure, all of which should be considered when evaluating our performance. The following table reconciles our EBIT and EBITDA for the years presented to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is profit for the year:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Profit for the year	199,677	271,444	629,522
Income tax	25,373	56,302	153,873
Finance costs	26,228	41,202	67,715
EBIT	**251,278**	**368,948**	**851,110**
Depreciation of property, plant and equipment	31,432	39,868	85,600
Amortization of interest in leasehold land held for own use under operating leases	588	549	4,239
Amortization of intangible assets	23,132	32,484	41,668
EBITDA	**306,430**	**441,849**	**982,617**

In light of the foregoing limitations for other financial measures, when assessing our operating and financial performance, you should not consider EBIT and EBITDA in isolation or as a substitute for our profit for the year, operating profit or any other operating performance measure that is calculated in accordance with HKFRS. In addition, because these measures may not be calculated in the same manner by all companies, they may not be comparable to other similar titled measures used by other companies.

RESULTS OF OPERATIONS

The following table sets forth our consolidated income statement for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
Revenue	1,057,784	100.0	1,203,198	100.0	3,000,131	100.0
Direct costs and operating expenses	(764,720)	(72.3)	(768,662)	(63.9)	(2,008,620)	(67.0)
Gross profit	293,064	27.7	434,536	36.1	991,511	33.0
Other revenue	21,693	2.1	37,858	3.2	67,897	2.3
Other loss	(54)	(0.0)	(1,275)	(0.1)	(9,684)	(0.3)
Administrative expenses	(63,425)	(6.0)	(101,710)	(8.5)	(197,747)	(6.6)
Profit from operations	251,278	23.8	369,409	30.7	851,977	28.4
Finance costs	(26,228)	(2.5)	(41,202)	(3.4)	(67,715)	(2.3)
Share of loss of a joint venture	—	—	(461)	(0.0)	(867)	(0.0)
Profit before taxation	225,050	21.3	327,746	27.3	783,395	26.1
Income tax	(25,373)	(2.4)	(56,302)	(4.7)	(153,873)	(5.1)
Profit for the year	199,677	18.9	271,444	22.6	629,522	21.0

Non-HKFRS Measures

	Year ended December 31,					
	2014		2015		2016	
	Amount	%[2]	Amount	%[2]	Amount	%[2]
	(HK$ in thousands, except percentages)					
EBIT[1]	251,278	23.8	368,948	30.7	851,110	28.4
EBITDA[1]	306,430	29.0	441,849	36.7	982,617	32.8

Notes:

(1) For a reconciliation of EBIT and EBITDA to the most directly comparable financial measure calculated and presented in accordance with HKFRS, which is profit for the year, see "— Other Financial Measures."

(2) EBIT margin is calculated by dividing EBIT by revenue. EBITDA margin is calculated by dividing EBITDA by revenue.

Year Ended December 31, 2016 Compared with Year Ended December 31, 2015

Revenue. Our revenue increased by 149.3% from HK$1,203.2 million for the year ended December 31, 2015 to HK$3,000.1 million for the year ended December 31, 2016, primarily due to increases in operation revenues from all of our business segments and increase in construction revenues from our biomass business and hazardous waste treatment business.

Biomass business. Revenue generated from our biomass business increased by 158.8% from HK$946.3 million for the year ended December 31, 2015 to HK$2,449.3 million for the year ended December 31, 2016, primarily due to an increase in construction revenues related to our biomass pipeline projects that commenced construction in 2016, including Lingbi Integrated Biomass and Waste-to-Energy Projects, Nanqiao Biomass Direct Combustion Project, Xiao County Integrated Biomass and Waste-to-Energy Projects, Guanyun Integrated Biomass and Waste-to-Energy Projects, Mianzhu Integrated Biomass and Waste-to-Energy Projects (Biomass), Fengyang Integrated Biomass and Waste-to-Energy Projects and Yeji Biomass Electricity and Heat Cogeneration Project, and an increase in operation revenues from our biomass projects that commenced operation or started to generate operation revenue in 2016, including Sucheng Biomass Heat Supply Project, Xuyi Biomass Electricity and Heat Cogeneration Project, Dingyuan Biomass Direct Combustion Project, Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy) and Huaiyuan Biomass Direct Combustion Project.

Hazardous waste treatment business. Revenue generated from our hazardous waste treatment business increased by 104.5% from HK$164.2 million for the year ended December 31, 2015 to HK$335.8 million for the year ended December 31, 2016, primarily due to an increase in our construction revenues related to our Xinyi Hazardous Waste Incineration Project which commenced construction in the second half of 2015, and an increase in operation revenues from our hazardous waste treatment projects in operation, in particular, Suzhou Hazardous Waste Landfill Projects, Binhai Hazardous Waste Landfill Project, Guanyun Hazardous Waste Landfill Project and Suqian Hazardous Waste Landfill Project as a result of increases in the volume of hazardous waste we received for treatment.

Solar energy and wind power business. Revenue generated from our solar energy and wind power business increased by 132.1% from HK$92.7 million for the year ended December 31, 2015 to HK$215.1

million for the year ended December 31, 2016, primarily due to our Ningwu Wind Power Projects which started generating revenue since September 2015.

Direct costs and operating expenses. Our direct cost and operating expenses increased by 161.3% from HK$768.7 million for the year ended December 31, 2015 to HK$2,008.6 million for the year ended December 31, 2016, primarily due to an increase in our construction costs related to our pipeline biomass projects and hazardous waste treatment projects that commenced construction in 2016.

Biomass business. Direct costs and operating expenses for our biomass business increased by 169.6% from HK$664.1 million for the year ended December 31, 2015 to HK$1,790.2 million for the year ended December 31, 2016, primarily due to an increase in our construction costs related to our biomass pipeline projects that commenced construction in 2016 including Lingbi Integrated Biomass and Waste-to-Energy Projects, Nanqiao Biomass Direct Combustion Project, Xiao County Integrated Biomass and Waste-to-Energy Projects, Guanyun Integrated Biomass and Waste-to-Energy Projects, Mianzhu Integrated Biomass and Waste-to-Energy Projects (Biomass), Fengyang Integrated Biomass and Waste-to-Energy Projects and Yeji Biomass Electricity and Heat Cogeneration Project.

Hazardous waste treatment business. Direct costs and operating expenses for our hazardous waste treatment business increased by 104.3% from HK$72.4 million for the year ended December 31, 2015 to HK$147.9 million for the year ended December 31, 2016, primarily due to an increase in our construction costs related to our Xinyi Hazardous Waste Incineration Project which commenced construction in the second half of 2015.

Solar energy and wind power business. Direct costs and operating expenses for our solar energy and wind power business increased by 119.3% from HK$32.2 million for the year ended December 31, 2015 to HK$70.6 million for the year ended December 31, 2016, primarily due to an increase in operational expenses related to our Ningwu Wind Power Projects which started generating revenue since September 2015.

Gross profit. As a result of the foregoing, our gross profit increased by 128.2% from HK$434.5 million for the year ended December 31, 2015 to HK$991.5 million for year ended December 31, 2016. Our gross profit margin decreased from 36.1% for year ended December 31, 2015 to 33.0% for year ended December 31, 2016, primarily because a higher proportion of the revenue recognized during the year ended December 31, 2016 was from our construction service, which had a lower gross profit margin compared to operation service revenue, while a lower portion of the revenue recognized during the year ended December 31, 2015 was from our construction service.

Biomass business. Gross profit from our biomass business increased by 133.5% from HK$282.3 million for the year ended December 31, 2015 to HK$659.1 million for the year ended December 31, 2016 primarily due to an increase in our construction revenues related to our biomass pipeline projects that commenced construction in 2016 including Lingbi Integrated Biomass and Waste-to-Energy Projects, Nanqiao Biomass Direct Combustion Project, Xiao County Integrated Biomass and Waste-to-Energy Projects, Guanyun Integrated Biomass and Waste-to-Energy Projects, Mianzhu Integrated Biomass and Waste-to-Energy Projects (Biomass), Fengyang Integrated Biomass and Waste-to-Energy Projects and Yeji Biomass Electricity and Heat Cogeneration Project. Gross profit margin of our biomass business decreased from 29.8% for the year ended December 31, 2015 to 26.9% for the year ended December 31, 2016, primarily because a higher proportion of revenue recognized during the year ended December 31, 2016 was from our construction service, which had a lower gross profit margin compared to operation service revenue.

Hazardous waste treatment business. Gross profit from our hazardous waste treatment business increased by 104.8% from HK$91.8 million for the year ended December 31, 2015 to HK$187.9 million for the year ended December 31, 2016, primarily due to an increase in our construction revenues related to our Xinyi Hazardous Waste Incineration Project which commenced construction in the second half of 2015 and better performance of our projects in operation, in particular, Suzhou Hazardous Waste Landfill Projects, Binhai Hazardous Waste Landfill Project, Guanyun Hazardous Waste Landfill Project and Suqian Hazardous Waste Landfill Project as a result of increases in the volume of hazardous waste we received for treatment. Gross profit margin of our hazardous waste treatment business remained stable being 55.9% for the year ended December 31, 2015 and 56.0% for the year ended December 31, 2016.

Solar energy and wind power business. Gross profit from our solar energy and wind power business increased by 138.9% from HK$60.5 million for the year ended December 31, 2015 to HK$144.5 million for the year ended December 31, 2016, primarily due to revenues generated by our Ningwu Wind Power Projects since September 2015. Gross profit margin from our solar energy and wind power business slightly increased from 65.3% for the year ended December 31, 2015 to 67.2% for the year ended December 31, 2016 as the gross profit margin of wind power projects is generally higher than that of solar energy projects.

Other revenue. Our other revenue increased by 79.3% from HK$37.9 million for the year ended December 31, 2015 to HK$67.9 million for the year ended December 31, 2016, primarily due to an increase in VAT refund related to our hazardous waste treatment projects.

Other loss. Our other loss increased from HK$1.3 million for the year ended December 31, 2015 to HK$9.7 million for the year ended December 31, 2016, primarily due to a net loss incurred on our disposal of property, plant and equipment, which represented obsolete equipment that we sold for scrap.

Administrative expenses. Our administrative expenses increased by 94.4% from HK$101.7 million for the year ended December 31, 2015 to HK$197.7 million for the year ended December 31, 2016, primarily due to an increase in staff costs in line with our business expansion and further expenses incurred with the Global Offering. Our administrative expenses accounted for 8.5% and 6.6%, respectively, of our total revenue for the year ended December 31, 2015 and 2016. The decrease in such percentage was primarily due to an increase in the number of projects that were under construction, which incurred lower administrative expenses as compared to projects that were in operation, during the year ended December 31, 2016.

Finance costs. Our finance costs increased by 64.3% from HK$41.2 million for the year ended December 31, 2015 to HK$67.7 million for the year ended December 31, 2016, primarily due to an increase in bank loans incurred for our pipeline projects.

Income tax. Our income tax increased by 173.3% from HK$56.3 million for the year ended December 31, 2015 to HK$153.9 million for the year ended December 31, 2016, and our effective tax rate increased from 17.2% for the year ended December 31, 2015 to 19.6% for the year ended December 31, 2016, primarily because certain of our project companies were entitled to enterprise income tax exemption during the year ended December 31, 2015 but were only entitled to 50% deduction of enterprise income tax in accordance with the relevant PRC tax preferential treatment, such as Suzhou Hazardous Waste Landfill Project (Phase II) and deferred tax increased due to more projects under construction during the year ended December 31, 2016.

Profit for the year. As a result of the foregoing, our profit increased by 131.9% from HK$271.4 million for the year ended December 31, 2015 to HK$629.5 million for the year ended December 31, 2016. Our net profit margin slightly decreased from 22.6% for the year ended December 31, 2015 to 21.0% for the year ended December 31, 2016.

EBITDA. As a result of the foregoing, our EBITDA increased by 122.4% from HK$441.8 million for the year ended December 31, 2015 to HK$982.6 million for the year ended December 31, 2016. Our EBITDA margin decreased from 36.7% for the year ended December 31, 2015 to 32.8% for the year ended December 31, 2016, primarily due to a higher portion of construction revenue, which had a lower margin compared to operation service revenue, recognized during the year ended December 31, 2016.

Biomass business. EBITDA of our biomass business increased by 121.8% from HK$300.6 million for the year ended December 31, 2015 to HK$666.7 million for the year ended December 31, 2016, primarily due to an increase in our construction revenues related to our biomass pipeline projects that commenced construction in 2016 including Lingbi Integrated Biomass and Waste-to-Energy Projects, Nanqiao Biomass Direct Combustion Project, Xiao County Integrated Biomass and Waste-to-Energy Projects, Guanyun Integrated Biomass and Waste-to-Energy Projects, Mianzhu Integrated Biomass and Waste-to-Energy Projects (Biomass), Fengyang Integrated Biomass and Waste-to-Energy Projects and Yeji Biomass Electricity and Heat Cogeneration Project. EBITDA margin of our biomass business decreased from 31.8% for the year ended December 31, 2015 to 27.2% for the year ended December 31, 2016, primarily due to a higher proportion of construction revenue, which had a lower margin compared to operation service revenue, recognized during the year ended December 31, 2016 related to our biomass pipeline projects that commenced construction in 2016.

Hazardous waste treatment business. EBITDA of our hazardous waste treatment business increased by 129.8% from HK$82.2 million for the year ended December 31, 2015 to HK$188.8 million for the year ended December 31, 2016, primarily due to an increase in our construction revenues related to our Xinyi Hazardous Waste Incineration Project which commenced construction in the second half of 2015 and general improvement in operational performance of our hazardous waste treatment projects.

EBITDA margin of our hazardous waste treatment business increased from 50.0% for the year ended December 31, 2015 to 56.2% for the year ended December 31, 2016, primarily due to a general improvement in operational performance of our hazardous waste treatment projects.

Solar energy and wind power business. EBITDA of our solar energy and wind power business increased by 155.9% from HK$77.7 million for the year ended December 31, 2015 to HK$198.8 million for the year ended December 31, 2016, primarily due to revenues generated by our Ningwu Wind Power Projects since September 2015. EBITDA margin for our solar energy and wind power business increased from 83.8% for the year ended December 31, 2015 to 92.4% for the year ended December 31, 2016, primarily due to an increase in revenues generated by our Ningwu Wind Power Projects since September 2015 which had a higher margin compared to our solar energy projects.

Year Ended December 31, 2015 Compared with Year Ended December 31, 2014

Revenue. Our revenue increased by 13.7% from HK$1,057.8 million for the year ended December 31, 2014 to HK$1,203.2 million for the year ended December 31, 2015, primarily due to the increases in revenue generated from our biomass business which was partly offset by the decreases in revenue generated from hazardous waste treatment business.

Biomass business. Our revenue generated from our biomass business increased by 77.7% from HK$532.6 million for the year ended December 31, 2014 to HK$946.3 million for the year ended December 31, 2015, primarily due to an increase in operation service revenue generated by our Hanshan Biomass Direct Combustion Project which commenced operation in August 2014 and an increase in construction service revenue related to our Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Sucheng Biomass Heat Supply Project, Xuyi Biomass Electricity and Heat Cogeneration Project and Dingyuan Biomass Direct Combustion Project, all of which commenced construction in 2015.

Hazardous waste treatment business. Our revenue generated from hazardous waste treatment business decreased by 63.8% from HK$453.1 million for the year ended December 31, 2014 to HK$164.2 million for the year ended December 31, 2015, primarily because HK$357.7 million construction service revenue was recognized in 2014 mainly related to Binhai Hazardous Waste Landfill Project and Guanyun Hazardous Waste Landfill Project which were under construction in 2014, while only HK$44.3 million construction service revenue was recognized in 2015 as most construction of the relevant projects had been completed before 2015, which was offset by a small amount of increase in operation service revenue recognized in 2015 due to increases in the hazardous waste treatment fees.

Solar energy and wind power business. Our revenue generated from our solar energy and wind power business increased by 28.6% from HK$72.1 million for the year ended December 31, 2014 to HK$92.7 million for the year ended December 31, 2015, primarily due to our Ningwu Wind Power Projects which started generating revenue since September 2015.

Direct costs and operating expenses. Our direct costs and operating expenses remained relatively stable for the year ended December 31, 2015 being HK$768.7 million as compared to HK$764.7 million for the year ended December 31, 2014.

Biomass business. Direct costs and operating expenses for our biomass business increased by 69.5% from HK$391.8 million for the year ended December 31, 2014 to HK$664.1 million for the year ended December 31, 2015, which was in line with the increases in operation service and construction service of our biomass business in 2015.

Hazardous waste treatment business. Direct costs and operating expenses for our hazardous waste treatment business decreased by 79.2% from HK$348.6 million for the year ended December 31, 2014 to HK$72.4 million for the year ended December 31, 2015, primarily due to decreases in construction services of our hazardous waste treatment business in 2015.

Solar energy and wind power business. Direct costs and operating expenses for our solar energy and wind power business increased by 32.0% from HK$24.4 million for the year ended December 31, 2014 to HK$32.2 million for the year ended December 31, 2015, primarily due to the operating costs and expenses related to our Ningwu Wind Power Projects which started generating revenue since September 2015.

Gross profit. As a result of the foregoing, our gross profit increased by 48.3% from HK$293.1 million for the year ended December 31, 2014 to HK$434.5 million for the year ended December 31, 2015. Our gross profit margin increased from 27.7% for the year ended December 31, 2014 to 36.1% for the year ended December 31, 2015, primarily because a higher portion of the revenue recognized in 2015 was from our operation service, which had a higher gross profit margin compared to construction service revenue, while a lower portion of the revenue recognized in 2014 was from our operation service.

Biomass business. Gross profit from our biomass business increased by 100.4% from HK$140.8 million for the year ended December 31, 2014 to HK$282.3 million for the year ended December 31, 2015, primarily due to increases in operation service revenue in 2015 as a result of our Hanshan Biomass Direct Combustion Project which commenced operation in August 2014 and increases in construction service revenue related to certain of our biomass projects which commenced construction in 2015. Gross profit margin of our biomass business increased to 29.8% for the year ended December 31, 2015 from 26.4% for the year ended December 31, 2014.

Hazardous waste treatment business. Gross profit from our hazardous waste treatment business decreased by 12.2% from HK$104.5 million for the year ended December 31, 2014 to HK$91.8 million for the year ended December 31, 2015, primarily due to decreases in our construction service revenue in 2015. Gross profit margin of our hazardous waste treatment business increased from 23.1% for the year ended December 31, 2014 to 55.9% for the year ended December 31, 2015, primarily due to a higher proportion of operation service revenue which had a higher gross profit margin recognized in 2015 as compared to 2014.

Solar energy and wind power business. Gross profit from our solar energy and wind power business increased by 26.9% from HK$47.7 million for the year ended December 31, 2014 to HK$60.5 million for the year ended December 31, 2015, primarily due to our Ningwu Wind Power Projects which started generating revenue since September 2015. Gross profit margin from our solar energy and wind power business remained relatively stable which was 65.3% for the year ended December 31, 2015 as compared to 66.2% for the year ended December 31, 2014.

Other revenue. Our other revenue increased by 74.5% from HK$21.7 million for the year ended December 31, 2014 to HK$37.9 million for the year ended December 31, 2015, primarily due to increases in government subsidy related to our Hanshan Biomass Direct Combustion Project, which commenced operation in August 2014 and increase in VAT refund related to our hazardous waste treatment projects as a result of amendment in PRC regulations regarding the method of VAT refund, and an increase in bank interest income due to increases in our bank deposits.

Other loss. Our other loss increased from HK$0.05 million for the year ended December 31, 2014 to HK$1.3 million for the year ended December 31, 2015, primarily due to a net loss incurred on disposal of property, plant and equipment in 2015 as a result of our sale of obsolete equipment for scrap.

Administrative expenses. Our administrative expenses increased by 60.4% from HK$63.4 million for the year ended December 31, 2014 to HK$101.7 million for the year ended December 31, 2015, primarily due to an increase in staff costs in line with our business expansion.

Finance costs. Our finance costs increased by 57.1% from HK$26.2 million for the year ended December 31, 2014 to HK$41.2 million for the year ended December 31, 2015, primarily due to an increase in our borrowings in line with our business expansion.

Income tax. Our income tax increased by 121.9% from HK$25.4 million for the year ended December 31, 2014 to HK$56.3 million for the year ended December 31, 2015, and our effective tax rate increased from 11.3% to 17.2%, primarily due to the reversal of an over-provision of income tax as a result of the income tax refund received in 2014 in respect of an approval obtained for tax concession of a hazardous waste treatment project, for which the relevant amount of tax was previously paid and provided for, which reduced our income tax amount for the year ended December 31, 2014.

Profit for the year. As a result of the foregoing, our profit for the year increased by 35.9% from HK$199.7 million for the year ended December 31, 2014 to HK$271.4 million for the year ended December 31, 2015. Our net profit margin increased from 18.9% for the year ended December 31, 2014 to 22.6% for the year ended December 31, 2015.

EBITDA. As a result of the foregoing, our EBITDA increased by 44.2% from HK$306.4 million for the year ended December 31, 2014 to HK$441.8 million for the year ended December 31, 2015. Our EBITDA margin increased from 29.0% for the year ended December 31, 2014 to 36.7% for the year ended December 31, 2015, primarily due to a higher portion of operation service revenue recognized in 2015, which had a higher gross profit margin compared to the construction service revenue.

Biomass business. EBITDA of our biomass business increased by 96.4% from HK$153.1 million for the year ended December 31, 2014 to HK$300.6 million for the year ended December 31, 2015, primarily due to increases in operation service revenue in 2015 as a result of our Hanshan Biomass Direct Combustion Project which commenced operation in August 2014 and increases in construction service revenue related to certain of our biomass projects which commenced construction in 2015. EBITDA margin of our biomass business remained relatively stable, which was 31.8% for the year ended December 31, 2015 as compared to 28.7% for the year ended December 31, 2014.

Hazardous waste treatment business. EBITDA of our hazardous waste treatment business decreased by 10.8% from HK$92.1 million for the year ended December 31, 2014 to HK$82.2 million for the year ended December 31, 2015, primarily due to decreases in our construction service revenue in 2015. EBITDA margin of our hazardous waste treatment business increased from 20.3% for the year ended December 31, 2014 to 50.0% for the year ended December 31, 2015, primarily due to a higher portion of operation service revenue, which had a higher margin compared to the construction service revenue, being recognized in 2015.

Solar energy and wind power business. EBITDA of our solar energy and wind power business increased by 23.1% from HK$63.1 million for the year ended December 31, 2014 to HK$77.7 million for the year ended December 31, 2015, primarily due to our Ningwu Wind Power Projects which started generating revenue since September 2015. EBITDA margin for our solar energy and wind power business decreased slightly from 87.6% for the year ended December 31, 2014 to 83.8% for the year ended December 31, 2015, primarily due to the lower margin of our new wind power projects as typically projects generate lower profit margin at the beginning of their operation and generate higher margin as the operation of projects becomes more mature.

SEGMENT INFORMATION

We operate the following business segments: (i) our biomass business, with revenue derived from construction and operation; (ii) our hazardous waste treatment business, with revenue derived from construction and operation; and (iii) our solar energy and wind power business, with revenue derived from operation. The following table sets forth the revenue and EBITDA by segment for the years ended December 31, 2014, 2015 and 2016:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Biomass			
Revenue	532,641	946,320	2,449,253
EBITDA(1)	153,068	300,613	666,684
Hazardous Waste Treatment			
Revenue	453,091	164,194	335,763
EBITDA(1)	92,142	82,156	188,799
Solar Energy and Wind Power			
Revenue	72,052	92,684	215,115
EBITDA(1)	63,113	77,693	198,805

Note:

(1) The segment EBITDA does not include unallocated head office and corporate income and expenses.

We generated most of our revenues from China during the Track Record Period with a relatively small portion of our revenues generated from one solar energy project located in Germany. The following table sets forth a breakdown of our revenues by geography for the years indicated:

	Year ended December 31,					
	2014		2015		2016	
	Amount	%	Amount	%	Amount	%
	(HK$ in thousands, except percentages)					
China	1,050,338	99.3	1,196,696	99.5	2,994,136	99.8
Germany	7,446	0.7	6,502	0.5	5,995	0.2
Total	**1,057,784**	**100.0**	**1,203,198**	**100.0**	**3,000,131**	**100.0**

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

We have historically met our working capital and other capital requirements principally from cash flow generated from our operating activities and debt financing. Going forward, we believe that our liquidity requirements will be satisfied by using a combination of cash flow generated from our operating activities, debt financing and the proceeds from this Global Offering. The following table presents selected cash flow data from our consolidated cash flow statements for the years indicated:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Net cash generated from/(used in) operating activities	313,523	(29,870)	500,455
Net cash used in investing activities	(1,018,824)	(1,099,716)	(1,617,632)
Net cash generated from financing activities	964,006	1,624,084	996,604
Net increase/(decrease) in cash and cash equivalents	258,705	494,498	(120,573)
Cash and cash equivalents at the beginning of the year	318,433	569,142	1,044,475
Effect of foreign exchange rates change	(7,996)	(19,165)	(37,692)
Cash and cash equivalent at the end of the year	**569,142**	**1,044,475**	**886,210**

Net cash generated from/(used in) operating activities

During the Track Record Period, our cash from operating activities consisted primarily of on-grid tariffs from sales of electricity generated by our biomass, solar energy and wind power projects and waste treatment fees we received for our hazardous waste treatment services. Cash flow from operating activities reflects (i) profit before taxation, (ii) adjustment for non-cash and non-operating items, such as depreciation and amortization, finance cost, interest income and effect of foreign exchange rate changes, (iii) the effects of movements in working capital, such as increases or decreases in inventories, debtors, other receivables, deposits and prepayments, gross amounts due from customers for contract work and creditors, other payables and accrued expenses, and (iv) other cash items such as interest received and income tax paid or refunded. Decrease in inventories, debtors, other receivables, deposits and prepayments and gross amounts due from customers and increases in creditors, other payables and accrued expenses will positively affect our cash flow from operation activities, and *vice versa*. For our projects accounted for as service concession arrangements, with respect to a period, we recognize revenue for construction services on our income statement and record intangible assets or gross amounts due from customers for contract work at the end of such period on the statement of financial position. However, these items will not have an impact on our cash flows after the adjustments described above. See "— Impact of Accounting Treatment of Service Concession Arrangements."

For the year ended December 31, 2016, our net cash generated from operating activities was HK$500.5 million, which was primarily attributable to our profit before tax of HK$783.4 million, as adjusted by positive effects of HK$190.2 million for non-cash and non-operating items and negative effects of HK$439.6 million arising out of movements in working capital, and further positively adjusted by interest received in the amount of HK$5.6 million and negatively adjusted by income tax paid of HK$39.1 million. The positive adjustment of HK$190.2 million for our non-cash and non-operating items for the year ended December 31, 2016 consisted primarily of (i) depreciation of HK$85.6 million for our property, plant and equipment, (ii) finance costs of HK$67.7 million related to our borrowings, and (iii) amortization of intangible assets of HK$41.7 million related to the construction service revenue recognized for our biomass projects. The negative effects of HK$439.6 million on our cash flow arising out of movements in working capital for the year ended December 31, 2016 were primarily due to (i) an increase of HK$129.0 million in debtors, other receivables, deposits and prepayments due primarily to increase in debtors as trade receivables related to certain of our operating projects, including Ningwu Wind Power Projects and (ii) an increase of HK$456.5 million in gross amounts due from customers for contract work due primarily to recognition of construction revenues from our Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy) and Lingbi Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), partially offset by an increase of HK$161.7 million in creditors, other payables and accrued expenses due to increases in payables to our contractors for construction of our projects.

For the year ended December 31, 2015, our net cash used in operating activities was HK$29.9 million, which was primarily attributable to our profit before tax of HK$327.7 million, as adjusted by positive effects of HK$111.6 million for non-cash and non-operating items and negative effects of HK$456.1 million arising out of movements in working capital, and further positively adjusted by interest received in the amount of HK$7.1 million and negatively adjusted by income tax paid of HK$20.2 million. The positive adjustment of HK$111.6 million for our non-cash and non-operating items for the year ended December 31, 2015 consisted primarily of (i) depreciation of HK$39.9 million for our property, plant and equipment, (ii) finance costs of HK$41.2 million related to our borrowings, and (iii) amortization of intangible assets of HK$32.5 million related to the construction service revenue recognized for our biomass projects. The negative effects of HK$456.1 million on our cash flow arising out of movements in working capital for the year ended December 31, 2015 were primarily due to (i) an increase of HK$395.7 million in debtors, other receivables, deposits and prepayments due primarily to an increase in other receivables due to an increase in VAT recoverables, an increase in debtors due to an increase in trade receivables and an increase in prepayments to our construction contractors as a result of the increase in construction work, and (ii) an increase of HK$203.9 million in gross amounts due from customers for contract work due primarily to increases in construction revenues related to Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), partially offset primarily by an increase of HK$155.6 million in creditors, other payables and accrued expenses primarily due to an increase in construction payables.

For the year ended December 31, 2014, our net cash generated from operating activities was HK$313.5 million, which was primarily attributable to our profit before tax of HK$225.1 million, as adjusted by positive effects of HK$88.2 million for non-cash and non-operating items and negative effects of HK$9.1 million arising out of movements in working capital, and further positively adjusted by interest received in the amount of HK$3.2 million and income tax refund of HK$6.1 million. The positive adjustment of HK$88.2 million for our non-cash and non-operating items for the year ended December 31, 2014 consisted primarily of (i) depreciation of HK$31.4 million for our property, plant and equipment, (ii) finance costs of HK$26.2 million related to our borrowings, (iii) amortization of intangible assets of HK$23.1 million related to the construction service revenue recognized for our biomass project, and (iv) positive effect of foreign exchange rate changes of HK$10.0 million. The negative effects of HK$9.1 million on our cash flow arising out of movements in working capital for the year ended December 31, 2014 were primarily due to (i) an increase of HK$22.3 million in debtors, other receivables, deposits and prepayments due primarily to increase in VAT receivables, and (ii) a decrease of HK$9.0 million in creditors, other payables and accrued expenses primarily due to settlement of construction payables, and partially offset primarily by a decrease of HK$25.4 million in gross amounts due from customers for contract work due primarily to offset of gross amounts due from customers for contract work by cash received during the operational phase of our Suzhou Hazardous Waste Landfill Project and Suqian Hazardous Waste Landfill Project.

Net cash used in investing activities

For the year ended December 31, 2016, our net cash used in investing activities was HK$1,617.6 million, which was primarily attributable to (i) payment for additions of intangible assets of HK$1,263.3 million primarily due to recognition of construction revenues from Xinyi Hazardous Waste Incineration Project and certain biomass projects which commenced construction in 2016 and (ii) payment for purchase of property, plant and equipment and interest in leasehold land held for own use under operating leases of HK$323.9 million.

For the year ended December 31, 2015, our net cash used in investing activities was HK$1,099.7 million, which was primarily attributable to (i) payment for additions of intangible assets of HK$546.7 million primarily due to recognition of construction service revenues from Sucheng Biomass Heat Supply Project, Xuyi Biomass Electricity and Heat Cogeneration Project, Dingyuan Biomass Direct Combustion Project and Xinyi Hazardous Waste Incineration Project and (ii) payment for purchase of property, plant and equipment and interest in leasehold land held for own use under operating leases of HK$546.4 million.

For the year ended December 31, 2014, our net cash used in investing activities was HK$1,018.8 million, which was primarily attributable to (i) payment for additions of intangible assets of HK$483.4 million primarily due to recognition of construction service revenues from Hanshan Biomass Direct Combustion Project, Binhai Hazardous Waste Landfill Project and Guanyun Hazardous Waste Landfill Project, (ii) increase in non-current portion of prepayment of HK$237.5 million primarily due to the construction of our Ningwu Wind Power Projects, and (iii) payment for purchase of property, plant and equipment and interest in leasehold land held for own use under operating leases of HK$198.6 million, and (iv) increase in amount due from fellow subsidiaries of HK$99.7 million for intra-group advances prior to the Spin-Off, which we expect not to recur after the Spin-Off.

Net cash generated from financing activities

For the year ended December 31, 2016, our net cash generated from financing activities was HK$996.6 million, which was primarily attributable to (i) intra-group funding prior to the Spin-Off, including an increase of HK$300.0 million in amounts due to immediate holding company, which we subsequently recognized as capital contribution, and (ii) proceeds from new bank loans of HK$1,104.6 million, partially offset by (i) repayment of HK$175.8 million of bank loans and (ii) decrease of HK$83.4 million in amounts due to fellow subsidiaries.

For the year ended December 31, 2015, our net cash generated from financing activities was HK$1,624.1 million, which was primarily attributable to (i) proceeds from new bank loans of HK$760.1 million, and (ii) intra-group funding prior to the Spin-Off, including an increase of HK$604.5 million in amounts due to immediate holding company, and net increase of HK$558.4 million in amount due to intermediate holding company, which we subsequently recognized as capital contribution, partially offset by (i) repayment of HK$135.4 million of bank loans and (ii) dividend payment of HK$172.2 million to shareholders.

For the year ended December 31, 2014, our net cash generated from financing activities was HK$964.0 million, which was primarily attributable to (i) intra-group funding prior to the Spin-Off, including an increase of HK$422.5 million in amounts due to intermediate holding company, and an increase of HK$415.6 million in amounts due to fellow subsidiaries, and (ii) proceeds from new bank loans of HK$276.9 million, partially offset by (i) repayment of HK$139.4 million of bank loans, and (ii) interest paid in the amount of HK$26.2 million.

Net Current Assets and Liabilities

The following table sets forth the breakdown of our net current assets and current liabilities as of the dates indicated below:

	As of December 31,			As of February 28,
	2014	2015	2016	2017
	(HK$ in thousands)			
Current assets				
Inventories	21,188	32,456	46,113	39,390
Debtors, other receivables, deposits and prepayments	236,754	461,791	498,455	651,611
Gross amounts due from customers for contract work	25,415	39,518	43,804	43,699
Tax recoverable	6,337	3,162	4,051	3,777
Pledged bank deposits	—	13,665	88,875	89,493
Deposits with bank	4,405	9,568	17,055	17,390
Cash and cash equivalents	569,142	1,044,475	886,210	861,032
	863,241	1,604,635	1,584,563	1,706,392
Current liabilities				
Bank loans				
— Secured	107,967	79,394	153,560	166,675
— Unsecured	9,345	—	116,705	200,910
	117,312	79,394	270,265	367,585
Creditors, other payables and accrued expenses	555,548	695,225	1,016,502	1,040,502
Current taxation	3,110	1,020	8,013	2,965
	675,970	775,639	1,294,780	1,411,052
Net current assets	**187,271**	**828,996**	**289,783**	**295,340**

Our net current assets increased slightly from HK$289.8 million as of December 31, 2016 to HK$295.3 million as of February 28, 2017. Our debtors, other receivables, deposits and prepayments increased from HK$498.5 million as of December 31, 2016 to HK$651.6 million as of February 28, 2017 primarily due to an increase in debtors of HK$83.0 million as trade receivables related to certain of our operating projects, including Ningwu Wind Power Projects and increase in other receivables, deposits and prepayments primarily due to an increase in VAT receivables and construction prepayment to our contractors for construction service they provided for our projects under construction. Our bank loans recorded under the current liabilities increased from HK$270.3 million as of December 31, 2016 to HK$367.6 million as of February 28, 2017 primarily due to additional bank loans we raised for our projects under construction and projects in operation.

Our net current assets decreased from HK$829.0 million as of December 31, 2015 to HK$289.8 million as of December 31, 2016, primarily due to (i) a decrease of HK$158.3 million in cash and cash equivalent, (ii) an increase of short-term bank loans of HK$190.9 million, and (iii) an increase of HK$321.3 million of creditors, other payables and accrued expenses relating to the construction of our projects accounted for as service concession arrangements, partially offset by (i) an increase of HK$36.7

million in debtors, other receivables, deposits and prepayments relating to our operating projects (ii) an increase of HK$75.2 million in pledged bank deposits.

Our net current assets increased from HK$187.3 million as of December 31, 2014 to HK$829.0 million as of December 31, 2015, primarily due to (i) an increase of HK$475.3 million in cash and cash equivalents primarily due to capital injection from CEIL, and (ii) an increase of HK$225.0 million in debtors, other receivables, deposits and prepayments in line with our business expansion and increases in debtors in relation to our Hanshan Biomass Direct Combustion Project which commenced operation in August 2014, partially offset by an increase of HK$139.7 million in creditors, other payables and accrued expenses primarily due to an increase in payables to our construction contractors.

Capital Expenditures and Investment

The following table sets out our expenditures for the years indicated:

	Year ended December 31,		
	2014	**2015**	**2016**
		(HK$ in thousands)	
Purchase of property, plant and equipment	198,648	546,390	323,913
Construction cost paid	366,126	498,348	1,202,616
Capital contribution to a joint venture	—	14,822	20,928
Deposit for purchase of property, plant and equipment	237,533	68,475	1,335
Net cash paid/(acquired) for acquisition of a subsidiary	(4,775)	20,054	—
Total	**797,532**	**1,148,089**	**1,548,792**

Our capital expenditures are related to the construction of our new projects including purchase of property, plant and equipment for the new projects and were historically funded with our internal capital resources and bank borrowings. The increase of HK$400.7 million in our total capital expenditures from the year ended December 31, 2015 to the year ended December 31, 2016 was primarily due to an increase of HK$704.3 million in construction cost paid to our contractors for construction of our projects. The increase of HK$350.6 million in our total capital expenditures from the year ended December 31, 2014 to the year ended December 31, 2015 was primarily due to (i) an increase in the purchase of property, plant and equipment in relation to our new projects, (ii) an increase in construction costs paid for developing our projects, (iii) capital contribution to our joint venture, EB SITA Solid Waste Treatment (Changzhou), and (iv) net cash paid for acquisition of EB Environmental Protection (Lianyungang) Solid Waste Treatment.

Our planned capital expenditures for the years ending December 31, 2017, 2018 and 2019 are HK$3,702.9 million, HK$3,929.7 million and HK$3,994.2 million, respectively. These planned capital expenditures will be mostly used for the construction of new projects in our pipeline. We expect our total capital expenditures for our projects under construction and at the planning stage to be approximately HK$11,626.8 million. We plan to fund our future capital expenditures with our internal capital resources, bank borrowings, including future project financings available to us, and the proceeds from the Global Offering. Under the PRC laws, we may finance each project of up to 80% of the total project investment amounts from external sources. We expect such project financings to become available for the relevant project in the future.

Capital commitments

Our capital commitments mainly relate to purchase commitments under our construction contracts. The following table sets forth our capital commitments as of each date indicated:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Purchase commitments in connection with our construction contracts not provided for	559,426	585,867	1,386,986

Operating Lease Commitments

Our operating lease commitments consist of rental payments for our offices. These leases typically have initial terms ranging from one to five years. The following table sets forth our total future minimum lease payments under non-cancellable operating leases as of each date indicated:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Within one year	132	1,777	4,719
From second to fifth years inclusive	266	3,936	7,115
After five years	—	4,699	8,456
Total	**398**	**10,412**	**20,290**

Working Capital

We finance our working capital needs primarily through bank balances and cash, cash flow from operating activities and bank loans. We manage our cash flow and working capital by closely monitoring and managing, among other things, (i) the level of our accounts payables and receivables, (ii) our capital expenditure plans and (iii) our ability to obtain external financing. We also diligently review future cash flow requirements and assess our ability to meet debt repayment schedules and adjust our investment, financing and dividend payout plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations and expansion plans.

Our Directors are of the view that we have sufficient available working capital for our present requirements for at least the next 12 months from the date of this Prospectus in light of our available banking facilities, our bank balances and cash, our cash flow from operating activities and the estimated net proceeds from the Global Offering.

DESCRIPTION OF SELECTED STATEMENT OF FINANCIAL POSITION LINE ITEMS

Inventory

Our inventories primarily consist of raw materials, principally biomass raw materials used for the generation of electricity by our biomass projects, and operating supplies, principally chemicals for hazardous waste treatment projects used for the stabilization and solidification of hazardous waste. Our inventories accounted for a relatively small portion of our total current assets as we do not require a high level of inventory due to the nature of our businesses. As of December 31, 2014, 2015 and 2016, our inventories amounted to HK$21.2 million, HK$32.5 million and HK$46.1 million, respectively, and the gradual increase was in line with expansions of our business operation.

Our average inventory turnover days fluctuates depending on the amount of direct costs and operating expenses which changes due to the number of our projects in operation and under construction during the Track Record Period. The following table sets forth our average inventory turnover days for the years indicated:

	Year ended December 31,		
	2014	2015	2016
Average inventory turnover days[1]	9.5	12.7	7.1

Note:

(1) The average inventory turnover days for a year is the average of opening and closing inventory balances divided by direct costs and operating expenses for that year and multiplied by 365 days.

Debtors, Other Receivables, Deposits and Prepayments

The balance of debtors, other receivables, deposits and prepayment consists of trade receivables from our customers, advances to our suppliers, VAT refund, deposits and prepayments to our construction contractors for construction services. The following table sets forth a summary of our debtors, other receivables, deposits and prepayment as of the dates indicated:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Debtors	71,169	198,433	268,788
Other receivables, deposits and prepayments	370,067	471,403	480,186
Amounts due from fellow subsidiaries	102,253	14,954	1,631
Amounts due from intermediate holding companies	85,468	—	—
Total	**628,957**	**684,790**	**750,605**
Less: non-current portion			
Other receivables, deposits and prepayments	(306,735)	(222,999)	(252,150)
Amounts due from intermediate holding companies	(85,468)	—	—
	(392,203)	(222,999)	(252,150)
Current portion	236,754	461,791	498,455

Our balance of debtors, other receivables, deposits and prepayment increased from HK$629.0 million as of December 31, 2014 to HK$684.8 million as of December 31, 2015, in line with our business expansion, including both an increase in construction work for pipeline projects and an increase in operating services from projects in operation. Our balance of debtors, other receivables, deposits and prepayment increased from HK$684.8 million as of December 31, 2015 to HK$750.6 million as of December 31, 2016 due to increase in debtors as trade receivables related to certain of our operating projects, including Ningwu Wind Power Projects.

Debtors represent trade receivables due from our customers for services provided by our biomass, hazardous waste treatment and solar energy and wind power projects. We normally provide our customers a credit period of 30 to 90 days for payment from the date of an invoice. We generally receive payment from the local governments and power grid companies within the credit period.

The following table sets forth an aging analysis as of the trade debtors as of the dates indicated:

	As of December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Current	57,389	93,758	181,306
Amounts past due:			
Within 1 month past due	4,095	37,019	26,826
More than 1 month but within 3 months past due	5,509	3,780	391
More than 3 months but within 6 months past due	1,392	24,345	26,006
More than 6 months but within 12 months past due	669	35,260	32,850
More than 12 months past due	2,115	4,271	1,409
	13,780	104,675	87,482
Total	**71,169**	**198,433**	**268,788**

There was no recent history of default in respect of our debtors. Since most of the debtors are local government authorities in the PRC and based on past experience, our management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. We do not hold any collateral over these balances. No impairment loss was recognized as of December 31, 2014, 2015 and 2016.

The following table sets forth our average debtors turnover days for the years indicated:

	Year ended December 31,		
	2014	2015	2016
Average debtors turnover days(1)	74.0	89.6	93.2

Note:

(1) The average debtors turnover days for a year is the average of opening and closing debtors balances divided by revenues related to debtor balances for that year and multiplied by 365 days.

Our average debtors turnover days increased from 74.0 days for the year ended December 31, 2014 to 89.6 days for the year ended December 31, 2015 primarily due to debtors newly incurred in

2015 from the local grid company related to our Hanshan Biomass Direct Combustion Project which commenced operation in August 2014. Our average debtors turnover days further increased from 89.6 days for the year ended December 31, 2015 to 93.2 days for the year ended December 31, 2016 primarily due to newly incurred government subsidies for tariffs due to us related to our Ningwu Wind Power Projects. Because payments by certain of our customers, such as power grid companies, depend on the corresponding subsidies from the PRC government, our average debtors turnover days may fluctuate according to the payment schedule of the PRC government.

Other receivables, deposits and prepayments include other receivables in the amount of HK$39.7 million, HK$48.6 million and HK$71.1 million which bear interest at rates ranging from 5.15% to 6.91% per annum respectively as of December 31, 2014, 2015 and 2016 and represent finance income we recorded during the construction phase of our projects accounted for as service concession arrangements. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the relevant projects accounted for as service concession arrangements. Other receivables, deposits and prepayments also include VAT refund to be received, and deposits and prepayments made to our independent contractors and suppliers. No impairment loss was recognized as of December 31, 2014, 2015 and 2016.

The following table sets forth a breakdown of the other receivables, deposits and prepayments as of the dates indicated:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Non-current			
Finance income receivables	33,102	40,428	62,881
Prepayment for constructions	237,533	68,499	17,083
VAT receivables	36,100	114,072	172,186
	306,735	222,999	252,150
Current			
Finance income receivables	6,646	8,165	8,178
Prepayment for constructions	11,894	167,650	124,235
Prepayment for operations	5,232	8,380	19,858
VAT receivables	15,080	52,737	39,806
Others	24,480	11,472	35,959
	63,332	248,404	228,036
Total	370,067	471,403	480,186

The amounts due from fellow subsidiaries and the amounts due from the intermediate holding company represented non-trade receivables for intra-group services and funding prior to the Spin-Off, and were unsecured, interest free and recoverable on demand, except for an amount of HK$99.7 million due from fellow subsidiaries as of December 31, 2014 which bore interest at 5.6% per annum and was repaid in 2015.

Creditors, Other Payables and Accrued Expenses

The balance of creditors, other payables and accrued expenses primarily consists of (i) trade payables due to third parties and affiliates, and (ii) government grants received that had not been recognized as revenue in the given period. The following table sets forth a summary of our creditors, other payables and accrued expenses as of the dates indicated:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Trade creditors			
— third parties	180,139	234,444	529,659
— fellow subsidiaries	107,068	24,077	6,200
	287,207	258,521	535,859
Other payables and accrued expenses	101,283	360,936	471,543
Deferred income — government grants	33,703	45,771	47,280
Amounts due to intermediate holding company	1,197,744	119	—
Amount due to immediate holding company	—	604,451	—
Amounts due to fellow subsidiaries	644,881	91,064	—
Total	**2,264,818**	**1,360,862**	**1,054,682**
Less: Non-current portion			
— Amount due to intermediate holding company	(1,178,111)	—	—
— Amount due to immediate holding company	—	(604,451)	—
— Amounts due to fellow subsidiaries	(499,164)	(17,821)	—
— Deferred income – government grants	(31,995)	(43,365)	(38,180)
	(1,709,270)	(665,637)	(38,180)
Current portion	555,548	695,225	1,016,502

As of December 31, 2014, 2015 and 2016, trade creditors in the amount of HK$274.4 million, HK$223.6 million and HK$518.0 million, respectively, primarily represented construction payables to independent contractors for their construction services provided for our projects accounted for as service concession arrangements, the increase of which was in line with the increases in the construction of our projects. Trade creditors also include trade payables to our biomass raw material suppliers.

The following table sets forth an aging analysis of our trade creditors as of the dates indicated:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Due within 1 month or on demand	118,924	46,586	63,977
Due after 1 month but within 3 months	2,543	13,557	13,394
Due after 3 months but within 6 months	801	173	843
Due after 6 months	164,939	198,205	457,645
Total	**287,207**	**258,521**	**535,859**

The following table sets forth our average creditors turnover days for the years indicated:

	Year ended December 31,		
	2014	2015	2016
Average creditors turnover days[(1)]	95.0	129.6	72.2

Note:

(1) The average creditors turnover days for a year is the average of opening and closing creditors balances divided by direct costs and operating expenses for that year and multiplied by 365 days.

Our average creditors turnover days increased from 95.0 days for the year ended December 31, 2014 to 129.6 days for the year ended December 31, 2015, primarily due to an increase in creditors and other payables in 2015 as a result of the commencement of construction of our Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), Sucheng Biomass Heat Supply Project, Xuyi Biomass Electricity and Heat Cogeneration Project and Dingyuan Biomass Direct Combustion Project, all of which commenced construction in 2015, and also due to the fact that we paid substantial amount of the creditors and payables related to Hanshan Biomass Direct Combustion Project by the end of 2014 which reduced our creditors and payables as of December 31, 2014. Our average creditors turnover days decreased from 129.6 days for the year ended December 31, 2015 to 72.2 days for the year ended December 31, 2016, primarily due to an increase in direct costs and operating expenses during the year ended December 31, 2016.

Other payables and accrued expenses included certain construction payables related to our projects not accounted for as service concession arrangements and professional fees and expenses.

Deferred income represents government grants we received to subsidize the construction of property, plant and equipment for our projects that have not been recognized as revenue. For revenue recognition of government grants we receive, see "— Critical Accounting Policies, Estimates and Judgments — Revenue Recognition — Government grants." Government grant in the amount of HK$1.7 million, HK$2.0 million and HK$1.7 million were credited to the consolidated income statement for the years ended December 31, 2014, 2015 and 2016, respectively. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants.

The amounts due to intermediate holding company represented amounts due to CEIL which were unsecured, interest free and had no fixed terms of repayment, except for the amounts of HK$1,178.1 million as of December 31, 2014, which CEIL agreed not to seek repayment of these amounts within twelve months from the end of the reporting period.

The amounts due to fellow subsidiaries were unsecured, interest free and repayable in accordance with the contract terms.

Property, Plant and Equipment, Interest in Leasehold Land Held for Own Use under Operating Leases, Intangible Assets and Gross Amounts due from Customers for Contract Work

Due to different accounting treatment for our projects, we allocate construction of our pipeline projects into the following items. See "— Impact of Accounting Treatment of Service Concession Arrangements."

- *Property, plant and equipment and interest in leasehold land held for own use under operating leases.* The amount represents our properties, plants and equipment and leasehold land for the operation of our projects that are not accounted for as service concession arrangements, primarily including solar energy and wind power projects. Costs of construction for such projects are capitalized and, once the construction of our facilities is completed, property, plant and equipment and interest in leasehold land held for own use under operating leases are depreciated over their useful life.

- *Intangible Assets.* Intangible assets represent fair value of construction services allocated during the construction phase to certain projects accounted for as service concession arrangements, for which there is no minimum guaranteed future revenue stream. They are amortized over their useful life. See "— Critical Accounting Policies, Estimates and Judgments — Intangible Assets." Revenues from the construction phase of our biomass projects are mainly recorded under intangible assets.

- *Gross amounts due from customers for contract work.* Gross amounts due from customers for contract work represent revenue we record during the construction phase of our projects accounted for as service concession arrangements, for which there is minimum guaranteed future revenue stream. The amounts are not yet due for payment and will be settled by payments to be received during the operating periods of the projects. Revenues from the construction phase of our hazardous waste treatment projects and waste-to-energy projects which are integrated with our biomass projects are mainly recorded under gross amounts due from customers for contract work. The gross amounts due from customers for contract work bear interest at rates ranging from 5.15% to 6.91% per annum as of December 31, 2014, 2015 and 2016.

The following table sets forth a summary of our property, plant and equipment, interest in leasehold land held for own use under operating leases, intangible assets and gross amounts due from customers for contract work as of the dates indicated.

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Property, plant and equipment	773,298	1,599,605	1,713,858
Interest in leasehold land held for own use under operating leases	12,743	117,119	120,684
	786,041	1,716,724	1,834,542
Intangible Assets	1,358,802	1,661,629	2,975,814
Gross amounts due from customers for contract work:			
— Non-current	151,585	334,264	761,700
— Current	25,415	39,518	43,804
	177,000	373,782	805,504
Total	**2,321,843**	**3,752,135**	**5,615,860**

Our property, plant and equipment and interest in leasehold land held for own use under operating leases increased from HK$786.0 million as of December 31, 2014 to HK$1,716.7 million as of December 31, 2015 primarily due to the completion of construction of our two wind power projects in October and December 2015, respectively. Our property, plant and equipment and interest in leasehold land held for own use under operating leases increased from HK$1,716.7 million as of December 31, 2015 to HK$1,834.5 million as of December 31, 2016 primarily due to an increase in our projects under construction.

Our intangible assets increased from HK$1,358.8 million as of December 31, 2014 to HK$1,661.6 million as of December 31, 2015 primarily due to the construction of our Hanshan Biomass Direct Combustion Project, which started in mid-2013, and the construction of Sucheng Biomass Heat Supply Project, Xuyi Biomass Electricity and Heat Cogeneration Project and Dingyuan Biomass Direct Combustion Project, which commenced construction in 2015. Our intangible assets increased from HK$1,661.6 million as of December 31, 2015 to HK$2,975.8 million as of December 31, 2016 primarily due to recognition of construction revenues from our Xinyi Hazardous Waste Incineration Project and certain of our biomass projects under construction during 2016.

Gross amounts due from customers for contract work increased from HK$177.0 million as of December 31, 2014 to HK$373.8 million as of December 31, 2015, primarily due to an increase in the amount of construction work related to our Dangshan Integrated Biomass and Waste-to-Energy Project (Waste-to-Energy), which commenced construction in 2015. Gross amounts due from customers for contract work increased from HK$373.8 million as of December 31, 2015 to HK$805.5 million as of December 31, 2016 primarily due to recognition of construction revenues from our integrated biomass and waste-to-energy projects (waste-to-energy).

INDEBTEDNESS

Borrowings

The following table sets forth the breakdown of our borrowings as of each date indicated:

	Year ended December 31,			As of February 28,
	2014	2015	2016	2017
	(HK$ in thousands)			
Bank loans:				
— secured	553,015	1,156,929	1,623,390	1,849,399
— unsecured	18,690	—	344,937	489,596
Total	**571,705**	**1,156,929**	**1,968,327**	**2,338,995**

Banking facilities in the amount of HK$1,055.8 million, HK$1,496.6 million, HK$3,800.5 million and HK$3,845.4 million as of December 31, 2014, 2015, 2016 and February 28, 2017, respectively, were secured by certain revenue and receivables in connection with our service concession arrangements and mortgages on our property, plant and equipment and interest in leasehold land held for own use under operating leases. Among these secured banking facilities, HK$553.0 million, HK$1,156.9 million, HK$1,623.4 million and HK$1,849.4 million were utilized as of December 31, 2014, 2015, 2016 and February 28, 2017, respectively. Among the secured banking facilities, HK$621.2 million were guaranteed by CEIL, among which HK$155.8 million were utilized as of December 31, 2014. All the guarantees granted by CEIL were released during the year ended December 31, 2015. All of the non-current bank loans are carried at amortized costs. None of the non-current bank loans is expected to be settled within one year.

Banking facilities in the amount of HK$18.7 million, nil, HK$1,598.3 million and HK$1,672.9 million as of December 31, 2014, 2015, 2016 and February 28, 2017 were unsecured, among which HK$18.7 million, nil, HK$344.9 million and HK$489.6 million, respectively, were utilized.

As of the Latest Practicable Date, we had unutilized banking facilities of HK$3,555.9 million.

Banking facilities in the amount of HK$800.4 million, HK$409.4 million, HK$2,008.2 million and HK$2,025.4 million as of December 31, 2014, 2015, 2016 and February 28, 2017, respectively, are subject to the fulfillment of covenants relating to certain of our financial ratios. If we breach the covenants, the drawn down facilities would become payable on demand. As of December 31, 2014, 2015, 2016 and February 28, 2017, HK$335.0 million, HK$243.7 million, HK$581.5 million and HK$798.4 million, respectively, of such banking facilities were utilized. We regularly monitor our compliance with these covenants. As of December 31, 2014, 2015, 2016 and February 28, 2017, none of the covenants relating to these facilities was breached.

The following table sets forth the maturity profile of our borrowings as of each date indicated:

	Year ended December 31,			As of February 28,
	2014	2015	2016	2017
	(HK$ in thousands)			
Within 1 year or on demand	117,312	79,394	270,265	367,585
Non-current:				
After 1 year but within 2 years	94,547	105,586	210,421	230,321
After 2 years but within 5 years	210,788	382,973	723,869	813,493
After 5 years	149,058	588,976	763,772	927,596
	454,393	1,077,535	1,698,062	1,971,410
Total	**571,705**	**1,156,929**	**1,968,327**	**2,338,995**

Except as disclosed above, as of December 31, 2016, we did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, loans from government, debt securities or other similar indebtedness, finance lease on hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees on other material contingent liabilities outstanding.

We confirm that there has not been any material adverse change in our indebtedness and contingent liabilities since December 31, 2016 and up to the date of this Prospectus.

RELATED PARTY TRANSACTIONS

In addition to transactions and balances disclosed elsewhere in this Prospectus with respect to fellow subsidiaries and intermediate holding companies, we entered into certain related party transactions with fellow subsidiaries. See Note 25 to the Accountant's Report in Appendix I to this Prospectus for further details of related party transactions. The following table sets forth the amount of such transactions for the years indicated:

	Year ended December 31,		
	2014	2015	2016
	(HK$ in thousands)		
Construction management and consultancy fee expense	154,832	—	—
Purchase of machinery	—	36,005	32,091
Interest expense	2,591	9,151	990
Interest income	799	1,042	—
Management fee expense	7,023	—	—
Rental expense	—	—	3,557

The Directors confirm that all related party transactions disclosed herein were negotiated on an arm's length basis, reflected normal commercial terms and that their terms are fair and reasonable to us, and they would not distort our results during the Track Record Period or otherwise make our historical results not reflective of our future performance.

FINANCIAL RATIOS

The following table sets forth certain of our financial ratios as of the dates or for the years indicated:

	Year ended December 31,		
	2014	2015	2016
Return on assets(1)	7.0%	5.9%	9.7%
Return on equity(2)	36.8%	15.3%	17.7%
Current ratio(3)	1.3×	2.1×	1.2×
Quick ratio(4)	1.2×	2.0×	1.2×
Asset-liability ratio(5)	82.4%	47.5%	43.7%
Gearing ratio(6)	91.0%	39.6%	46.9%
Interest coverage ratio(7)	11.7×	10.7×	14.5×

Notes:

(1) Return on assets is calculated by dividing profit for the year by the average of total assets as of the beginning of the year and the end of the year.

(2) Return on equity is calculated by dividing profit for the year by the average of total equity as of the beginning of the year and the end of the year.

(3) Current ratio is calculated by dividing current assets by current liabilities at the end of each year.

(4) Quick ratio is calculated by dividing current assets less inventories by current liabilities at the end of each year.

(5) Asset-liability ratio is calculated by dividing total liabilities by total assets at the end of each year.

(6) Gearing ratio is calculated by dividing total bank loans by total equity at the end of each year.

(7) Interest coverage ratio is calculated by dividing our EBITDA by our finance costs for each year.

Return on Assets

For the years ended December 31, 2014, 2015 and 2016, our return on assets was 7.0%, 5.9% and 9.7%, respectively. Our return on assets decreased from 7.0% for the year ended December 31, 2014 to 5.9% for the year ended December 31, 2015, primarily due to increases in the total assets as a result of capitalization of amount due to an intermediate holding company in 2015. Our return on assets increased from 5.9% for the year ended December 31, 2015 to 9.7% for the year ended December 31, 2016, primarily due to an increase in the profit for the year ended December 31, 2016.

Return on Equity

For the years ended December 31, 2014, 2015 and 2016, our return on equity was 36.8%, 15.3% and 17.7%, respectively. Our return on equity decreased from 36.8% for the year ended December 31, 2014 to 15.3% for the year ended December 31, 2015, primarily due to increases in the total equity as a result of capitalization of amount due to an intermediate holding company in 2015. Our return on equity increased from 15.3% for the year ended December 31, 2015 to 17.7% for the year ended December 31, 2016, primarily due to an increase in the equity as a result of the capitalization of amounts due to an immediate holding company for the year ended December 31, 2016 and increase in the profit for the year.

Current Ratio

As of December 31, 2014, 2015 and 2016, our current ratio remained relatively stable, being 1.3 times, 2.1 times and 1.2 times, respectively.

Quick Ratio

As of December 31, 2014, 2015 and 2016, our quick ratio remained relatively stable, being 1.2 times, 2.0 times and 1.2 times, respectively.

Asset-Liability Ratio

As of December 31, 2014, 2015 and 2016, our asset-liability ratio was 82.4%, 47.5% and 43.7%, respectively. Our asset-liability ratio decreased from 2014 to 2015 and further decreased in 2016 primarily due to capitalization of intra-group loans.

Gearing Ratio

As of December 31, 2014, 2015 and 2016, our gearing ratio was 91.0%, 39.6% and 46.9%, respectively. Our gearing ratio decreased from 91.0% as of December 31, 2014 to 39.6% as of December 31, 2015, primarily due to capitalization of amounts due to immediate holding company during 2015. The increase in our gearing ratio from 39.6% as of December 31, 2015 to 46.9% as of December 31, 2016 was primarily due to an increase in new bank loans for the purpose of project development during the year ended December 31, 2016.

Interest Coverage Ratio

For the years ended December 31, 2014, 2015 and 2016, our interest coverage ratio remained relatively stable being 11.7 times, 10.7 times and 14.5 times, respectively. The decrease in our interest coverage ratio from 11.7 times for the year ended December 31, 2014 to 10.7 times for the year ended December 31, 2015 was primarily due to increases in our finance costs related to more bank loans raised for our projects in operation and pipeline projects. The increase in our interest coverage ratio from 10.7 times for the year ended December 31, 2015 to 14.5 times for the year ended December 31, 2016 was primarily because construction work was mainly financed by funds provided by CEIL, which was capitalized and led to a reduced balance of borrowings.

MARKET RISK DISCLOSURE

We are exposed to various types of market risks, including foreign currency risk, interest rate risk, credit risk and liquidity risk.

Currency Risk

We are exposed to currency risk primarily from bank loans, cash and cash equivalents, receivables and payables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars, Renminbi and U.S. dollars.

The following table sets forth our exposure to currency risk at the end of the periods indicated arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate as of the end of the applicable period. Differences resulting from the translation of the financial information of foreign operations into our presentation currency are excluded.

	Year ended December 31,											
	2014				2015				2016			
	Hong Kong dollars	Renminbi	United States dollars	Euros	Hong Kong dollars	Renminbi	United States dollars	Euros	Hong Kong dollars	Renminbi	United States dollars	Euros
	(HK$ in thousands)											
Cash and cash equivalents	55,420	9,219	22,889	850	45,861	34,319	482	761	616	89,373	20,425	8,168
Amounts due from/(to) group companies (net)	—	209,768	(48,346)	17,955	—	135,608	—	64,960	—	542	—	58,173
Bank loans	(73,305)	—	—	—	(66,150)	—	—	—	—	—	—	—
Other payables	—	(19,517)	—	—	—	—	—	—	—	(55)	—	—
	(17,885)	199,470	(25,457)	18,805	(20,289)	169,927	482	65,721	616	89,860	20,425	66,341

The following table sets forth the instantaneous change in our profit before tax that would arise if foreign exchange rates to which we have significant exposure at the end of the respective periods indicated had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the U.S. dollar would not be materially affected by any changes in movement in value of the U.S. dollar against other currencies. The impact of foreign exchange rate fluctuations with respect to the assets and liabilities denominated in U.S. dollars is insignificant as Hong Kong dollars is pegged to the U.S. dollars.

	Year ended December 31,					
	2014		2015		2016	
	Increase/ (decrease) in foreign exchange rates	Effect on profit before tax	Increase/ (decrease) in foreign exchange rates	Effect on profit before tax	Increase/ (decrease) in foreign exchange rates	Effect on profit before tax
	(HK$ in thousands, except percentages)					
Hong Kong dollars	10%	(1,788)	10%	(2,029)	10%	62
	(10%)	1,788	(10%)	2,029	(10%)	(62)
Renminbi	10%	19,947	10%	16,993	10%	8,986
	(10%)	(19,947)	(10%)	(16,993)	(10%)	(8,986)
United States dollars	10%	2,248	10%	—	10%	2,042
	(10%)	(2,248)	(10%)	—	(10%)	(2,042)
Euros	10%	1,881	10%	6,572	10%	6,634
	(10%)	(1,881)	(10%)	(6,572)	(10%)	(6,634)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on profit before tax of each of the entities in our Group measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the applicable period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by us which expose us to foreign currency risk at the end of the periods indicated, including intercompany payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into our presentation currency. The analysis is performed on the same basis throughout the Track Record Period.

Interest Rate Risk

Our interest rate risk arises primarily from our cash and cash equivalents, bank deposits, bank loans and balances with group companies. Borrowings issued at variable rates and at fixed rates expose us to cash flow interest rate risk and fair value interest rate risk respectively. We do not use financial derivatives to hedge against the interest rate risk. The following table sets forth our interest rate profile as of the dates indicated:

	Year ended December 31,					
	2014		2015		2016	
	Effective Interest Rate	Amount	Effective Interest Rate	Amount	Effective Interest Rate	Amount
	(HK$ in thousands, except percentages)					
Net fixed rate (deposits) / borrowings:						
Bank loans	4.70%	49,840	4.70%	26,313	—	—
Amounts due to fellow subsidiaries	6.15-6.35%	93,500	6.35%	17,821	—	—
Less:						
Deposits with bank	3.30-4.25%	(4,405)	2.00-2.05%	(9,568)	1.30%	(17,055)
Cash and cash equivalents	1.62-2.86%	(10,081)	1.35-2.05%	(87,378)	1.10%-1.54%	(56,093)
Amounts due from fellow subsidiaries	5.60%	(99,680)	—	—	—	—
		29,174		(52,812)		(73,148)
Net variable rate (deposits) / borrowings:						
Bank loans	4.24-6.77%	521,865	4.25-4.90%	1,130,616	2.75%-4.90%	1,968,327
Amounts due to fellow subsidiaries	6.00%	5,806	4.35%	38,298	—	—
Less:						
Cash and cash equivalents	0.01-0.50%	(559,061)	0.01-0.35%	(957,097)	0.01%-0.35%	(830,117)
Pledged bank deposits	—	—	0.35%	(13,665)	0.01%-0.35%	(88,875)
		(31,390)		198,152		1,049,335
Total net borrowings /(deposits)		**(2,216)**		**145,340**		**976,187**

As of December 31, 2014, 2015 and 2016, it is estimated that a general increase of one percent in interest rates, with all other variables held constant, would decrease our profit before taxation by approximately HK$1.5 million and HK$9.8 million for the years ended December 31, 2015 and 2016, respectively, and increase our profit before taxation by approximately HK$22,000 for the year ended December 31, 2014, and *vice versa*.

The sensitivity analysis above indicates the instantaneous change in our profit before taxation that would arise assuming that the change in interest rates had occurred at the end of the years ended December 31, 2014, 2015 and 2016 and had been applied to re-measure those financial instruments we hold which expose us to fair value interest rate risk for the relevant periods. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments we held at the end of the years ended December 31, 2014, 2015 and 2016, the impact on our profit before taxation is estimated as an annualized impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis throughout the Track Record Period.

Credit Risk

Our management has a credit policy in place and the exposures to credit risks are monitored on an ongoing basis. Receivables are usually due within 30 to 90 days from the date of billing. Debtors represent receivables in respect of revenue from operation services which are settled on a monthly basis. In addition, we have gross amounts due from customers for contract work and other receivables in respect of projects accounted for as service concession arrangements.

As of December 31, 2014, 2015 and 2016, we had debtors, other receivables, deposits and prepayments and gross amounts due from customers for contract work in the total amount of HK$806.0 million, HK$1,058.6 million and HK$1,556.1 million, respectively, of which nil, HK$132.7 million and HK$238.3 million, respectively, were due from our largest customer and HK$52.4 million, HK$365.8 million and HK$365.1 million, respectively, were due from our five largest customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. Since our counterparties are mainly local government authorities in China, we consider our credit risk is low.

We do not provide any guarantees which would expose us to credit risk.

Liquidity Risk

We are exposed to liquidity risk. Our individual operating entities are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands. Our policy is to regularly monitor our liquidity requirements and our compliance with lending covenants to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and longer term.

The following table sets forth the remaining contractual maturities of our non-derivative financial liabilities as of the dates indicated, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date we can be required to pay:

	As of December 31, 2014					
	Carrying Amount	Contractual Undiscounted Cash Flow	Within 1 Year or on Demand	More than 1 Year but within 2 Years	More than 2 Years but within 5 Years	More than 5 Years
	(HK$ in thousands)					
Bank loans	571,705	695,955	149,309	120,020	257,078	169,548
Creditors, other payables and accrued expenses(1)	2,231,115	2,240,980	560,068	1,661,168	19,744	—
	2,802,820	2,936,935	709,377	1,781,188	276,822	169,548

	As of December 31, 2015					
	Carrying Amount	Contractual Undiscounted Cash Flow	Within 1 Year or on Demand	More than 1 Year but within 2 Years	More than 2 Years but within 5 Years	More than 5 Years
	(HK$ in thousands)					
Bank loans	1,156,929	1,491,436	134,168	156,589	501,263	699,416
Creditors, other payables and accrued expenses[(1)]	1,315,091	1,319,020	695,616	623,404	—	—
	2,472,020	2,810,456	829,784	779,993	501,263	699,416

	As of December 31, 2016					
	Carrying Amount	Contractual Undiscounted Cash Flow	Within 1 Year or on Demand	More than 1 Year but within 2 Years	More than 2 Years but within 5 Years	More than 5 Years
	(HK$ in thousands)					
Bank loans	1,968,327	2,420,764	362,723	290,569	901,646	865,826
Creditors, other payables and accrued expenses[(1)]	1,007,402	1,007,402	1,007,402	—	—	—
	2,975,729	3,428,166	1,370,125	290,569	901,646	865,826

Note:

(1) Excluding deferred income — government grants.

DIVIDEND AND DISTRIBUTABLE RESERVES

Subject to the Cayman Companies Law and our Articles of Association, our Company may in a general meeting declare dividends, but no dividends shall exceed the amount recommended by our Board. Our Board may, subject to our Articles of Association, from time to time, pay to our Shareholders such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company. Our Board may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of our Company as it thinks fit.

Pursuant to the Cayman Companies Law and subject to our Articles of Association, the share premium account of our Company may be applied to paying distributions or dividends to our Shareholders, provided that no distribution or dividend may be paid to the Shareholders out of the share premium account of our Company unless, immediately following the date on which the distribution or dividend is proposed to be paid, our Company will be able to pay its debts as they fall due in the ordinary course of business.

Pursuant to our Articles of Association, unless and to the extent that the rights attached to any Shares or the terms of issue thereof otherwise provide, all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid. For such purposes no amount paid on a Share in advance of calls shall be treated as paid on the Share.

Pursuant to our Articles of Association, our Board may retain any dividends or other moneys payable on or in respect of a Share upon which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. Our Board may also deduct from any dividend or other money payable to any of our Shareholders all sums of money (if any) presently payable by such Shareholders to our Company on account of calls, installments or otherwise.

In addition, the declaration of dividends is subject to the discretion of our Board, and the amounts of dividends actually declared and paid will also depend on:

- our general business conditions;
- our financial results;
- our capital requirements;
- interests of our shareholders; and
- any other factors which our Board may deem relevant.

Our future dividend payments to our Shareholders will also depend upon the availability of dividends received from our PRC subsidiaries. PRC laws require that dividends be paid out of the net profit calculated according to PRC accounting principles. PRC laws also require PRC enterprises to set aside part of their net profit as statutory reserves before they distribute the net proceeds. These statutory reserves are not available for distribution as cash dividends.

We have not declared or paid any dividend to our shareholders since the date of incorporation of the Company up to the Latest Practicable Date except that on November 17, 2015, CE Environmental Solid Waste Treatment Holdings, one of our subsidiaries, declared dividends of HK$207.0 million to its then immediate holding company. Our Board has absolute discretion in deciding whether to declare any dividend for any year and, if it decides to declare a dividend, how much dividend to declare. We currently do not have a dividend policy. The determination to pay dividends will be made at the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into in the future. There can be no assurance that dividends of any amount will be declared or distributed in any year.

LISTING EXPENSES

The listing expenses in connection with the Global Offering consist primarily of underwriting commission and professional fees, and, assuming an offer price of HK$5.54 per Share, being the mid-point of the proposed offer price range, are estimated to be HK$137.7 million. During the Track Record

Period, we incurred listing expenses of HK$52.7 million, of which HK$40.2 million was recognized in the consolidated income statements and HK$12.5 million was recognized as prepayments in the consolidated statements of financial position which will be accounted for as a deduction from equity upon Listing. Subsequent to the Track Record Period, we expect to further incur listing expenses of HK$85.0 million prior to and upon completion of the Global Offering, of which (i) HK$14.0 million is expected to be recognized as expenses in our consolidated income statements during the year ending December 31, 2017; and (ii) HK$71.0 million is expected to be accounted for as a deduction from equity upon Listing. We do not expect these expenses to have a material impact on our results of operations for 2017.

UNAUDITED *PRO FORMA* ADJUSTED NET TANGIBLE ASSETS

Our unaudited *pro forma* adjusted net tangible assets has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of our financial position had the Global Offering been completed as of December 31, 2016 or at any future date. It is prepared based on our consolidated net assets as of December 31, 2016 as set forth in the Accountants' Report in Appendix I to this Prospectus, and adjusted as described below. Our unaudited *pro forma* adjusted net tangible assets does not form part of the Accountants' Report in Appendix I to this Prospectus.

	Consolidated net tangible assets attributable to equity shareholders of the Company as of December 31, 2016(1)	Estimated net proceeds from the Global Offering(2)	Unaudited *pro forma* adjusted net tangible assets attributable to equity shareholders of the Company	Unaudited *pro forma* adjusted net tangible assets per Share(3)(4)
		(HK$ in thousands)		*(HK$)*
Based on an offer price of:				
HK$5.18 per Share	1,211,407	2,807,912	4,019,319	2.01
HK$5.90 per Share	1,211,407	3,202,040	4,413,447	2.21

Notes:

(1) Our consolidated net tangible assets attributable to equity shareholders of the Company as of December 31, 2016 is arrived at after deducting intangible assets of HK$2,975.8 million from the consolidated net assets attributable to equity shareholders of the Company of HK$4,187.2 million as of December 31, 2016, as shown in the Accountants' Report set out in Appendix I of this Prospectus.

(2) The estimated net proceeds from the Global Offering are based on the indicative offer prices of HK$5.18 per Share (being the minimum Offer Price) and HK$5.90 per Share (being the maximum Offer Price), after deduction of the estimated underwriting fees and other listing expenses, and 560,000,000 Shares expected to be issued under the Global Offering, assuming that the Over-allotment Option is not exercised.

(3) Our unaudited *pro forma* adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis of 2,000,000,000 Shares in issue immediately following completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised.

(4) No adjustment has been made to the unaudited *pro forma* adjusted net tangible assets to reflect any of our trading results or other transactions of our Group entered into subsequent to December 31, 2016.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

Our Directors have confirmed that as of the Latest Practicable Date, there are no circumstances which would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, there has been no material adverse change in our financial or trading position or prospects since December 31, 2016, the date of our latest audited consolidated financial statements.

Future Plans

Please see "Business — Our Strategies" in this Prospectus for a detailed discussion of our future plans.

Use of Proceeds

We estimate that the net proceeds we will receive from the Global Offering (after deducting underwriting commissions, fees and anticipated expenses payable by us in connection with the Global Offering) will be approximately HK$3,005.0 million, assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK$5.54 per Share, being the mid-point of the Offer Price range of HK$5.18 to HK$5.90 per Share as stated in this Prospectus. If the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK$454.9 million (after deducting underwriting commissions, fees and anticipated expenses payable by us in connection with the Global Offering), assuming an Offer Price of HK$5.54 per Share, being the mid-point of the Offer Price range of HK$5.18 to HK$5.90 per Share as stated in this Prospectus. In order to further highlight and enhance core competitiveness, to improve profitability and subsequent development capacity, and to achieve our strategic goals, we currently intend to apply these net proceeds toward the development our pipeline projects and providing further liquidity for us, details of which are as follows (assuming the Over-allotment Option is not exercised):

- Approximately HK$2,404.0 million, or 80% of the total estimated net proceeds, is expected to be used for developing our business in the PRC through capital contribution to our pipeline projects for the development and construction of the facilities, among which:

  - Approximately HK$1,352.2 million, or 45% of the total estimated net proceeds, is expected to be used for the investment in biomass pipeline projects, including any one or more of Lingbi Integrated Biomass and Waste-to-Energy Projects, Nanqiao Biomass Direct Combustion Project, Xiao County Integrated Biomass and Waste-to-Energy Projects, Guanyun Integrated Biomass and Waste-to-Energy Projects, Mianzhu Integrated Biomass and Waste-to-Energy Projects, Rugao Biomass Direct Combustion Project, Fengyang Integrated Biomass and Waste-to-Energy Projects, Yeji Biomass Electricity and Heat Cogeneration Project, Luhe Integrated Biomass and Waste-to-Energy Projects, Huaiyin Integrated Biomass and Waste-to-Energy Projects, Yu'an Biomass Electricity and Heat Cogeneration Project, Shayang Biomass Direct Combustion Project, Ji County Biomass Direct Combustion Project, Xiayi Integrated Biomass and Waste-to-Energy Projects, Puyang Biomass Electricity and Heat Cogeneration Project, Zhongjiang Integrated Biomass and Waste-to-Energy Projects (Biomass) and Guixi Biomass Electricity and Heat Cogeneration Project. See "Business — Our Biomass Business — Our Biomass Project Portfolio."

  - Approximately HK$1,051.8 million, or 35% of the total estimated net proceeds, is expected to be used for the investment in hazardous waste treatment pipeline projects, including any one or more of Lianyungang Hazardous Waste Incineration Project (Phase II), Changzhou Hazardous Waste Incineration Project, Zibo Hazardous Waste Landfill Project, Zibo Hazardous Waste Incineration Project (Phase II), Xinyi Hazardous Waste Landfill Project, Shouguang Hazardous Waste Landfill Project, Kunshan Hazardous Waste Incineration Project, Jiangnan Hazardous Waste Treatment Projects, Linshu Hazardous Waste Treatment Projects, Jiangsu Xinyi Animal Carcass Harmless Treatment Project, Anhui Dingyuan Salt-based Chemical Industrial Park Hazardous Waste Integrated Treatment Project and Mianzhu Hazardous Waste Incineration Project. See "Business — Our Hazardous Waste Treatment Business — Our Hazardous Waste Treatment Project Portfolio."

Allocation of proceeds among these pipeline projects may change depending on the timing and progress of the development of each project. If suitable opportunities arise, we may also allocate the proceeds to biomass or hazardous waste treatment projects that we obtain after the Listing. The remaining funds required for the development of these projects are expected to be funded by our internally generated cash and bank borrowings. See "Financial Information — Liquidity and Capital Resources — Capital Expenditures and Investment."

- Approximately HK$300.5 million, or 10% of the total estimated net proceeds, is expected to be used for research and development and acquisitions of advanced technologies. See "Business — Research and Development."

- Approximately HK$300.5 million, or 10% of the total estimated net proceeds, is expected to be used for working capital and other general corporate purposes.

We will adjust our allocation of the net proceeds for the above purposes on a pro rata basis should the amount of the proceeds differ from the estimated amount, assuming the Over-allotment Option is not exercised. If the Offer Price is set at HK$5.90 per Share (being the high end of the Offer Price range), and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering will increase by approximately HK$197.1 million. If the Offer Price is set at HK$5.18 per Share (being the low end of the Offer Price range), and assuming that the Over-allotment Option is not exercised, the net proceeds from the Global Offering will decrease by approximately HK$197.1 million.

Additional net proceeds received due to the exercise of any Over-allotment Option will be used for the above purposes on a pro rata basis in the event that the Over-allotment Option is exercised.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we intend that such proceeds will be placed in short-term deposits with banks or financial institutions in Hong Kong or the PRC.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited

CEB International Capital Corporation Limited

China Everbright Securities (HK) Limited

CCB International Capital Limited

China Merchants Securities (HK) Co., Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on April 20, 2017. Pursuant to the Hong Kong Underwriting Agreement, we are offering 56,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on the terms and subject to the conditions of this Prospectus, the relevant Application Forms and the Hong Kong Underwriting Agreement.

Subject to the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any additional Shares which may be made available pursuant to the exercise of the Over-allotment Option), and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this Prospectus, the relevant Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) shall be entitled in their sole and absolute discretion by written notice to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if at any time prior to 8:00 a.m. on the Listing Date:

(a) there has been a breach of any of the representations, warranties, agreements and undertakings of our Company or CEIL set out in the Hong Kong Underwriting Agreement or there has been a material breach by our Company or CEIL of any of their respective obligations under the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, result in a misstatement in, or constitute a material omission from, any of this Prospectus, the Application Forms, the preliminary offering circular in relation to the International Offering and/or in any announcements issued by the Company in connection with the Hong Kong Public Offering and the Preferential Offering (including any supplement or amendment thereto); or

(c) any of this Prospectus, the Application Forms, the announcement to be issued in connection with the Hong Kong Public Offering pursuant to the Hong Kong Listing Rules and/or in any announcements issued by the Company in connection with the Hong Kong Public Offering and the Preferential Offering (including any supplement or amendment thereto) contains or has been discovered to contain any untrue statement with respect to a fact in any material respect, or omit to state any fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, or that any expression of opinion, intention, expectation or forward looking statement contained in any of this Prospectus, the Application Forms and/or any announcements, issued by the Company in connection with the Hong Kong Public Offering and the Preferential Offering (including any supplement or amendment thereto) is not fair, honest and based on reasonable assumptions, when taken as a whole; or

(d) there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of any of the Company or CEIL pursuant to the indemnities under Hong Kong Underwriting Agreement; or

(e) there shall have been any material adverse change, or any development involving a prospective material adverse change, in or affecting the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group, taken as a whole (the "**Material Adverse Change**"); or

(f) the Company withdraws this Prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or

(g) there has come to the notice of the Joint Global Coordinators any non-compliance of this Prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares) or any aspect of the Global Offering with the Hong Kong Listing Rules or any other applicable law; or

(h) any prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or

(i) except with the prior consent of the Joint Global Coordinators, the Company is required to produce or issue a supplement or amendment to this Prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Hong Kong Listing Rules or any requirement or request of the Stock Exchange and/or the SFC in circumstances where the matter to be disclosed is, in the sole opinion of the Joint Global Coordinators, adversely affecting the marketing for or implementation of the Global Offering; or

(j) any expert, whose consent is required for the issue of this Prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears, has withdrawn its respective consent (other than the withdrawal of consent by the Joint Sponsors without a reason) prior to the issue of this Prospectus; or

(k) there shall have developed, occurred, happened or come into effect:

(i) any change or development involving a prospective change, or any event or series of events likely to result in any change in, local, national or international financial, political, economic, military, industrial, fiscal, regulatory, taxation, exchange control, currency (including exchange rates or foreign investment regulations) or market conditions or equity securities or stock or other financial market conditions or any monetary or trading settlement system (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States or a devaluation of the Renminbi against any foreign currencies) in or affecting the Cayman Islands, the British Virgin Islands, Hong Kong, the United States, the United Kingdom, Japan, the PRC, Singapore or the European Union or any member thereof (each a "**Relevant Jurisdiction**"); or

(ii) any new law or any change or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any Relevant Jurisdiction; or

(iii) any imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by or for, any of the Relevant Jurisdictions; or

(iv) any event or series of events, in the nature of force majeure affecting any Relevant Jurisdiction including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared) or act of terrorism, or declaration of a national or international emergency or war, riot, public disorder, civil commotion, volcanic eruptions, earthquake, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease, calamity, crisis, strike, or lock-out (whether or not covered by insurance); or

(v) (A) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the

Shanghai Stock Exchange, the Shenzhen Stock Exchange, the NASDAQ Global Market, the Tokyo Stock Exchange, the Singapore Stock Exchange or the London Stock Exchange or (B) any major disruption of any securities or monetary settlement or clearing services in any Relevant Jurisdiction; or (C) any general moratorium on commercial banking activities in any Relevant Jurisdiction declared by the relevant authorities; or

(vi) there is an order or petition for the winding up of any member of the Group with substantive business operations or any composition or arrangement made by any such member of the Group with its creditors or a scheme of arrangement entered into by any such member of the Group or any resolution for the winding up of any such member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any such member of the Group or anything analogous thereto occurring in respect of any such member of the Group; or

(vii) any legal action, claim, investigation, and legal proceeding, from time to time instituted, made or brought or threatened or otherwise involve (together the "**Actions**") any third party being threatened or instigated against any member of the Group or CEIL; or

(viii) a valid demand by any creditor for repayment or payment of any indebtedness for which any member of the Group is liable prior to its stated maturity; or

(ix) any contravention by any member of the Group or CEIL of the Hong Kong Listing Rules or applicable laws; or

(x) a materialization of any of the risks sect out in the section headed "Risk Factors" in this Prospectus; or

(xi) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(xii) any authority in any Relevant Jurisdiction commencing any Action, or announcing an intention to take any Action, against any Director,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) (A) is or will be, or may result in a Material Adverse Change, or any development involving a prospective Material Adverse Change; or (B) has or is likely to have or will have a material adverse impact on the success of the Global Offering or the level of Offer Shares applied for or accepted or subscribed for or purchased or the distribution of the Offer Shares; or (C) makes it impracticable, inadvisable or incapable to proceed with the Hong Kong Public Offering and/or the International Offering on the terms and in the manner contemplated in the Offering Documents; or (D) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings to the Stock Exchange pursuant to the Hong Kong Listing Rules

By our Company

Pursuant to Rule 10.08 of the Hong Kong Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (the "**First Six-Month Period**") (whether or not such issue of Shares or securities will be completed within six months from the commencement of dealings), except pursuant to the Capitalization Issue and the Global Offering (including pursuant to the exercise of the Over-allotment Option), or any of the circumstances prescribed by Rule 10.08 of the Hong Kong Listing Rules.

By our Controlling Shareholder

Pursuant to Rule 10.07(1), the Controlling Shareholder has undertaken to the Stock Exchange, the Joint Sponsors and us that, except pursuant to the Capitalization Issue, the Global Offering (including pursuant to the exercise of the Over-allotment Option) or the Stock Borrowing Agreement, it shall not and shall procure that the relevant registered holder(s) of the Shares shall not, without the prior written consent of the Stock Exchange:

(a) in the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this Prospectus and ending on the expiration date of the First Six-Month Period, either directly or indirectly, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or securities of our Company in respect of which it is shown by this Prospectus to be the beneficial owner; and

(b) in the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), either directly or indirectly, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be our controlling shareholder (as defined in the Hong Kong Listing Rules).

The Controlling Shareholder has also undertaken to the Stock Exchange, the Joint Sponsors and us that, within the period commencing on the date by reference to which disclosure of its shareholding in our Company is made in this Prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any Shares or other securities of our Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge in writing together with the number of such Shares or other securities so pledged or charged; and

(b) when it receives any indications, either verbal or written, from the pledgee or chargee that any of such Shares or securities will be disposed of, immediately inform us in writing of any such indications.

We will inform the Stock Exchange as soon as we have been informed of the above matters (if any) by the Controlling Shareholder and disclose such matters by way of an announcement published in accordance with Rule 2.07C of the Hong Kong Listing Rules as soon as possible after being so informed by the Controlling Shareholder.

Undertakings to the Hong Kong Underwriters

Pursuant to the Hong Kong Underwriting Agreement, the Company and the Controlling Shareholder have undertaken as follows.

Undertakings by our Company

Except for the Capitalization Issue and the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-Allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the expiry of six months from the Listing Date (the "**First Six-Month Period**"), the Company undertakes to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors not to, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create any mortgage, charge, pledge, lien or other security interest or any option, restriction, right of first refusal, right of pre-emption or other third party claim, right, interest or preference or any other encumbrance of any kind (the "**Encumbrance**") over, either directly or indirectly, conditionally or unconditionally, any Shares, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, any other equity securities of our Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above; or

(d) agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other equity securities of the Company, or in cash or otherwise (whether or not the issue of the Shares or such other securities will be completed within the First Six-month Period). In the event that, during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-Month Period**"), the Company enters into any of the transactions specified in (a), (b) or (c) above or agrees to or publicly announces any intention to effect any such transaction, the Company undertakes to take all reasonable steps to ensure that such transaction will not create a disorderly or false market in the Shares of the Company.

Undertakings by our Controlling Shareholder

The Controlling Shareholder undertakes to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors that, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Hong Kong Listing Rules or pursuant to the Global Offering or the Over-allotment Option:

(a) save for the lending of Shares by China Everbright Green Holdings pursuant to the Stock Borrowing Agreement, it will not, and will procure that none of its subsidiaries or companies controlled by it or any nominee or trustee holding in trust for it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares, any other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) agree to or publicly announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or any other equity securities of the Company, or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(b) it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a)(i), (ii) or (iii) above or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a "controlling shareholder" (as the term is defined in the Hong Kong Listing Rules) of the Company; and

(c) until the expiry of the Second Six-Month period, in the event that it enters into any of the transactions specified in (a)(i), (ii) or (iii) above or agrees to or publicly announce any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares of the Company.

Indemnity

We have agreed to indemnify each of the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement or any breach by us of the Hong Kong Underwriting Agreement.

The International Offering

In connection with the International Offering, it is expected that we will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally but not jointly or jointly and severally agree to procure purchasers for or failing which to purchase, the International Offer Shares (other than the Reserved Shares for which valid applications are received under the Preferential Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

Under the International Underwriting Agreement, our Company is expected to grant to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters, the Over-allotment Option, exercisable within 30 days from the last day for lodging applications under the Hong Kong Public Offering (the last day for exercise of the Over-allotment Option being Saturday, May 27, 2017) to require us to allot and issue up to 84,000,000 additional Shares, representing approximately 15% of the initial Offer Shares, at the same price per Offer Share under the International Offering, to, among other things, cover over-allocations in the International Offering, if any.

Stabilization

In connection with the Global Offering, the Stabilizing Manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate Shares or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Please refer to the sections entitled "Structure of the Global Offering — Stabilization" and "Structure of the Global Offering — Stock Borrowing Agreement" in this Prospectus for details regarding stabilization, over-allocation and stock borrowing arrangements in connection with the Global Offering.

Underwriting Commission and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 1.75% on the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering out of which they will pay any sub-underwriting commission. The International Underwriters will receive an underwriting commission of 1.75% on the aggregate Offer Price of the International Offer Shares offered under the International Offering out of which they will pay any sub-underwriting commission. In addition, we may pay to the Joint Global Coordinators (for their account only) a discretionary incentive fee of up to 0.5% of the Offer Price multiplied by the total number of Offer Shares (subject to the Over-allotment Option).

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate commissions and fees, together with listing fees, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering are estimated to amount to approximately HK$137.7 million (assuming an Offer Price of HK$5.54, being the mid-point of the indicative offer price range and assuming that the Over-allotment Option is not exercised) in total and are payable by us.

Stamp Taxes

Buyers of Offer Shares sold by the Underwriters may be required to pay stamp taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the Offer Price.

Hong Kong Underwriters' Interests in our Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and as disclosed in this Prospectus, the Hong Kong Underwriters have no shareholding interests in our Company or any other member of our Group or the right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in our Company or any other member of our Group.

Following completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

Joint Sponsors' Independence

China International Capital Corporation Hong Kong Securities Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Hong Kong Listing Rules.

CEB International Capital Corporation Limited is a connected person of our Company under the Hong Kong Listing Rules. It is not an independent sponsor according to the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Hong Kong Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over-the-counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the relevant exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in the section headed "Structure of the Global Offering — Stabilization" in this Prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or its affiliates or any person acting for them) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

(i) the Hong Kong Public Offering of 56,000,000 Hong Kong Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph entitled "— The Hong Kong Public Offering" below; and

(ii) the International Offering of 504,000,000 International Offer Shares (subject to adjustment and the Over-allotment Option), outside the United States (including to professional and institutional investors within Hong Kong), in offshore transactions in reliance on Regulation S and in the United States to QIBs in reliance on Rule 144A or another exemption from the registration requirements under the U.S. Securities Act including the Preferential Offering of 56,000,000 Reserved Shares as described below in the paragraph entitled "— The Preferential Offering" below.

China International Capital Corporation Hong Kong Securities Limited and CEB International Capital Corporation Limited are the Joint Sponsors of the Global Offering.

China International Capital Corporation Hong Kong Securities Limited, CEB International Capital Corporation Limited and China Everbright Securities (HK) Limited are the Joint Global Coordinators of the Global Offering.

China International Capital Corporation Hong Kong Securities Limited, CEB International Capital Corporation Limited, China Everbright Securities (HK) Limited, CCB International Capital Limited and China Merchants Securities (HK) Co., Limited are the Joint Bookrunners and the Joint Lead Managers of the Global Offering.

The Offer Shares will represent approximately 28.0% of the enlarged issued share capital of our Company immediately after completion of the Global Offering without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 30.9% of the enlarged issued share capital of our Company immediately after completion of the Global Offering and the exercise of the Over-allotment Option.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares under the International Offering, but (other than in respect of the Reserved Shares) may not do both.

Directors and/or their close associates, who are Qualifying CEIL Shareholders, may apply for Reserved Shares under the Preferential Offering subject to the fulfillment of certain conditions as set out in the section entitled "Waivers and Consents from Strict Compliance with the Hong Kong Listing

Rules — Waiver and Consent in respect of Allocation of Shares to Directors and Close Associates in Preferential Offering". Directors and/or their close associates, who are Qualifying CEIL Shareholders, may not apply for Hong Kong Offer Shares as members of the public in the Hong Kong Public Offering or apply for or indicate an interest for International Offer Shares (other than for Reserved Shares) under the International Offering.

Qualifying CEIL Shareholders may make an application for Reserved Shares through a **BLUE** Application Form. Qualifying CEIL Shareholders who are close associates of CEIL or who are interested in 10% or more of the issued Shares in CEIL may not apply for or indicate an interest for International Offer Shares under the International Offering (other than an application to subscribe for Reserved Shares under the Preferential Offering). Qualifying CEIL Shareholders who are not (i) close associates of CEIL and (ii) interested in 10% or more of the issued Shares in CEIL and (iii) any Director and/or their close associates will be entitled to (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering (if eligible) or (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

References in this Prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering and the Preferential Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering 56,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the Hong Kong Offer Shares will represent approximately 2.8% of our Company's enlarged issued share capital immediately after completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in the paragraph entitled "— Conditions of the Global Offering" below.

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking account of any reallocation referred to below) is to be divided equally into two pools for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) up to the total value of pool B. Investors should be aware that the allocation ratios for applications in pool A and applications in pool B may be different. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 50% of the total Hong Kong Offer Shares initially available under the Global Offering, being the number of Hong Kong Offer Shares initially available under each pool, are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment under the Hong Kong Listing Rules. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offering, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 168,000,000, 224,000,000 and 280,000,000 Offer Shares, respectively, representing approximately 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated to the International Offering will be correspondingly reduced, in such manner as the Joint Global Coordinators deem appropriate, and such additional Offer Shares will be allocated to pool A and pool B.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators.

The Reserved Shares which are offered under the Preferential Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering (except in respect of the Reserved Shares applied for under the Preferential Offering), and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering (except in respect of the Reserved Shares applied for under the Preferential Offering).

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$5.90 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph entitled "— Pricing and Allocation" below, is less than the maximum price of HK$5.90 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Please refer to the section entitled "How to Apply for Hong Kong Offer Shares and Reserved Shares" in this Prospectus for further details.

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable shareholders of CEIL to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares on the Main Board of the Stock Exchange and the Global Offering becoming unconditional, Qualifying CEIL Shareholders are being invited to apply for an aggregate of 56,000,000 Reserved Shares in the Preferential Offering, representing approximately 10% of the Offer Shares available under the Global Offering (without taking into account any Shares that may be allotted and issued pursuant to the exercise of the Over-allotment Option) as Assured Entitlement. The Reserved Shares are being offered out of the International Offer Shares under the International Offering and are not subject to reallocation as described in the paragraph entitled "— The Hong Kong Public Offering — Reallocation" above.

The Shares will not be securities eligible for the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect. Pursuant to Article 23 of the ChinaClear Stock Connect Implementing Rules, ChinaClear will not provide services relating to IPO subscriptions to southbound investors. Based on the above and as confirmed by our PRC legal advisors, Allbright Law Offices and Grandall Law Firm (Beijing), the southbound shareholders of CEIL will not be able to subscribe for the Shares under the Preferential Offering.

The basis of the Assured Entitlement is one Reserved Share for every integral multiple of 81 CEIL Shares held by Qualifying CEIL Shareholders as at 4:30 p.m. on the Record Date.

Qualifying CEIL Shareholders who hold less than 81 CEIL Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

Qualifying CEIL Shareholders should note that their Assured Entitlement to Reserved Shares may not represent a number of a full board lot of 1,000 Shares. Further, the Reserved Shares allocated to the Qualifying CEIL Shareholders will be rounded down to the closest whole number if required. No odd lot matching services will be provided and dealings in odd lots of the Shares may be at a price below the prevailing market price for full board lots.

The Assured Entitlements of Qualifying CEIL Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Basis of Allocation for Applications for Reserved Shares

Qualifying CEIL Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying CEIL Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying CEIL Shareholder applies for a number of Reserved Shares which is greater than the Qualifying CEIL Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full, subject to terms and conditions mentioned above and set forth on the **BLUE** Application Forms, but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares (as defined below) resulting from other Qualifying CEIL Shareholders declining to take up some or all of their Assured Entitlement by way of allocation by the Joint Global Coordinators on a fair and reasonable basis. Such allocation basis is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares, and thereafter at the discretion of the Joint Global Coordinators, to other investors in the International Offering.

Qualifying CEIL Shareholders who intend to apply for excess Reserved Shares must apply for a number which is one of the numbers set out in the table of numbers in the **BLUE** Application Form and make a payment of the corresponding amount.

To the extent that the excess applications for the Reserved Shares are:

(a) less than the Reserved Shares not taken up by the Qualifying CEIL Shareholders' Assured Entitlement (the "**Available Reserved Shares**"), the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(c) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares. If there is an odd lot number of Shares left after satisfying the excess applications, such number of odd lot Shares will be re-allocated, at the discretion of the Joint Global Coordinators, to the International Offering.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Beneficial shareholders of CEIL whose CEIL Shares are held by a nominee company should note that the Company will regard the nominee company as a single shareholder of CEIL according to the register of members of CEIL. Accordingly, such beneficial shareholders of CEIL whose CEIL Shares are held by a nominee company should (i) note that the arrangement under paragraph (c) above will not apply to them individually; and (ii) make arrangements with such nominee company in relation to the applications for Reserved Shares under the Preferential Offering.

The Hong Kong Branch Share Registrar will allocate the Reserved Shares under the Preferential Offering to the Qualifying CEIL Shareholders in accordance with the allocation basis mentioned above irrespective of whether such Qualifying CEIL Shareholders are Directors and/or their close associates.

Directors (and/or any of their close associates) who are Qualifying CEIL Shareholders and intend to apply for the Reserved Shares under the Preferential Offering will not participate in any decision of our Company in relation to the allocation basis for the Preferential Offering.

We have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 10.03 of the Hong Kong Listing

Rules and a consent under Paragraph 5(2) of Appendix 6 to the Hong Kong Listing Rules for the inclusion of the Directors and/or their close associates who are Qualifying CEIL Shareholders in the Preferential Offering, subject to the conditions that (a) no preferential treatment will be given to the Directors (and/or their close associates) who are Qualifying CEIL Shareholders in the allocation of the Reserved Shares under the Preferential Offering; and (b) the minimum public float requirement will be complied with. Further details of such waiver are set forth in the section headed "Waivers and Consents from Strict Compliance with the Hong Kong Listing Rules — Waiver and Consent in respect of Allocation of Shares to Directors and Close Associates in Preferential Offering".

Applications by Qualifying CEIL Shareholders for the Hong Kong Offer Shares and the International Offer Shares

In addition to any application for Reserved Shares made on a **BLUE** Application Form, Qualifying CEIL Shareholders (save for any Director and their close associates) will be entitled to make one application for Hong Kong Offer Shares on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS or through the **HK eIPO White Form** service. Qualifying CEIL Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** service under the Hong Kong Public Offering. Qualifying CEIL Shareholders who are not (i) close associates of CEIL (ii) interested in 10% or more of the issued Shares of CEIL; and (iii) any Director and their close associates may also apply for or indicate an interest for International Offer Shares (in addition to any Reserved Shares in the Preferential Offering). However, no Qualifying CEIL Shareholders may apply for both Hong Kong Offer Shares in the Hong Kong Public Offering and International Offer Shares in the International Offering (other than for the Reserved Shares in the Preferential Offering).

Qualifying CEIL Shareholders and Non-Qualifying CEIL Shareholders

Only CEIL Shareholders whose names appeared on the register of members of CEIL at 4:30 p.m. on the Record Date, excluding the Non-Qualifying CEIL Shareholders, are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Non-Qualifying CEIL Shareholders are those CEIL Shareholders with registered addresses in, or who are otherwise known by CEIL to be residents of any of the Specified Territories.

Notwithstanding any other provision in this Prospectus or the **BLUE** Application Forms, the Company reserves the right to permit any CEIL Shareholder to take up his/her/its Assured Entitlement to the Reserved Shares if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to or can otherwise be lawfully made to them without contravention of any relevant or legal regulatory requirements.

Distribution of this Prospectus and the BLUE Application Forms

A **BLUE** Application Form is being dispatched to each Qualifying CEIL Shareholder together with a copy of this Prospectus.

Distribution of this Prospectus and/or the **BLUE** Application Form(s) into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus and/or the **BLUE** Application Form(s) come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction.

Receipt of this Prospectus and/or the **BLUE** Application Form(s) does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or the **BLUE** Application Form(s) must be treated as sent for information only and should not be copied or redistributed.

Application Procedures

The procedures for application under and the terms and conditions of the Preferential Offering are set out in the section entitled "How to Apply for Hong Kong Offer Shares and Reserved Shares — B. Applications for Reserved Shares" and on the **BLUE** Application Forms. The documents to be issued in connection with the Hong Kong Public Offering and the Preferential Offering will not be registered or filed under applicable securities or equivalent legislation of any jurisdiction other than Hong Kong. No action has been taken to permit an offering of the Hong Kong Offer Shares and the Reserved Shares or the distribution of this Prospectus in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

We are initially offering for subscription and sale under 504,000,000 Offer Shares, under the International Offering (subject to reallocation, and excluding any Shares to be sold pursuant to the exercise of the Over-allotment Option and including the Reserved Shares to be issued under the Preferential Offering), representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. The International Offering is subject to the Hong Kong Public Offering becoming unconditional. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent approximately 25.2% of our Company's enlarged issued share capital immediately after completion of the Capitalization Issue and the Global Offering assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph entitled "— Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering (except in respect of the Reserved Shares applied for under the Preferential Offering) and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering (save for the Reserved Shares under the Preferential Offering) may change as a result of, amongst others, the clawback arrangement described in "— The Hong Kong Public Offering — Reallocation" in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we intend to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) within 30 days from the last day for lodging of applications under the Hong Kong Public Offering (the last day for the exercise of the Over-allotment Option being Saturday, May 27, 2017), to require us to allot and issue up to 84,000,000 additional Offer Shares representing approximately 15% of the initial Offer Shares, at the Offer Price under the International Offering, to, among other things, cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 4.0% of our enlarged issued share capital immediately following completion of the Capitalization Issue and the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

STOCK BORROWING AGREEMENT

For the purpose of covering any over-allocations, the Stabilizing Manager may borrow from CEIL up to 84,000,000 Shares, equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement expected to be entered into between the Stabilizing Manager and China Everbright Green Holdings. The loan of Shares by China Everbright Green Holdings pursuant to the Stock Borrowing Agreement shall not be subject to the restrictions under Rule 10.07(1)(a) of the Hong Kong Listing Rules, which restricts the disposal of Shares by CEIL subsequent to the date of this Prospectus, subject to compliance with the following requirements in accordance with the requirements of Rule 10.07(3) of the Hong Kong Listing Rules:

(i) the Stock Borrowing Agreement is fully described in the Prospectus and will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering;

(ii) the maximum number of Shares which may be borrowed from China Everbright Green Holdings must not exceed the maximum number of Shares which may be issued upon full exercise of the Over-allotment Option;

(iii) the same number of Shares so borrowed must be returned to China Everbright Green Holdings or its nominees, as the case may be, on or before the third Business Day following the earlier of (a) the last day for exercising the Over-allotment Option, and (b) the date on which the Over-allotment Option is exercised in full;

(iv) the borrowing of Shares pursuant to the Stock Borrowing Arrangement will be effected in compliance with all applicable Hong Kong Listing Rules, laws and other regulatory requirements; and

(v) no payment will be made to China Everbright Green Holdings by the Stabilizing Manager in relation to such Stock Borrowing Agreement.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements including those of Hong Kong. In Hong Kong, the stabilization price will not exceed the initial public offer price.

In connection with the Global Offering, the Stabilizing Manager (or its affiliates or any person acting for it), on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate Shares or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period on or after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end after a limited period. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it. The number of Shares over-allocated will not be greater than the maximum number of Shares which may be issued upon exercise of the Over-allotment Option, being 84,000,000 Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W, the laws of Hong Kong), as amended, includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it, may have a material and adverse impact on the market price of the Shares;

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on Saturday, May 27, 2017, being the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- Stabilizing bids may be made or transactions may be effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions may be effected at a price below the price paid by applicants for, or investors in, the Shares.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around Thursday, April 27, 2017, and in any event on or before Friday, May 5, 2017, by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$5.90 per Offer Share and is expected to be not less than HK$5.18 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this Prospectus.**

The Joint Global Coordinators, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Global Offering and/or the indicative offer price range below that stated in this Prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.ebgreentech.com** notices of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Global Offering and/or the revised offer price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters) and our Company, will be fixed within such revised offer price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this Prospectus, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon with our Company and the Joint Global Coordinators (on behalf of the Underwriters), will under no circumstances be set outside the offer price range as stated in this Prospectus.

In the event of a reduction in the number of Offer Shares being offered under the Global Offering, the Joint Global Coordinators may at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the International Offering and the Offer Shares to be offered in the Hong Kong Public Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Joint Global Coordinators. The Preferential Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

The final Offer Price, the indications of interest in the International Offering, the results of applications and the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the Preferential Offering are expected to be announced on Friday, May 5, 2017 in the manner set forth in the section entitled "How to Apply for Hong Kong Offer Shares and Reserved Shares — E. Publication of Results" in this Prospectus.

The net proceeds from the Global Offering accruing to us (after deduction of underwriting fees and estimated expenses payable by us in relation to the Global Offering, assuming that the Over-allotment Option is not exercised), are estimated to be approximately HK$3.00 billion, assuming an Offer Price of HK$5.54 per Offer Share, being the mid-point of the indicative offer price range (or if the Over-allotment Option is exercised in full, approximately HK$3.46 billion, assuming an Offer Price of HK$5.54 per Offer Share, being the mid-point of the indicative offer price range.)

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares pursuant to the Global Offering will be conditional on:

(i) the Listing Committee granting listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option);

(ii) the Offer Price having been duly agreed between us and the Joint Global Coordinators (on behalf of the Underwriters) and the execution and delivery of the price determination agreement on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements.

If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Friday, May 5, 2017, the Global Offering will not proceed.

The consummation of each of the Hong Kong Public Offering and the International Offering (including the Preferential Offering) is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering and the Preferential Offering will be published by our Company in the South China Morning Post and the Hong Kong Economic Times on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set forth in the section entitled "How to Apply for Hong Kong Offer Shares and Reserved Shares — H. Dispatch/ Collection of Share Certificates and Refund Monies" in this Prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section entitled "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for termination" in this Prospectus has not been exercised.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including any Shares which may be issued under the exercise of the Over-allotment Option) on the Main Board of the Stock Exchange.

No part of the Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS established and operated by the HKSCC. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING

Assuming that the Hong Kong Public Offering and the International Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, May 8, 2017, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Monday, May 8, 2017.

The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 1257.

A. HOW TO APPLY FOR HONG KONG OFFER SHARES

1. How to Apply

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares (except in respect of Reserved Shares applied for pursuant to the Preferential Offering).

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** Service Provider at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. Who can Apply

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** Service Provider, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Hong Kong Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any of its subsidiaries
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Hong Kong Listing Rules) of any of the above;
- a connected person (as defined in the Hong Kong Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering).

3. Applying for Hong Kong Offer Shares

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk.**

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this Prospectus during normal business hours from 9:00 a.m. on Friday, April 21, 2017 until 12:00 noon on Thursday, April 27, 2017:

(i) the following offices of the Joint Bookrunners:

China International Capital Corporation Hong Kong Securities Limited	29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
CEB International Capital Corporation Limited	22/F, AIA Central No.1 Connaught Road Central Central Hong Kong
China Everbright Securities (HK) Limited	24/F, Lee Garden One 33 Hysan Avenue, Causeway Bay Hong Kong
CCB International Capital Limited	12/F, CCB Tower 3 Connaught Road Central Central Hong Kong
China Merchants Securities (HK) Co., Limited	48th Floor, One Exchange Square 8 Connaught Place Central Hong Kong

(ii) any of the following branches of the following receiving banks:

(1) Bank of China (Hong Kong) Limited

	Branch name	Address
Hong Kong Island	Bank of China Tower Branch	3/F, 1 Garden Road
	Wan Chai (Wu Chung House) Branch	213 Queen's Road East, Wan Chai
	Johnston Road Branch	152-158 Johnston Road, Wan Chai
	Chai Wan Branch	Block B, Walton Estate, 341-343 Chai Wan Road, Chai Wan
Kowloon	Shanghai Street (Mong Kok) Branch	611-617 Shanghai Street, Mong Kok
	Whampoa Garden Branch	Shop G8B, Site 1, Whampoa Garden, Hung Hom
	Lam Tin Branch	Shop 12, 49 Kai Tin Road, Lam Tin

	Branch name	Address
New Territories	Tseung Kwan O Plaza Branch	Shop 112-125, Level 1, Tseung Kwan O Plaza, Tseung Kwan O
	Tuen Mun San Hui Branch	G13-G14 Eldo Court, Heung Sze Wui Road, Tuen Mun
	Kau Yuk Road Branch	18-24 Kau Yuk Road, Yuen Long
	City One Sha Tin Branch	Shop Nos.24-25, G/F, Fortune City One Plus, No.2 Ngan Shing Street, Sha Tin
	Sheung Shui Branch Securities Services Centre	136 San Fung Avenue, Sheung Shui

(2) Bank of Communications Co., Ltd. Hong Kong Branch

	Branch name	Address
Hong Kong Island	Hong Kong Branch	20 Pedder Street, Central
	Chai Wan Sub-Branch	G/F., 121-121A Wan Tsui Road, Chai Wan Cinema Building, Chai Wan
Kowloon	Kowloon Sub-Branch	G/F., 563 Nathan Road
	Jordan Road Sub-Branch	1/F., Booman Building, 37U Jordan Road
New Territories	Market Street Sub-Branch	G/F., 49-55 Tsuen Wan Market Street, Tsuen Wan

You can collect a **YELLOW** Application Form and a copy of this Prospectus during normal business hours from 9:00 a.m. on Friday, April 21, 2017 until 12:00 noon on Thursday, April 27, 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — CHINA EVERBRIGHT GREENTECH PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Friday, April 21, 2017 — 9:00 a.m. to 5:00 p.m.
Saturday, April 22, 2017 — 9:00 a.m. to 1:00 p.m.
Monday, April 24, 2017 — 9:00 a.m. to 5:00 p.m.
Tuesday, April 25, 2017 — 9:00 a.m. to 5:00 p.m.
Wednesday, April 26, 2017 — 9:00 a.m. to 5:00 p.m.
Thursday, April 27, 2017 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, April 27, 2017, the last application day or such later time as described in "D. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

The applications for the Hong Kong Offer Shares and the Reserved Shares will commence on Friday, April 21, 2017 through Thursday, April 27, 2017, being longer than normal market practice of four days.

4. Terms and Conditions of an Application

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully; otherwise, your application may be rejected.

By submitting a **WHITE** or **YELLOW** Application Form or applying through the **HK eIPO White Form** Service Provider, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this Prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this Prospectus and have only relied on the information and representations contained in this Prospectus in making your application and will not rely on any other information or representations except those in any supplement to this Prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this Prospectus;

(vi) agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this Prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering except in respect of Reserved Shares applied for under the Preferential Offering;

(viii) agree to disclose to the Company, our Hong Kong Branch Share Registrar, receiving banks, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this Prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying except in respect of Reserved Shares applied under the Preferential Offering;

(xvii) understand that the Company, the Joint Sponsors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. Applying Through HK eIPO White Form

General

Individuals who meet the criteria in "I. Who can apply" section, may apply through the **HK eIPO White Form** Service Provider for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form** Service Provider are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this Prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** Service.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, April 21, 2017 until 11:30 a.m. on Thursday, April 27, 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, April 27, 2017 or such later time under the paragraph "— D. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form** Service Provider to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** Service Provider or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 852-2979-7888 or through the CCASS Internet System **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a copy of this Prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Joint Global Coordinators and our Hong Kong Branch Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this Prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any International Offer Shares (except in respect of Reserved Shares applied for pursuant to the Preferential Offering);

- declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors, the Joint Sponsors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this Prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this Prospectus and have relied only on the information and representations in this Prospectus in causing the application to be made, save as set out in any supplement to this Prospectus;

- agree that none of the Company, the Joint Sponsors, the Joint Global Coordinators, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this Prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Branch Share Registrar, receiving banks, the Joint Sponsors, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this Prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this Prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Friday, April 21, 2017 — 9:00 a.m. to 8:30 p.m.(1)
Monday, April 24, 2017 — 8:00 a.m. to 8:30 p.m.(1)
Tuesday, April 25, 2017 — 8:00 a.m. to 8:30 p.m.(1)
Wednesday, April 26, 2017 — 8:00 a.m. to 8:30 p.m.(1)
Thursday, April 27, 2017 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, April 21, 2017 until 12:00 noon on Thursday, April 27, 2017 (24 hours daily, except from 3:00 a.m. on Saturday, April 22, 2017 until 7:00 a.m. on Sunday, April 23, 2017 and on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, April 27, 2017, the last application day or such later time as described in "— D. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form entitled "Personal Data" applies to any personal data held by the Company, the Hong Kong Branch Share Registrar, the receiving banks, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. Warning for Electronic Applications

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** Service Provider will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, April 27, 2017.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are a Qualifying CEIL Shareholder applying for Reserved Shares under the Preferential Offering on a **BLUE** Application Form, you may also make one application for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or to the **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service. However, in respect of any application for Hong Kong Offer Shares using the above methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offering as described in "Structure of the Global Offering — The Preferential Offering".

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** Service Provider, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**) (other than any application(s) made on a **BLUE** Application Form in your capacity as a Qualifying CEIL Shareholder). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange. "**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. APPLICATIONS FOR RESERVED SHARES

1. Who Can Apply

Only Qualifying CEIL Shareholders are entitled to subscribe for the Reserved Shares under the Preferential Offering.

Qualifying CEIL Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share for every whole multiple of 81 CEIL Shares held by them at 4:30 p.m. on the Record Date. Qualifying CEIL Shareholders who hold less than 81 CEIL Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares.

If the applicant is a firm, the application must be in the names of the individual members, not in the name of the firm. If the applicant is a body corporate, the **BLUE** Application Form must be signed by a duly authorized officer, who must state his or her representative capacity, and stamped with a corporation's chop. If an application is made by a person duly authorized under a valid power of attorney, the Company and the Joint Global Coordinators, as the Company's agents, may accept it at their absolute discretion, and subject to any conditions they think fit, including production of evidence of the authority of the attorney. The Company and the Joint Global Coordinators, as the Company's agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

2. How to Apply

An application for Reserved Shares under the Preferential Offering may only be made by Qualifying CEIL Shareholders using **BLUE** Application Forms which have been dispatched to Qualifying CEIL Shareholders by the Company. Qualifying CEIL Shareholders may apply for a number of Reserved Shares which is greater than, less than or equal to their Assured Entitlements or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of Reserved Shares which is less than or equal to a Qualifying CEIL Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in this Prospectus and the **BLUE** Application Form and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying CEIL Shareholder applies for a number of Reserved Shares which is greater than the Qualifying CEIL Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to terms and conditions of an application mentioned above) but the excess portion of such application will only be met to the extent that there are sufficient Available Reserved Shares resulting from other Qualifying CEIL Shareholders declining to take up some or all of their Assured Entitlement by way of allocation by the Joint Global Coordinators on a fair and reasonable basis. Such allocation basis is consistent with the allocation basis commonly used in the case of over subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares, and thereafter at the discretion of the Joint Global Coordinators, to other investors in the International Offering. Qualifying CEIL Shareholders who intend to apply for excess Reserved Shares must apply for a number of Shares which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form.

To the extent that excess applications for the Reserved Shares are:

(i) less than the Available Reserved Shares, the Available Reserved Shares will first be allocated to satisfy such excess applications for the Reserved Shares in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;

(ii) equal to the Available Reserved Shares, the Available Reserved Shares will be allocated to satisfy such excess applications for the Reserved Shares in full; or

(iii) more than the Available Reserved Shares, the Available Reserved Shares will be allocated on a fair and reasonable basis, which is consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications of excess Reserved Shares. If there is an odd lot number of Shares left after satisfying the excess applications, such number of odd lot Shares will be re-allocated, at the discretion of the Joint Global Coordinators, to the International Offering.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Qualifying CEIL Shareholders (save for (i) any close associate of CEIL, (ii) any person who is interested in 10% or more of the issued Shares in CEIL, and (iii) any Directors and/or their close associates) who have applied for Reserved Shares under the Preferential Offering on a **BLUE** Application Form, may also make one application on a **WHITE** or **YELLOW** Application Form, or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or to the **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service. Qualifying CEIL Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** Service Provider under the Hong Kong Public Offering.

Persons who held their CEIL Shares on the Record Date in CCASS indirectly through a broker/custodian, and wish to participate in the Preferential Offering, should instruct their broker or custodian to apply for the Reserved Shares on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their CEIL Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instruction to HKSCC via the CCASS Phone System or CCASS Internet System by no later than the deadline set by HKSCC or HKSCC Nominees.

3. Distribution of this Prospectus and the BLUE Application Forms

BLUE Application Forms have been dispatched to all Qualifying CEIL Shareholders together with a copy of this Prospectus to their respective address recorded on the register of members of CEIL at 4:30 p.m. on the Record Date.

Printed copies of this Prospectus are also available at the Hong Kong Branch Share Registrar and transfer office of the Company, Tricor Investor Services Limited, during business hours at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong between 9:00 a.m. on Friday, April 21, 2017 and 12:00 noon on Thursday, April 27, 2017 for exclusive collection by Qualifying CEIL Shareholders. Qualifying CEIL Shareholders may also collect printed copies of this Prospectus from the receiving banks, details of which are set out in the section headed "How to apply for Hong Kong Offer Shares and Reserved Shares — B. Applications for Reserved Shares" in this Prospectus. Qualifying CEIL Shareholders who require a replacement **BLUE** Application Form should contact Tricor Investor Services Limited at Level 22, Hopewell Centre,183 Queen's Road East, Hong Kong or on its hotline 852-2980-1333.

Distribution of this Prospectus and/or the **BLUE** Application Form(s) into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this Prospectus and/or the **BLUE** Application Form(s) come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction.

Receipt of this Prospectus and/or the **BLUE** Application Form(s) does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or the **BLUE** Application Form(s) must be treated as sent for information only and should not be copied or redistributed.

4. Applying By Using the BLUE Application Forms

(a) You may choose one of the three options on the **BLUE** Application Form when applying for Reserved Shares:

    (i) Option 1: apply for a number of Reserved Shares that is equal to your Assured Entitlement.

(ii) Option 2: apply for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares.

(iii) Option 3: apply for a number of Reserved Shares that is less than your Assured Entitlement.

(b) The **BLUE** Application Form will be rejected by the Company if:

(i) the **BLUE** Application Form is not completed in accordance with the instructions as stated in the **BLUE** Application Form;

(ii) the **BLUE** Application Form has not been duly signed (only written signatures are acceptable) (or in the case of a joint application, not all applicants have signed);

(iii) in respect of applicants who are corporate entities, the **BLUE** Application Form has not been duly signed (only written signature is acceptable) by an authorized officer or affixed with a company chop;

(iv) the cheque/banker's cashier order/**BLUE** Application Form is defective;

(v) the **BLUE** Application Form is not accompanied with a cheque/banker's cashier order or is accompanied by more than one cheque/banker's cashier order;

(vi) the account name on cheque/banker's cashier order is not pre-printed or certified by the issuing bank;

(vii) the cheque/banker's cashier order is not drawn on a Hong Kong dollar bank account in Hong Kong;

(viii) the name of the payee indicated on the cheque/banker's cashier order is not "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — CHINA EVERBRIGHT GREENTECH PREFERENTIAL OFFER**";

(ix) the cheque has not been crossed "Account payee only";

(x) the cheque was post-dated;

(xi) the applicant's payment is not made correctly or the applicant paid by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored on its first presentation;

(xii) the applicant's name/the first applicant's name on the joint application is not the same as the name pre-printed or certified/endorsed by the drawee bank on the cheque/banker's cashier order;

(xiii) alteration(s) to the application details on the **BLUE** Application Form has not been authorized by the signature(s) of the applicant(s);

(xiv) the application is completed by pencil;

(xv) the applicant does not fill in all the boxes in the option he/she/it chooses;

(xvi) the applicant chooses more than one of the options on the **BLUE** Application Form;

(xvii) applying for more than 56,000,000 Reserved Shares;

(xviii) the Company or the Directors believe that by accepting the application, the Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction where the **BLUE** Application Form is received or where the applicant's address is located; or

(xix) the Company and the Joint Global Coordinators, and their respective agents or nominees, exercise their discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(c) If you are applying for a number of Reserved Shares which is equal to your Assured Entitlement (**Option 1**):

- Your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with the amount payable in Box B set out in the **BLUE** Application Form.

(d) If you are applying for a number of Reserved Shares up to your Assured Entitlement and excess Reserved Shares (**Option 2**):

- Your application will be rejected if the amount on the cheque/banker's cashier order does not match and is less than the amount payable in relation to your Assured Entitlement applied for in your **BLUE** Application Form.

- Your application for your Assured Entitlement (if any) will be accepted in full but your application for excess Reserved Shares will be rejected if the amount on the cheque/banker's cashier order does not match and is more than the amount payable in relation to your Assured Entitlement applied for but is less than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.

- Your application will be accepted in full if the amount on the cheque/banker's cashier order does not match and is more than the total amount payable in relation to both your Assured Entitlement applied for and the excess Reserved Shares applied for in your **BLUE** Application Form.

(f) If you are applying for a number of Reserved Shares which is less than your Assured Entitlement (Option 3):

- You are recommended to apply for Reserved Shares in one of the numbers set out in the table in the **BLUE** Application Form. When the number of Reserved Shares applied for is in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with the corresponding amount payable as set out in the table in the **BLUE** Application Form. When the number of Reserved Shares applied for is not in one of the numbers set out in the table in the **BLUE** Application Form, your application will be rejected by the Company if the amount on your cheque/banker's cashier order does not match with the amount payable calculated by using the formula set out in the **BLUE** Application Form.

5. When May Applications Be Made

(a) Applications on the BLUE Application Form(s)

Your completed **BLUE** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED — CHINA EVERBRIGHT GREENTECH PREFERENTIAL OFFER**" for the payment, should be deposited in the special collection boxes provided at Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at the following times:

Friday, April 21, 2017 — 9:00 a.m. to 5:00 p.m.
Saturday, April 22, 2017 — 9:00 a.m. to 1:00 p.m.
Monday, April 24, 2017 — 9:00 a.m. to 5:00 p.m.
Tuesday, April 25, 2017 — 9:00 a.m. to 5:00 p.m.
Wednesday, April 26, 2017 — 9:00 a.m. to 5:00 p.m.
Thursday, April 27, 2017 — 9:00 a.m. to 12:00 noon

Completed **BLUE** Application Forms, together with payment attached, must be lodged by 12:00 noon on Thursday, April 27, 2017 the last day for applications, or such later time as described in "— D. Effect of Bad Weather on the Opening of the Application Lists" below in this section.

(b) Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, April 27, 2017 the last day for applications, or such later time as described in "— D. Effect of Bad Weather on the Opening of the Application Lists" below in this section.

No proceedings will be taken on applications for Reserved Shares and no allotment of any such Reserved Shares will be made until after the closing of the application lists.

6. How Many Applications May Be Made

You should refer to "Structure of the Global Offering — The Global Offering" above for the situations where you may make an application for Hong Kong Offer Shares under the Hong Kong Public Offering in addition to application(s) for Reserved Shares under the Preferential Offering.

7. Additional Terms and Conditions and Instructions

You should refer to the **BLUE** Application Form for details of the additional terms and conditions and instructions which apply to applications for Reserved Shares.

C. HOW MUCH ARE THE HONG KONG OFFER SHARES AND RESERVED SHARES

The Application Forms have tables showing the exact amount payable for the Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** Service Provider in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**. For applicants on the **BLUE** Application Form, if the number of Reserved Shares applied for is not one of the numbers set out in the table, you must calculate the correct amount payable on application by using the formula set out in the **BLUE** Application Form.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Hong Kong Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section entitled "Structure of the Global Offering — Pricing and Allocation".

D. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if any of the below is in force in Hong Kong at any time between 11:45 a.m. and 12:00 noon on Thursday, April 27, 2017:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, April 27, 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section entitled "Expected Timetable", an announcement will be made in such event.

E. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocation of the Hong Kong Offer Shares and Reserved Shares on the Company's website at www.ebgreentech.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at www.ebgreentech.com and the Stock Exchange's website at www.hkexnews.hk by no later than 9:00 a.m. on Friday, May 5, 2017;
- from the designated results of allocations website at www.tricor.com.hk/ipo/result with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Friday, May 5, 2017 to 12:00 midnight on Thursday, May 11, 2017;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Friday, May 5, 2017 to Wednesday, May 10, 2017 on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from Friday, May 5, 2017 to Tuesday, May 9, 2017 at all the receiving banks' designated branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section entitled "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

F. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES AND / OR RESERVED SHARES

You should note the following situations in which the Hong Kong Offer Shares and/or Reserved Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this Prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this Prospectus.

If any supplement to this Prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Joint Global Coordinators, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares and / or Reserved Shares is void:

The allotment of Hong Kong Offer Shares and/or the Reserved Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications (other than an application (if any) made on a **BLUE** Application Form in your capacity as a Qualifying CEIL Shareholder);
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares (except in respect of the Reserved Shares applied for pursuant to the Preferential Offering);
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** Service Provider are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations;

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering; and

- your application is for more than 56,000,000 Reserved Shares under the Preferential Offering.

G. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK$5.90 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering — Conditions of the Global Offering" in this Prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Friday, May 5, 2017.

H. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below) and one share certificate for all of the Reserved Shares issued to you under the Preferential Offering.

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE, YELLOW** or **BLUE** Application Form(s), subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares and/or Reserved Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares and/or Reserved Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Friday, May 5, 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Monday, May 8, 2017 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this Prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE or BLUE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares or 1,000,000 or more Reserved Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, May 5, 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares or less than 1,000,000 Reserved Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Friday, May 5, 2017, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Friday, May 5, 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Friday, May 5, 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS Investor Participant)**

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS Investor Participant**

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, May 5, 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form Service Provider

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Branch Share Registrar at Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Friday, May 5, 2017, or such other date as notified by the Company in the announcement published by the Company as the date of dispatch/collection of Share certificates/ e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Friday, May 5, 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If You Apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Friday, May 5, 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Friday, May 5, 2017. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Friday, May 5, 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Friday, May 5, 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Friday, May 5, 2017.

I. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Hong Kong Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

April 21, 2017

The Directors
China Everbright Greentech Limited

China International Capital Corporation Hong Kong Securities Limited
CEB International Capital Corporation Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the consolidated financial information relating to China Everbright Greentech Limited (the "**Company**") and its subsidiaries (together the "**Group**") comprising the consolidated statements of financial position of the Group as at December 31, 2014, 2015 and 2016 and the statements of financial position of the Company as at December 31, 2015 and 2016 and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended December 31, 2014, 2015 and 2016 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (the "**Financial Information**"), for inclusion in the prospectus of the Company dated April 21, 2017 (the "**Prospectus**").

The Company was incorporated in the Cayman Islands on October 13, 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganization (the "**Reorganization**") as detailed in the section headed "Our History, Reorganization and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in note 1(b) of Section B below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganization.

All companies now comprising the Group have adopted December 31 as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Periods and the names of the respective auditors are set out in note 1(b) of Section B. The statutory financial statements of these companies were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") or relevant accounting rules and regulations applicable to entities in the jurisdictions in which they were incorporated and/or established.

The directors of the Company have prepared the consolidated financial statements for the Relevant Periods (the "**Underlying Financial Statements**") on the same basis as used in the preparation of the Financial Information set out in Section B below. The Underlying Financial Statements for each of the years ended December 31, 2014, 2015 and 2016 were audited by us under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Hong Kong Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to December 31, 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of preparation set out in note 1(b) of Section B below, a true and fair view of the financial position of the Group as at December 31, 2014, 2015 and 2016 and the Company as at December 31, 2015 and 2016 and of the Group's financial performance and cash flows for the Relevant Periods then ended.

A CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

1 Consolidated income statements of the Group

	Section B	Year ended December 31,		
	Note	2014	2015	2016
		HK$'000	*HK$'000*	*HK$'000*
Revenue	3	1,057,784	1,203,198	3,000,131
Direct costs and operating expenses		(764,720)	(768,662)	(2,008,620)
Gross profit		293,064	434,536	991,511
Other revenue	4	21,693	37,858	67,897
Other loss	5	(54)	(1,275)	(9,684)
Administrative expenses		(63,425)	(101,710)	(197,747)
Profit from operations		251,278	369,409	851,977
Finance costs	6(a)	(26,228)	(41,202)	(67,715)
Share of loss of a joint venture		—	(461)	(867)
Profit before taxation	6	225,050	327,746	783,395
Income tax	7(a)	(25,373)	(56,302)	(153,873)
Profit for the year		199,677	271,444	629,522
Attributable to:				
Equity shareholders of the Company		196,368	271,953	629,222
Non-controlling interests		3,309	(509)	300
Profit for the year		199,677	271,444	629,522

The accompanying notes form part of the Financial Information.

2 Consolidated statements of comprehensive income of the Group

	Section B Note	Year ended December 31, 2014 HK$'000	2015 HK$'000	2016 HK$'000
Profit for the year		199,677	271,444	629,522
Other comprehensive income for the year:				
Items that may be reclassified subsequently to profit or loss:				
— Exchange differences on translation of financial information of subsidiaries outside Hong Kong, net of nil tax		(36,620)	(108,403)	(254,550)
Total comprehensive income for the year		163,057	163,041	374,972
Attributable to:				
Equity shareholders of the Company		159,905	164,148	375,799
Non-controlling interests		3,152	(1,107)	(827)
Total comprehensive income for the year		163,057	163,041	374,972

The accompanying notes form part of the Financial Information.

3 **Consolidated statements of financial position of the Group**

	Section B Note	As at December 31, 2014	2015	2016
		HK$'000	HK$'000	HK$'000
Non-current assets				
Property, plant and equipment	11	773,298	1,599,605	1,713,858
Interest in leasehold land held for own use under operating leases	11	12,743	117,119	120,684
		786,041	1,716,724	1,834,542
Intangible assets	12	1,358,802	1,661,629	2,975,814
Interest in a joint venture	13	—	14,361	33,651
Other receivables, deposits and prepayments	14	392,203	222,999	252,150
Gross amounts due from customers for contract work	15	151,585	334,264	761,700
Deferred tax assets	20(b)	8,615	12,314	21,127
		2,697,246	3,962,291	5,878,984
Current assets				
Inventories	16	21,188	32,456	46,113
Debtors, other receivables, deposits and prepayments	14	236,754	461,791	498,455
Gross amounts due from customers for contract work	15	25,415	39,518	43,804
Tax recoverable	20(a)	6,337	3,162	4,051
Pledged bank deposits	17	—	13,665	88,875
Deposits with bank		4,405	9,568	17,055
Cash and cash equivalents	17	569,142	1,044,475	886,210
		863,241	1,604,635	1,584,563
Current liabilities				
Bank loans	18			
— Secured		107,967	79,394	153,560
— Unsecured		9,345	—	116,705
		117,312	79,394	270,265
Creditors, other payables and accrued expenses	19	555,548	695,225	1,016,502
Current taxation	20(a)	3,110	1,020	8,013
		675,970	775,639	1,294,780
Net current assets		187,271	828,996	289,783
Total assets less current liabilities		2,884,517	4,791,287	6,168,767

	Section B Note	As at December 31, 2014 HK$'000	2015 HK$'000	2016 HK$'000
Non-current liabilities				
Bank loans	18			
— Secured		445,048	1,077,535	1,469,830
— Unsecured		9,345	—	228,232
		454,393	1,077,535	1,698,062
Other payables	19	1,709,270	665,637	38,180
Deferred tax liabilities	20(b)	92,753	126,980	231,943
		2,256,416	1,870,152	1,968,185
NET ASSETS		628,101	2,921,135	4,200,582
CAPITAL AND RESERVES	22			
Share capital		—*	2	3
Other reserves		612,806	2,906,945	4,187,218
Total equity attributable to equity shareholders of the Company		612,806	2,906,947	4,187,221
Non-controlling interests		15,295	14,188	13,361
TOTAL EQUITY		628,101	2,921,135	4,200,582

* The balances represent amount less than HK$1,000.

The accompanying notes form part of the Financial Information.

4 Statements of financial position of the Company

	Section B Note	As at December 31, 2015	2016
		HK$'000	*HK$'000*
Non-current assets			
Investments in subsidiaries	1(b)	2,336,993	2,336,993
Property, plant and equipment	11	—	1,230
		2,336,993	2,338,223
Current assets			
Other receivables and prepayments	14	600,180	912,553
Cash and cash equivalents	17	—	4,210
		600,180	916,763
Current liability			
Other payables	19	—	39,513
Net current assets		600,180	877,250
Total assets less current liability		2,937,173	3,215,473
Non-current liabilities			
Bank loans — unsecured	18	—	30,000
Other payables	19	604,451	—
		604,451	30,000
NET ASSETS		2,332,722	3,185,473
CAPITAL AND RESERVES	22		
Share capital		2	3
Reserves		2,332,720	3,185,470
TOTAL EQUITY		2,332,722	3,185,473

The accompanying notes form part of the Financial Information.

5 **Consolidated statements of changes in equity of the Group**

	Section B Note	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
		Share capital	Exchange reserve	Reserve fund	Retained profits	Total		
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at January 1, 2014		—*	65,909	28,558	358,434	452,901	2,873	455,774
Changes in equity for the year ended December 31, 2014:								
Profit for the year		—	—	—	196,368	196,368	3,309	199,677
Other comprehensive income		—	(36,463)	—	—	(36,463)	(157)	(36,620)
Total comprehensive income		—	(36,463)	—	196,368	159,905	3,152	163,057
Transfer to reserve fund		—	—	13,841	(13,841)	—	—	—
Capital contributions received by a non-wholly owned subsidiary from a non-controlling shareholder		—	—	—	—	—	9,270	9,270
Balance at December 31, 2014		—*	29,446	42,399	540,961	612,806	15,295	628,101

	Section B Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
		Share capital	Share premium	Exchange reserve	Reserve fund	Retained profits	Total		
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at January 1, 2015		—*	—	29,446	42,399	540,961	612,806	15,295	628,101
Changes in equity for the year ended December 31, 2015:									
Profit for the year		—	—	—	—	271,953	271,953	(509)	271,444
Other comprehensive income		—	—	(107,805)	—	—	(107,805)	(598)	(108,403)
Total comprehensive income		—	—	(107,805)	—	271,953	164,148	(1,107)	163,041
Arising from Reorganization	22(c)	2	2,336,991	—	—	—	2,336,993	—	2,336,993
Transfer to reserve fund		—	—	—	32,051	(32,051)	—	—	—
Dividends declared	22(b)	—	—	—	—	(207,000)	(207,000)	—	(207,000)
Balance at December 31, 2015		2	2,336,991	(78,359)	74,450	573,863	2,906,947	14,188	2,921,135
Balance at January 1, 2016		2	2,336,991	(78,359)	74,450	573,863	2,906,947	14,188	2,921,135
Changes in equity for the year ended December 31, 2016:									
Profit for the year		—	—	—	—	629,222	629,222	300	629,522
Other comprehensive income		—	—	(253,423)	—	—	(253,423)	(1,127)	(254,550)
Total comprehensive income		—	—	(253,423)	—	629,222	375,799	(827)	374,972
Issue of ordinary shares	22(c)	1	904,474	—	—	—	904,475	—	904,475
Transfer to reserve fund		—	—	—	10,007	(10,007)	—	—	—
Balance at December 31, 2016		3	3,241,465	(331,782)	84,457	1,193,078	4,187,221	13,361	4,200,582

* The balances represent amount less than HK$1,000.

The accompanying notes form part of the Financial Information.

6 Consolidated cash flow statements of the Group

	Section B Note	Year ended December 31, 2014	2015	2016
		HK$'000	*HK$'000*	*HK$'000*
Operating activities				
Profit before taxation		225,050	327,746	783,395
Adjustments for:				
Depreciation	6(c)	31,432	39,868	85,600
Amortization of intangible assets	6(c)	23,132	32,484	41,668
Amortization of interest in leasehold land held for own use under operating leases	6(c)	588	549	4,239
Finance costs	6(a)	26,228	41,202	67,715
Interest income	4	(3,229)	(7,105)	(5,615)
Net loss on disposal of property, plant and equipment	5	54	1,275	9,684
Share of loss of a joint venture		—	461	867
Effect of foreign exchange rates changes		10,000	2,869	(13,959)
Changes in working capital:				
Increase in inventories		(3,099)	(12,117)	(15,808)
Increase in debtors, other receivables, deposits and prepayments		(22,340)	(395,698)	(129,022)
Decrease/(increase) in gross amounts due from customers for contract work		25,415	(203,878)	(456,489)
(Decrease)/increase in creditors, other payables and accrued expenses		(9,016)	155,610	161,663
Cash generated from/(used in) operations		304,215	(16,734)	533,938
Interest received		3,229	7,105	5,615
People's Republic of China ("**PRC**") income tax refunded/(paid)		6,079	(20,241)	(39,098)
Net cash generated from/(used in) operating activities		313,523	(29,870)	500,455
Investing activities				
Payment for purchase of property, plant and equipment and interest in leasehold land held for own use under operating leases		(198,648)	(546,390)	(323,913)
Payment for additions of intangible assets		(483,417)	(546,695)	(1,263,335)
Payment for capital contribution to a joint venture		—	(14,822)	(20,928)
Increase in non-current portion of prepayments		(237,533)	(68,475)	(1,335)
(Increase)/decrease in amounts due from fellow subsidiaries		(99,680)	98,712	—
Net cash acquired from/(paid for) acquisition of a subsidiary	24	4,775	(20,054)	—
Proceeds from disposal of property, plant and equipment		8	3,348	—
Increase in deposits with bank		(4,329)	(5,340)	(8,121)
Net cash used in investing activities		(1,018,824)	(1,099,716)	(1,617,632)

	Section B Note	Year ended December 31, 2014 HK$'000	2015 HK$'000	2016 HK$'000
Financing activities				
Proceeds from new bank loans		276,936	760,063	1,104,606
Repayment of bank loans		(139,427)	(135,373)	(175,799)
Increase in pledged bank deposits		—	(13,665)	(76,113)
Decrease/(increase) in amounts due from fellow subsidiaries		5,368	(15,512)	12,332
Increase/(decrease) in amounts due to fellow subsidiaries		415,612	89,541	(83,436)
Increase in amount due to immediate holding company		—	604,451	300,024
Increase/(decrease) in amounts due to/from intermediate holding company (net)		422,475	558,365	(119)
Capital contributions received by a non-wholly owned subsidiary from a non-controlling shareholder		9,270	—	—
Payment for listing expenses		—	(1,090)	(11,383)
Interest paid		(26,228)	(50,508)	(73,508)
Dividend paid to equity shareholders		—	(172,188)	—
Net cash generated from financing activities		964,006	1,624,084	996,604
Net increase/(decrease) in cash and cash equivalents		258,705	494,498	(120,573)
Cash and cash equivalents at the beginning of the year		318,433	569,142	1,044,475
Effect of foreign exchange rates changes		(7,996)	(19,165)	(37,692)
Cash and cash equivalents at the end of the year	17	569,142	1,044,475	886,210

Major non-cash transactions

(a) During the year ended December 31, 2015, 299 new ordinary shares were issued by the Company in connection with the Reorganization (see note 22(c)).

(b) During the year ended December 31, 2015, dividends of HK$207,000,000 were declared (see note 22(b)), among which HK$172,188,000 was paid and HK$34,812,000 was settled through the current accounts with fellow subsidiaries.

(c) During the year ended December 31, 2016, 100 new ordinary shares were issued by the Company for setting-off the amount due to immediate holding company of HK$904,475,000 (see note 22(c)).

The accompanying notes form part of the Financial Information.

B NOTES TO THE FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKAS**") and Interpretations issued by the HKICPA. Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in note 29.

The Financial Information also complies with the applicable disclosure provisions of the Hong Kong Listing Rules.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(b) Basis of preparation and presentation

The Company was incorporated in the Cayman Islands on October 13, 2015. Pursuant to the Reorganization in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Company became the holding company of companies now comprising the Group. The companies that took part in the Reorganization were controlled by China Everbright International Limited ("**CEIL**", the intermediate holding company listed on the Stock Exchange) prior to and after the Reorganization. The control is not transitionary and, consequently, there was a continuation of the risks and benefits to CEIL. Therefore, the Reorganization is considered as a business combination of entities under common control. The Financial Information has been prepared using the merger basis of accounting as if the companies now comprising the Group have been consolidated at the beginning of the Relevant Periods unless the combining companies first came under common control at a later date. The assets and liabilities of the combining companies are consolidated using the existing book values from CEIL's perspective.

The consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group as set out in Section A include the consolidated results of operations of the companies now comprising the Group for the Relevant Periods (or where the companies were incorporated, established or acquired at a date later than January 1, 2014, for the period from the date of incorporation, establishment or acquisition to December 31, 2016) as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at December 31, 2014, 2015 and 2016 as set out in Section A have been prepared to present the state of affairs of the Group as at the respective dates as if the Reorganization had occurred at the beginning of the Relevant Periods.

All material intra-group balances, transactions and cash flows have been eliminated in preparing the Financial Information.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
CEG Corporate Services Limited	Hong Kong March 10, 2016	HK$100	—	100%	Provision of corporate services	Note (c)	Note (c)
CEG Plasma Technology Investment Limited	Hong Kong March 13, 2017	HK$100	—	100%	Investment holding	Note (c)	Note (c)
China Everbright Alternative Energy Holdings Limited	Hong Kong November 24, 2010	HK$141,722,210	—	100%	Investment holding	KPMG	2014 & 2015
China Everbright Biomass Energy Investment Limited	Hong Kong January 14, 2010	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
China Everbright Clean Energy Investment Limited	Hong Kong December 8, 2010	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
China Everbright Environmental Repairing Investment Limited	Hong Kong March 13, 2017	HK$100	—	100%	Investment holding	Note (c)	Note (c)
China Everbright Environmental Solid Waste Treatment Holdings Limited	Hong Kong June 11, 2007	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
China Everbright Greentech Management Limited	Hong Kong December 9, 2015	HK$100	—	100%	Provision of management services	Note (c)	Note (c)
China Everbright Greentech R&D Holdings Limited	Hong Kong December 8, 2016	HK$100	—	100%	Investment holding	Note (c)	Note (c)
China Everbright Urban and Rural Integrated Investment Limited	British Virgin Islands ("**BVI**") July 14, 2015	US$200	—	100%	Investment holding	Note (b)	Note (b)

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
EB Greentech Biomass Energy (Jing Men) Holdings Limited	Hong Kong September 14, 2016	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Biomass Energy (Puyang) Holdings Limited	Hong Kong January 3, 2017	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Biomass Energy (Tianjin) Holdings Limited	Hong Kong September 30, 2016	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Biomass (Yingtan) Holdings Limited	Hong Kong January 26, 2017	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Environmental Solid Waste treatment (Chuzhou) Holdings Limited	Hong Kong January 11, 2017	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Environmental Solid Waste Treatment (Linyi) Holdings Limited	Hong Kong July 11, 2016	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Environmental Solid Waste Treatment (Nanjing) Holdings Limited	Hong Kong July 11, 2016	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Environmental Solid Waste Treatment (Suzhou) Holdings Limited	Hong Kong April 8, 2016	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Solid Waste Treatment (Zhenjiang) Holdings Limited	Hong Kong May 16, 2016	HK$100	—	100%	Investment holding	Note (c)	Note (c)

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest: Direct	Proportion of ownership interest: Indirect	Principal activity	Statutory financial statements: Statutory auditors	Statutory financial statements: Financial period ended December 31,
EB Hazardous Waste Holdings Limited	BVI November 2, 2015	US$100	—	100%	Investment holding	Note (b)	Note (b)
EB Renewable Energy and Hazardous Waste Investment Limited	BVI October 23, 2015	US$300	100%	—	Investment holding	Note (b)	Note (b)
EB Renewable Energy Holdings Limited	BVI July 22, 2015	US$200	—	100%	Investment holding	Note (b)	Note (b)
EB Renewable Energy Management Limited	BVI September 23, 2015	US$100	—	100%	Investment holding	Note (b)	Note (b)
EB Urban and Rural Renewable Energy (Chuzhou) Holdings Limited	Hong Kong November 17, 2015	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Deyang) Holdings Limited	Hong Kong August 5, 2015	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Huai'an) Holdings Limited	Hong Kong February 2, 2016	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Lianyungang) Holdings Limited	Hong Kong March 8, 2011	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
EB Urban and Rural Renewable Energy (Nanjing) Holdings Limited	Hong Kong November 17, 2015	HK$100	—	100%	Investment holding	Note (c)	Note (c)

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest: Direct	Proportion of ownership interest: Indirect	Principal activity	Statutory financial statements: Statutory auditors	Statutory financial statements: Financial period ended December 31,
EB Urban and Rural Renewable Energy (Shangqiu) Holdings Limited	Hong Kong November 17, 2016	HK$100	—	100%	Investment holding	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Suzhou) Holdings Limited	Hong Kong August 5, 2015	HK$100	—	100%	Investment holding	Note (c)	Note (c)
Everbright Alternative Energy (Suzhou) Holdings Limited	Hong Kong March 3, 2010	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Biomass Energy (Bengbu) Holdings Limited	Hong Kong March 8, 2011	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Biomass Energy (Chaohu) Holdings Limited	Hong Kong April 1, 2011	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Biomass Energy (Chuzhou) Holdings Limited	Hong Kong January 25, 2010	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Biomass Energy (Huaian) Holdings Limited	Hong Kong May 30, 2014	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Biomass Energy (Liuan) Holdings Limited	Hong Kong March 29, 2016	HK$100	—	100%	Investment holding	Note (c)	Note (c)
Everbright Biomass Energy (Nantong) Holdings Limited	Hong Kong December 17, 2014	HK$100	—	100%	Investment holding	KPMG	2015
Everbright Biomass Energy (Suqian) Holdings Limited	Hong Kong December 8, 2010	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Clean Energy (Anqing) Holdings Limited	Hong Kong March 3, 2010	HK$100	—	100%	Investment holding	KPMG	2014 & 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Clean Energy (Changzhou) Holdings Limited	Hong Kong June 13, 2011	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Clean Energy (Germany) Holdings Limited	Hong Kong February 22, 2011	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Clean Energy (Germany) Investment Limited	BVI February 15, 2011	US$1	—	100%	Investment holding	Note (b)	Note (b)
Everbright Clean Energy (Nanjing) Holdings Limited	Hong Kong August 4, 2015	HK$100	—	100%	Investment holding	Note (c)	Note (c)
Everbright Clean Energy (Suqian) Holdings Limited	Hong Kong June 3, 2010	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Clean Energy (Xinzhou) Holdings Limited	Hong Kong January 14, 2014	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Clean Energy (Zhenjiang) Holdings Limited	Hong Kong June 3, 2010	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Environmental Energy (Anhui Suzhou) Holdings Limited	Hong Kong May 28, 2014	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Solid Waste Treatment (Changzhou) Holdings Limited	Hong Kong October 8, 2014	HK$100	—	100%	Investment holding	KPMG	2015
Everbright Solid Waste Treatment (Lianyungang) Holdings Limited	Hong Kong February 19, 2014	HK$100	—	100%	Investment holding	KPMG	2014 & 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Solid Waste Treatment (Shouguang) Holdings Limited	Hong Kong February 19, 2014	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Solid Waste Treatment (Xuzhou) Holdings Limited	Hong Kong June 30, 2014	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Solid Waste Treatment (Yancheng) Holdings Limited	Hong Kong February 19, 2014	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Solid Waste Treatment (Zibo) Holdings Limited	Hong Kong February 19, 2014	HK$100	—	100%	Investment holding	KPMG	2014 & 2015
EB Greentech Biological Technology (Xinyi) Limited* 光大綠色環保生物科技 (新沂) 有限公司	PRC January 22, 2017	RMB12,500,000	—	100%	Production of biomass fuel	Note (c)	Note (c)
EB Urban and Rural Biomass Energy (Nanjing) Limited# (光大城鄉生物能源(南京) 有限公司) (note (d) and note (e))	PRC March 9, 2016	RMB27,000,000	—	90%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Note (c)	Note (c)

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
EB Urban and Rural Renewable Energy (Fengyang) Company Limited* (光大城鄉再生能源(鳳陽)有限公司) (note (d) and note (e))	PRC December 23, 2015	RMB54,200,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Guanyun) Company Limited* (光大城鄉再生能源(灌雲)有限公司) (note (d) and note (e))	PRC August 12, 2014	RMB82,120,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Lianyungang Henxin Joint Accountants Co., Ltd. (連雲港恒信聯合會計師事務所)	2014 & 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
EB Urban and Rural Renewable Energy (Huai'an) Limited* 光大城鄉再生能源(淮安)有限公司 (note (d) & note (e))	PRC November 18, 2016	RMB5,000,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Mianzhu) Limited* (光大城鄉再生能源(綿竹)有限公司) (note (d) and note (e))	PRC October 15, 2015	RMB143,335,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Sichuan Huaxin (Group) CPA Firm (四川華信(集團)會計師事務所)	2015
EB Urban and Rural Renewable Energy (Xiao County) Limited* (光大城鄉再生能源(蕭縣)有限公司) (note (d) and note (e))	PRC September 30, 2015	RMB156,440,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Shan Dong He Hua United Certified Public Accountants (山東菏華聯合會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
EB Urban and Rural Renewable Energy (Xiayi) Limited* 光大城鄉再生能源(夏邑)有限公司 (note (d) & note (e))	PRC December 22, 2016	RMB14,000,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Zhongjiang) Limited* 光大城鄉再生能源(中江)有限公司	PRC January 20, 2017	RMB5,000,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Note (c)	Note (c)

			Proportion of ownership interest			Statutory financial statements	
Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Direct	Indirect	Principal activity	Statutory auditors	Financial period ended December 31,
Everbright Alternative Energy (Dangshan) Company Limited* (光大新能源(碭山)有限公司) (note (e))	PRC May 6, 2010	HK$125,800,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Shan Dong He Hua United Certified Public Accountants (山東菏華聯合會計師事務所)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Biomass Energy (Chuzhou) Company Limited* (光大生物能源(滁州)有限公司) (note (e))	PRC April 17, 2015	RMB106,670,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Chuzhou Henlixin Certified Public Accountants (滁州恒立信會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Biomass Energy (Dingyuan) Company Limited* (光大生物能源(定遠)有限公司) (note (e))	PRC November 12, 2014	HK$131,480,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Biomass Energy (Guixi) Limited* 光大生物能源(貴溪)有限公司	PRC February 21, 2017	RMB5,000,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Note (c)	Note (c)
Everbright Biomass Energy (Hanshan) Company Limited* (光大生物能源(含山)有限公司) (note (e))	PRC August 18, 2011	HK$127,000,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Maanshan Success Certified Public Accountants (馬鞍山成功會計師事務所) Ruihua Certified Public Accountants (瑞華會計師事務所)	2014 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Biomass Energy (Huaiyuan) Company Limited* (光大生物能源(懷遠)有限公司)	PRC November 14, 2014	HK$139,500,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Biomass Energy (Liuan) Company Limited* (光大生物能源(六安)有限公司) (note (e))	PRC May 5, 2016	RMB31,436,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Note (c)	Note (c)
Everbright Biomass Energy (Lingbi) Company Limited* (光大生物能源(靈璧)有限公司) (note (e))	PRC November 28, 2014	RMB106,666,700	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Shan Dong He Hua United Certified Public Accountants (山東菏華聯合會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Biomass Energy (Rudong) Company Limited* (光大生物能源(如東)有限公司)	PRC February 2, 2015	RMB36,000,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Huaian Tiansheng Certified Public Accountants (淮安天盛會計師事務所)	2015
Everbright Biomass Energy (Rugao) Company Limited* (光大生物能源(如皋)有限公司)	PRC August 5, 2015	RMB106,667,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Huaian Tiansheng Certified Public Accountants (淮安天盛會計師事務所)	2015
Everbright Biomass Energy (Shayang) Limited* 光大生物能源(沙洋)有限公司	PRC January 3, 2017	RMB5,000,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Note (c)	Note (c)

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest: Direct	Proportion of ownership interest: Indirect	Principal activity	Statutory financial statements: Statutory auditors	Statutory financial statements: Financial period ended December 31,
Everbright Biomass Energy (Suqian) Company Limited* (光大生物能源(宿遷)有限公司) (note (e))	PRC July 31, 2014	RMB75,600,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Biomass Energy (Tianjin Jixian) Limited* 光大生物能源(天津薊縣)有限公司	PRC December 1, 2016	RMB5,350,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Note (c)	Note (c)
Everbright Biomass Energy (Xuyi) Company Limited* (光大生物能源(盱眙)有限公司) (note (e))	PRC June 16, 2014	USD16,500,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Huaian Tiansheng Certified Public Accountants (淮安天盛會計師事務所)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest: Direct	Proportion of ownership interest: Indirect	Principal activity	Statutory financial statements: Statutory auditors	Statutory financial statements: Financial period ended December 31,
Everbright Biomass Fuel (Guanyun) Company Limited* (光大生物燃料(灌雲)有限公司)	PRC September 12, 2014	RMB2,500,000	—	100%	Procurement, processing and supply of biomass fuel	Lianyungang Henxin Joint Accountants Co., Ltd. (連雲港恒信聯合會計師事務所)	2014 & 2015
Everbright Biomass Fuel (Suqian) Company Limited* (光大生物燃料(宿遷)有限公司)	PRC September 2, 2014	RMB3,063,000	—	100%	Procurement, processing and supply of biomass fuel	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
						Suqian GongXing Certified Public Accountants Co., Ltd. (宿遷公興會計師事務所有限公司)	2015
Everbright Biomass Fuel (Xuyi) Company Limited* (光大生物燃料(盱眙)有限公司)	PRC September 11, 2014	RMB2,500,000	—	100%	Procurement, processing and supply of biomass fuel	Huaian Tiansheng Certified Public Accountants (淮安天盛會計師事務所)	2014 & 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Environmental Energy (Dangshan) Company Limited* (光大環保能源(碭山)有限公司) (note (d))	PRC July 9, 2014	RMB83,340,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Shan Dong He Hua United Certified Public Accountants (山東菏華聯合會計師事務所)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Environmental Energy (Lingbi) Company Limited* (光大環保能源(靈璧)有限公司) (note (d))	PRC December 22, 2014	RMB83,333,300	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Shan Dong He Hua United Certified Public Accountants (山東菏華聯合會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest: Direct	Proportion of ownership interest: Indirect	Principal activity	Statutory financial statements: Statutory auditors	Statutory financial statements: Financial period ended December 31,
Everbright Environmental Protection Hazardous Waste Treatment (Linshu) Company Limited* (光大綠色環保危廢處置(臨沭)有限公司)	PRC November 16, 2016	RMB13,080,000	—	100%	Design, construction, operation and maintenance of hazardous waste incineration project	Note (c)	Note (c)
Everbright Environmental Protection Hazardous Waste Treatment (Zibo) Company Limited* (光大環保危廢處置(淄博)有限公司)	PRC October 17, 2013	RMB52,940,000	—	100%	Design, construction, operation and maintenance of hazardous waste incineration projects	Zibo Kexin Certified Public Accountants Limited (淄博科信有限責任會計師事務所) Ruihua Certified Public Accountants (瑞華會計師事務所)	2014 2015
Everbright Environmental Protection (Lianyungang) Solid Waste Treatment Company Limited* (光大環保(連雲港)固廢處置有限公司) (note (f))	PRC October 23, 2012	HK$69,570,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Lianyungang Henxin Joint Accountants Co., Ltd. (連雲港恒信聯合會計師事務所) Ruihua Certified Public Accountants (瑞華會計師事務所)	2014 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Environmental Protection (Lianyungang) Waste Disposal Company Limited* (光大環保(連雲港)廢棄物處理有限公司) (note (a))	PRC November 1, 2002	USD8,600,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Lianyungang Henxin Joint Accountants Co., Ltd. (連雲港恒信聯合會計師事務所)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Environmental Protection Solid Waste Treatment (Xinyi) Company Limited* (光大環保固廢處置(新沂)有限公司) (note (f))	PRC September 21, 2014	HK$49,960,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Xinyi Zhengtai Certified Public Accountants Co., Ltd. (新沂市正泰會計師事務所有限公司)	2014
						Jiangsu Huaihai Certified Public Accountants Co., Ltd. (江蘇淮海會計師事務所有限公司)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest: Direct	Proportion of ownership interest: Indirect	Principal activity	Statutory financial statements: Statutory auditors	Statutory financial statements: Financial period ended December 31,
Everbright Environmental Protection (Suqian) Solid Waste Treatment Company Limited* (光大環保(宿遷)固廢處置有限公司) (note (g))	PRC March 14, 2011	HK$47,200,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Environmental Protection (Suzhou) Solid Waste Treatment Company Limited* (光大環保(蘇州)固廢處置有限公司) (note (g))	PRC September 26, 2006	USD4,865,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Environmental Protection (Yancheng) Solid Waste Treatment Company Limited# (光大環保(鹽城)固廢處置有限公司) (note (f))	PRC June 28, 2013	USD15,000,000	—	90%	Design, construction, operation and maintenance of hazardous waste landfill project	The Yancheng Youxin Certified Public Accountants Firm Co., Ltd. (鹽城友信會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Greentech Management (Shenzhen) Company Limited* (光大綠色環保管理(深圳)有限公司)	PRC December 24, 2015	HK$5,000,000	—	100%	Provision of management services	Note (c)	Note (c)
Everbright Photovoltaic Energy (Changzhou) Company Limited* (光大光伏能源(常州)有限公司)	PRC July 29, 2011	RMB32,500,000	—	100%	Design, construction and operation of solar energy project	Changzhou ZengZeRenHe Certified Public Accountants Co., Ltd. (常州正則人和會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest: Direct	Proportion of ownership interest: Indirect	Principal activity	Statutory financial statements: Statutory auditors	Statutory financial statements: Financial period ended December 31,
Everbright Photovoltaic Energy (Huaining) Company Limited* (光大光伏能源(懷寧)有限公司)	PRC May 12, 2010	HK$29,000,000	—	100%	Design, construction and operation of solar energy project	Anqing Jinweixin Certified Public Accountants (安慶金惟信會計師事務所)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Photovoltaic Energy (Suqian) Company Limited* (光大光伏能源(宿遷)有限公司)	PRC September 7, 2010	RMB80,740,000	—	100%	Design, construction and operation of solar energy project	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Photovoltaic Energy (Zhenjiang) Company Limited* (光大光伏能源(鎮江)有限公司)	PRC September 7, 2010	RMB122,090,000	—	100%	Design, construction and operation of solar energy project	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest: Direct	Proportion of ownership interest: Indirect	Principal activity	Statutory financial statements: Statutory auditors	Statutory financial statements: Financial period ended December 31,
Everbright Pyroelectric Energy (Liuan) Company Limited* (光大生物熱電(六安)有限公司) (note (e))	PRC May 5, 2016	RMB39,500,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Note (c)	Note (c)
Everbright Solid Waste Landfill (Xinyi) Holdings Limited* (光大綠色環保固體廢物填埋(新沂)有限公司)	PRC October 10, 2016	RMB59,460,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Note (c)	Note (c)
Everbright Wind Power (Ningwu) Company Limited* (光大風電(寧武)有限公司)	PRC April 15, 2014	RMB258,360,000	—	100%	Design, construction, operation and maintenance of wind power projects	Ningwu Fenyuan Certified Public Accountants (寧武汾源會計師事務所)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Hanshan Everbright Biomass Fuel Company Limited* (含山光大生物燃料有限公司)	PRC December 3, 2014	RMB2,000,000	—	100%	Procurement, processing and supply of biomass fuel	Anhui Jingcheng Certified Public Accountants (安徽竟成會計師事務所)	2015
Hanshan Everbright Photovoltaic Energy Company Limited* (含山光大光伏發電有限公司)	PRC December 3, 2014	RMB3,000,000	—	100%	Design, construction and operation of solar energy project	Anhui Jingcheng Certified Public Accountants (安徽竟成會計師事務所)	2015
Everbright Solarpark Schönewalde Ldt. & Co. KG	Germany June 27, 2011	€1,000	—	100%	Design, construction and operation of solar energy project	Note (b)	Note (b)

* Registered under the laws of the PRC as foreign investment enterprise.

Registered under the laws of the PRC as sino-foreign co-operation joint ventures.

Notes:

(a) The subsidiary was acquired on January 15, 2014 (see note 24).

(b) No audited financial statements have been prepared for these subsidiaries as they were not subject to statutory audit requirements under the rules and regulations in the jurisdiction of incorporation.

(c) No audited financial statements have been prepared for these subsidiaries as they were newly incorporated/established in 2015, 2016 or 2017.

(d) These subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the "**grantors**"). Pursuant to the service concession arrangements, the Group was granted rights to construct, operate and maintain integrated biomass and waste-to-energy projects in the PRC for a period not less than 30 years. The grantors guarantee the Group will receive minimum annual payments in connection with the arrangements. During the operating period, the Group will be responsible to maintain the integrated biomass and waste-to-energy projects in good condition.

The service concession arrangements do not contain renewal options. Both the grantor and the Group have the rights to terminate the agreements in the event of a material breach of the terms of the agreements.

Revenue relates to the construction services provided in constructing the integrated biomass and waste-to-energy projects is recognized as "Gross amounts due from customers for contract work" in the Financial Information.

(e) These subsidiaries of the Group entered into service concession arrangements with the grantors. Pursuant to the service concession arrangements, the Group was granted rights to construct, operate and maintain biomass direct combustion projects in the PRC for a period not less than 30 years. The service fees are based on the extent of services rendered and are subject to the approvals from the relevant local government authorities. During the operating period, the Group will be responsible to maintain the biomass direct combustion projects in good condition.

The service concession arrangements do not contain renewal options. Both the grantor and the Group have the rights to terminate the agreements in the event of a material breach of the terms of the agreements.

Operating rights of the biomass direct combustion projects are recognized as "Intangible assets" in the Financial Information.

(f) These subsidiaries of the Group entered into service concession arrangements with the grantors. Pursuant to the service concession arrangements, the Group was granted rights to construct, operate and maintain hazardous waste landfill projects in the PRC for a period of 20 to 30 years. The Group has the obligation to maintain the hazardous waste landfill projects in good condition. The service fees are based on the extent of services rendered and are subject to the approvals from the relevant local government authorities. Upon expiry of the concession periods, the hazardous waste landfill projects and related facilities will be transferred to the local government authorities.

The service concession arrangements do not contain renewal options. Both the grantor and the Group have the rights to terminate the agreements in the event of a material breach of the terms of the agreements.

Operating rights of the hazardous waste landfill projects are recognized as "Intangible assets" in the Financial Information.

(g) These subsidiaries of the Group entered into service concession arrangements with the grantors. Pursuant to the service concession arrangements, the Group was granted rights to construct, operate and maintain hazardous waste landfill projects in the PRC for a period of 25 to 30 years. The Group has the obligation to maintain the hazardous waste landfill projects in good condition. The grantors guarantee the Group will receive minimum annual payments in connection with the arrangements. Upon expiry of the concession periods, the hazardous waste landfill projects and related facilities will be transferred to the local government authorities.

The service concession arrangements do not contain renewal options. Both the grantor and the Group have the rights to terminate the agreements in the event of a material breach of the terms of the agreements.

Revenue relates to the construction services provided in constructing the hazardous waste landfill projects is recognized as "Gross amounts due from customers for contract work" in the Financial Information.

(c) Basis of measurement

The Financial Information is prepared in Hong Kong dollars ("**HK$**"), rounded to the nearest thousand. It is prepared on the historical cost basis.

(d) Use of estimates and judgments

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 2.

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(n) or (o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(f) Joint ventures

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the Financial Information under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the joint venture's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the joint venture's net assets and any impairment loss relating to the investment (see notes 1(j)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the joint venture and any impairment losses for the year are recognized in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the joint venture's other comprehensive income is recognized in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

Unrealized profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that joint venture, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former joint venture at the date when joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(j)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, from 20 to 50 years after the date of completion.

— Plant and machinery	5 to 25 years
— Leasehold improvements	10 years or over the remaining term of the lease, if shorter
— Furniture and fixtures	5 to 10 years
— Motor vehicles, electronic equipment and others	3 to 12 years

No depreciation is provided in respect of construction in progress.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Intangible assets

Intangible assets represent operating rights of certain service concession arrangements. The intangible assets are stated at cost less accumulated amortization and impairment losses (see note 1(j)(ii)).

Amortization of intangible assets is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets are amortized from the date they are available for use and their estimated useful lives are as follows:

—	Biomass project operating rights	30 years
—	Hazardous waste treatment project operating rights	20 to 30 years

Both the period and method of amortization are reviewed annually.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except that land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

(j) Impairment of assets

(i) Impairment of receivables

Current and non-current receivables that are stated at cost or amortized cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganization; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of debtors included within debtors, other receivables, deposits and prepayments, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

— property, plant and equipment;

— pre-paid interests in leasehold land classified as being held under an operating lease;

— intangible assets; and

— interest in a joint venture.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(k) Inventories

Inventories, mainly comprise biomass fuel, spare parts and consumables used in the repairs and maintenance, are carried at cost less provision for obsolescence (if any). Cost is calculated using the weighted average cost formula. When inventories are consumed, the carrying amount of those inventories is recognized as an expense in profit or loss.

(l) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 1(t)(i). When the outcome of a construction contract can be estimated reliably, contract costs are recognized as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognized as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognized profit less recognized losses and progress billings, and are presented in the consolidated statement of financial position as the "Gross amounts due from customers for contract work" (as an asset) or the "Gross amounts due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Debtors, other receivables, deposits and prepayments".

(m) Debtors, other receivables, deposits and prepayments

Debtors, other receivables, deposits and prepayments are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(j)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Creditors, other payables and accrued expenses

Creditors, other payables and accrued expenses are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 1(s)(i), creditors, other payables and accrued expenses are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(s) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognized as deferred income within creditors, other payables and accrued expenses. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 1(s)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in creditors, other payables and accrued expenses in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) Other provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Revenue from construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract based on the latest available information.

The stage of completion is assessed by reference to surveyors of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

(ii) Revenue from service concession arrangement

Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognizing revenue from construction contracts (see note 1(t)(i)). Operation or service revenue is recognized in the period in which services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

(iii) Revenue from operation services

Revenue from operation services are recognized when the related services are rendered.

(iv) Finance income

Finance income is recognized as it accrues using the effective interest method.

(v) Government grants

Government grants are recognized in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized initially as deferred income and amortized to profit or loss on a straight-line basis over the useful life of the asset.

(u) Repairs and maintenance

Expenditures on major overhaul, repair and maintenance are charged to profit or loss as incurred.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Consolidated statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income under "Exchange differences on translation of financial information of subsidiaries outside Hong Kong, net of nil tax" and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(w) Borrowing costs

Borrowings costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Accounting judgments and estimates

(a) Critical accounting judgments in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgments:

Service concession arrangements

The Group entered into Build-Operate-Transfer ("**BOT**") and Build-Operate-Own ("**BOO**") arrangements in respect of its projects.

The Group concluded that all the BOT arrangements and certain BOO arrangements are service concession arrangements under HK(IFRIC) 12, because the local government controls and regulates the services that the Group must provide with the infrastructure at a pre-determined service charge. In respect of BOT arrangements, upon expiry of concession right agreement, the infrastructure has to be transferred to the local government at nil consideration. Infrastructure for BOO arrangements is used in the service concession arrangements for its entire or substantial useful life.

(b) Sources of estimation uncertainty

Note 23 contains information about the assumptions and their risk factors relating to valuation of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Construction contracts

As explained in policy notes 1(l) and 1(t)(i), revenue and profit recognition on an incompleted project is dependent on estimating the final outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached, the "Gross amounts due from customers for contract work" as disclosed in note 15 will not include profit which the Group may eventually realize from the work to date. In addition, actual outcomes in terms of revenue or costs may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognized in future years as an adjustment to the amounts recorded to date.

(ii) Impairment losses for bad and doubtful debts

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers to make the required payments. The Group bases the estimates on the ageing of the receivables, customer credit-worthiness, and historical write-off experience. If the financial conditions of customers were to deteriorate, actual write-offs would be higher than estimated.

(iii) Other impairment losses

If circumstances indicate that the carrying values of property, plant and equipment, interest in leasehold land held for own use under operating leases, intangible assets, interest in a joint venture and other financial assets may not be recoverable, these assets may be considered impaired, and an impairment loss may be recognized in accordance with HKAS 36, *Impairment of assets*. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to estimate precisely fair values because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

(iv) Income taxes

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognized for temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized, management's judgment is required to assess the probability of future taxable profits. Management reassess these estimates at the end of each reporting period. Additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

3 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are construction, biomass project operation (biomass direct combustion projects and integrated biomass and waste-to-energy projects), hazardous waste treatment project operation (hazardous waste landfill projects and hazardous waste incineration projects) and solar and wind energy project operation (solar energy projects and wind power projects).

Revenue represents the revenue from construction services, revenue from biomass energy projects, hazardous waste treatment projects and solar and wind energy projects operation services and finance income. The amount of each significant category of revenue recognized during the Relevant Periods is as follows:

	Year ended December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from biomass project construction services	312,994	590,941	1,963,575
Revenue from hazardous waste treatment project construction services	357,748	44,269	84,991
Revenue from biomass project operation services	219,647	348,989	459,840
Revenue from hazardous waste treatment project operation services	81,545	107,587	240,033
Revenue from solar and wind energy project operation services	72,052	92,684	215,115
Finance income	13,798	18,728	36,577
	1,057,784	1,203,198	3,000,131

For the years ended December 31, 2014, 2015 and 2016, the Group has transactions with four, four and three local government authorities in the PRC which individually exceeded 10% of the Group's revenues respectively. The revenue from these PRC local government authorities during the years ended December 31, 2014, 2015 and 2016 amounted to HK$892,169,000, HK$859,861,000, and HK$1,274,764,000 respectively.

The aggregated revenues from construction services, operation services and finance income derived from local government authorities in the PRC amounted to HK$986,943,000, HK$1,088,901,000 and HK$2,766,634,000 respectively for each of the years ended December 31, 2014, 2015 and 2016. The revenues arose from all the three business segments as set out in note 3(b). Details of concentrations of credit risk arising from these customers are set out in note 23(a).

(b) Segment reporting

The Group manages its business by divisions, which are organized 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 the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Biomass project construction and operation: this segment engages in the construction and operation of biomass direct combustion projects and integrated biomass and waste-to-energy projects to generate revenue from construction services, revenue from operation services as well as finance income.

Hazardous waste treatment project construction and operation: this segment engages in the construction and operation of hazardous waste landfill projects and hazardous waste incineration projects to generate revenue from construction services, revenue from operation services as well as finance income.

Solar and wind energy project construction and operation: this segment engages in the construction and operation of solar energy projects and wind power projects to generate revenue from operation services.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible assets, intangible assets, interest in a joint venture, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets. Segment liabilities include current taxation, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segments 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 amortization of assets attributable to those segments.

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

In addition to receiving segment information concerning EBITDA, management is provided with segment information concerning revenue, interest expense from borrowings managed directly by the segments, depreciation and amortization and additions to non-current segment assets used by the segments in their operations.

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 Relevant Periods is set out below.

	Biomass project construction and operation Year ended December 31,			Hazardous waste treatment project construction and operation Year ended December 31,			Solar and wind energy project construction and operation Year ended December 31,			Total Year ended December 31,		
	2014	**2015**	**2016**	**2014**	**2015**	**2016**	**2014**	**2015**	**2016**	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue from external customers and reportable segment revenue	532,641	946,320	2,449,253	453,091	164,194	335,763	72,052	92,684	215,115	1,057,784	1,203,198	3,000,131
Reportable segment profit (EBITDA)	153,068	300,613	666,684	92,142	82,156	188,799	63,113	77,693	198,805	308,323	460,462	1,054,288
Interest income from bank deposits	767	3,310	4,434	765	1,791	392	846	940	81	2,378	6,041	4,907
Finance costs	15,819	26,060	32,485	2,655	4,079	9,574	7,754	11,063	25,556	26,228	41,202	67,615
Depreciation and amortization	24,832	35,139	44,011	4,722	5,186	17,847	25,598	32,576	69,549	55,152	72,901	131,407
Additions to property, plant and equipment, interest in leasehold land held for own use under operating leases, intangible assets and non-current portion of prepayments	345,368	584,267	1,804,880	497,354	113,851	117,992	347,230	688,403	8,557	1,189,952	1,386,521	1,931,429
Additions to non-current portion of other receivables and deposits and gross amounts due from customers for contract work	—	240,509	532,990	13,798	12,338	18,779	—	—	—	13,798	252,847	551,769

	As at December 31,			As at December 31,			As at December 31,			As at December 31,		
	2014	**2015**	**2016**	**2014**	**2015**	**2016**	**2014**	**2015**	**2016**	**2014**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Reportable segment assets	1,373,641	2,429,742	4,573,051	1,057,533	989,031	1,131,190	1,029,559	1,669,764	1,500,870	3,460,733	5,088,537	7,205,111
Reportable segment liabilities	673,188	873,932	2,016,403	321,292	280,905	440,509	267,410	877,367	709,485	1,261,890	2,032,204	3,166,397

(ii) Reconciliation of reportable segment revenue, profit, assets and liabilities

	Year ended December 31,		
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Revenue			
Reportable segment revenue and consolidated revenue	1,057,784	1,203,198	3,000,131
Profit			
Reportable segment profit derived from the Group's external customers	308,323	460,462	1,054,288
Depreciation and amortization	(55,152)	(72,901)	(131,507)
Finance costs	(26,228)	(41,202)	(67,715)
Unallocated head office and corporate income	488	22	866
Unallocated head office and corporate expenses	(2,381)	(18,635)	(72,537)
Consolidated profit before taxation	225,050	327,746	783,395

	As at December 31,		
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Reportable segment assets	3,460,733	5,088,537	7,205,111
Unallocated head office and corporate assets	99,754	478,389	258,436
Consolidated total assets	3,560,487	5,566,926	7,463,547
Liabilities			
Reportable segment liabilities	1,261,890	2,032,204	3,166,397
Unallocated head office and corporate liabilities	1,670,496	613,587	96,568
Consolidated total liabilities	2,932,386	2,645,791	3,262,965

(iii) Geographic information

The following table sets out information about the geographical location of (a) the Group's revenue from external customers, (b) the Group's property, plant and equipment, interest in leasehold land held for own use under operating leases and intangible assets and (c) the Group's non-current portion of other receivables, deposits and prepayments and non-current portion of gross amounts due from customers for contract work. The geographical location of customers is based on the location at which the services were provided. The geographical location of the assets is based on the physical location of the asset, in the case of property, plant and equipment and interest in leasehold land held for own use under operating leases, and the location of the operation to which they are allocated, in the case of other receivables, deposits and prepayments, intangible assets and gross amounts due from customers for contract work.

	Year ended December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Revenue from external customers			
PRC	1,050,338	1,196,696	2,994,136
Germany	7,446	6,502	5,995
	1,057,784	1,203,198	3,000,131

	As at December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment, interest in leasehold land held for own use under operating leases and intangible assets			
PRC	2,086,629	3,329,415	4,766,542
Germany	58,214	48,938	43,814
	2,144,843	3,378,353	4,810,356
Non-current portion of other receivables, deposits and prepayments and gross amounts due from customers for contract work			
PRC	543,788	557,263	1,013,850

4 Other revenue

	Year ended December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Interest income	3,229	7,105	5,615
Government grant*	1,737	5,444	15,750
Value-added tax refund**	15,282	23,209	42,249
Others	1,445	2,100	4,283
	21,693	37,858	67,897

* Government grant of HK$3,425,000 and HK$14,019,000 was granted during the year ended December 31, 2015 and 2016 respectively to subsidize a biomass project of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grant in the future. The remaining amounts represent amortization of deferred income as set out in note 19.

** The Group was entitled to PRC value-added tax refund of HK$15,282,000, HK$23,209,000 and HK$42,249,000 during the years ended December 31, 2014, 2015 and 2016 respectively. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

5 Other loss

	Year ended December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Net loss on disposal of property, plant and equipment	54	1,275	9,684

6 Profit before taxation

Profit before taxation is arrived at after charging:

	Year ended December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
(a) Finance costs			
Interest on bank loans and other borrowings	23,637	41,357	72,518
Interest on amount due to fellow subsidiary	2,591	9,151	990
	26,228	50,508	73,508
Less: interest expense capitalized into construction in progress*	—	(9,306)	(5,793)
	26,228	41,202	67,715

* The borrowing costs have been capitalized at a rate of 5.00% to 6.35% and 4.56% to 4.90% per annum during the years ended December 31, 2015 and 2016 respectively.

	Year ended December 31,		
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
(b) Staff costs			
Contributions to defined contribution retirement plan	2,885	4,832	11,174
Salaries, wages and other benefits	38,370	63,602	93,485
	41,255	68,434	104,659
(c) Other items			
Amortization			
— interest in leasehold land held for own use under operating leases	588	549	4,239
— intangible assets	23,132	32,484	41,668
Depreciation	31,432	39,868	85,600
Net foreign exchange loss	3,990	9,728	12,653
Auditors' remuneration			
— audit services	326	1,851	2,133
— other services	127	148	102
Operating lease charges: minimum lease payments			
— hire of premises	628	714	3,892
Listing expenses	—	3,948	36,297

7 Income tax in the consolidated income statements

(a) Taxation in the consolidated income statements represents:

	Year ended December 31,		
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Current tax — Hong Kong Profits Tax			
Provision for the year	—	—	—
Current tax — PRC Income Tax			
Provision for the year	11,084	21,767	44,874
(Over)/under-provision in respect of prior years	(13,714)	(441)	328
	(2,630)	21,326	45,202
Deferred tax			
Origination and reversal of temporary differences	28,003	34,976	108,671
	25,373	56,302	153,873

No provision for Hong Kong Profits Tax has been made in the Financial Information for the years ended December 31, 2014, 2015 and 2016 as the Group's operations in Hong Kong did not earn any income subject to Hong Kong Profits Tax.

Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the Relevant Periods, certain PRC subsidiaries are subject to tax at 50% of the standard tax rates or fully exempt from income tax under the relevant tax rules and regulations.

The over-provision in respect of prior years of HK$13,714,000 during the year ended December 31, 2014 represents a tax refund received by the Group in respect of an approval obtained in 2014 for tax concession of a solid waste landfill project, whereas the relevant amount of tax was paid and provided for in prior years.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Profit before taxation	225,050	327,746	783,395
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	58,198	91,308	200,899
Tax effect of non-deductible expenses	8,963	9,487	13,914
Tax effect of non-taxable income	(2,530)	(1,177)	(3,187)
Tax effect of profits entitled to tax concession in the PRC	(28,054)	(39,136)	(64,608)
Tax effect of withholding tax on undistributed profits of PRC subsidiaries	2,510	(3,739)	6,527
(Over)/under-provision in respect of prior years	(13,714)	(441)	328
Actual tax expense	25,373	56,302	153,873

8 Directors' remuneration

The directors' remuneration for each of the years ended December 31, 2014, 2015 and 2016 is as follows:

Year ended December 31, 2014

	Directors' fees	**Salaries, allowances and benefits in kind**	**Discretionary bonuses**	**Retirement scheme contributions**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Qian Xiaodong	—	—	—	—	—
Yang Zhiqiang	—	—	—	—	—
Wang Yungang	—	—	—	—	—
Non-executive directors					
Chen Xiaoping	—	—	—	—	—
Hu Yanguo	—	—	—	—	—
Tang Xianqing	—	—	—	—	—
	—	—	—	—	—

Year ended December 31, 2015

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Qian Xiaodong	—	—	—	—	—
Yang Zhiqiang	—	—	—	—	—
Wang Yungang	—	—	—	—	—
Non-executive directors					
Chen Xiaoping	—	—	—	—	—
Hu Yanguo	—	—	—	—	—
Tang Xianqing	—	—	—	—	—
	—	—	—	—	—

Year ended December 31, 2016

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors					
Qian Xiaodong	—	1,560	1,650	56	3,266
Yang Zhiqiang	—	1,170	950	117	2,237
Wang Yungang	—	1,097	936	38	2,071
Non-executive directors					
Chen Xiaoping	—	—	—	—	—
Hu Yanguo	—	—	—	—	—
Tang Xianqing	—	—	—	—	—
	—	3,827	3,536	211	7,574

All the executive directors received remuneration from a subsidiary of CEIL during the years ended December 31, 2014 and 2015 in respect of their services to CEIL and its subsidiaries (the "**CEIL Group**"). The amounts paid by the fellow subsidiary were not specifically allocated between their services to the Group and the CEIL Group, respectively, as there is no arrangement to recharge the Group such expenses and it is not meaningful to perform a retrospective allocation of the services rendered by the executive directors to the various group companies within the Group and CEIL Group.

During the Relevant Periods, there was no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. And, there was no arrangement under which a director has waived or agreed to waive any remuneration during the Relevant Periods.

9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (for the years ended December 31, 2014 and 2015: nil) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (for the years ended December 31, 2014 and 2015: five) individuals are as follows:

	Year ended December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Salaries and other emoluments	1,327	1,251	2,153
Discretionary bonuses	629	807	1,178
Retirement scheme contributions	163	195	159
	2,119	2,253	3,490

The emoluments of the two (for the years ended December 31, 2014 and 2015: five) individuals with the highest emoluments are within the following band:

	Year ended December 31,		
	2014	**2015**	**2016**
	Number of individual	*Number of individual*	*Number of individual*
HK$Nil - HK$1,000,000	5	5	—
HK$1,500,001 - HK$2,000,000	—	—	2

10 Earnings per share

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful due to the Reorganization and the preparation of the results of the Group for the Relevant Periods on the basis as disclosed in note l(b) of Section B.

11 **Property, plant and equipment and interest in leasehold land held for own use under operating leases**

The Group

	Buildings	Plant and machinery	Leasehold improvements, furniture and fixtures	Motor vehicles, electronic equipment and others	Construction in progress	Sub-total	Interest in leasehold land held for own use under operating leases	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:								
At January 1, 2014	42,313	570,822	2,121	16,419	—	631,675	12,637	644,312
Exchange adjustments	(1,874)	(21,933)	(97)	(503)	(2,350)	(26,757)	(722)	(27,479)
Additions								
— through acquisition of subsidiary	15,820	6,826	1,178	485	—	24,309	2,481	26,790
— others	—	775	1,287	6,219	231,107	239,388	—	239,388
Disposals	—	—	(255)	(374)	—	(629)	—	(629)
At December 31, 2014	56,259	556,490	4,234	22,246	228,757	867,986	14,396	882,382
At January 1, 2015	56,259	556,490	4,234	22,246	228,757	867,986	14,396	882,382
Exchange adjustments	(8,723)	(48,211)	(397)	(1,169)	(8,743)	(67,243)	(4,150)	(71,393)
Additions	—	13,327	7,494	10,064	901,378	932,263	108,955	1,041,218
Disposals	—	(5,205)	(30)	(923)	—	(6,158)	—	(6,158)
Transferred from construction in progress	198,701	716,658	—	—	(915,359)	—	—	—
At December 31, 2015	246,237	1,233,059	11,301	30,218	206,033	1,726,848	119,201	1,846,049
At January 1, 2016	246,237	1,233,059	11,301	30,218	206,033	1,726,848	119,201	1,846,049
Exchange adjustments	(25,602)	(96,234)	(975)	(3,174)	(8,445)	(134,430)	(8,339)	(142,769)
Additions	4,544	15,851	4,424	27,591	279,754	332,164	39,690	371,854
Disposals	(355)	(9,673)	(1,767)	(474)	(3,160)	(15,429)	—	(15,429)
Transferred from construction in progress	192,485	208,768	—	—	(401,253)	—	—	—
Transfer out for service concession arrangements	—	—	—	—	—	—	(23,861)	(23,861)
At December 31, 2016	417,309	1,351,771	12,983	54,161	72,929	1,909,153	126,691	2,035,844

	Buildings	Plant and machinery	Leasehold improvements, furniture and fixtures	Motor vehicles, electronic equipment and others	Construction in progress	Sub-total	Interest in leasehold land held for own use under operating leases	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Accumulated depreciation and amortization:								
At January 1, 2014	4,903	54,931	1,099	5,734	—	66,667	1,159	67,826
Exchange adjustments	(156)	(2,486)	(33)	(169)	—	(2,844)	(94)	(2,938)
Charge for the year	2,939	24,410	1,008	3,075	—	31,432	588	32,020
Written back on disposal	—	—	(255)	(312)	—	(567)	—	(567)
At December 31, 2014	7,686	76,855	1,819	8,328	—	94,688	1,653	96,341
At January 1, 2015	7,686	76,855	1,819	8,328	—	94,688	1,653	96,341
Exchange adjustments	(451)	(4,685)	(211)	(431)	—	(5,778)	(120)	(5,898)
Charge for the year	4,663	29,404	1,865	3,936	—	39,868	549	40,417
Written back on disposal	—	(759)	—	(776)	—	(1,535)	—	(1,535)
At December 31, 2015	11,898	100,815	3,473	11,057	—	127,243	2,082	129,325
At January 1, 2016	11,898	100,815	3,473	11,057	—	127,243	2,082	129,325
Exchange adjustments	(1,430)	(9,024)	(242)	(1,107)	—	(11,803)	(314)	(12,117)
Charge for the year	14,222	62,649	1,265	7,464	—	85,600	4,239	89,839
Written back on disposal	(56)	(4,435)	(1,016)	(238)	—	(5,745)	—	(5,745)
At December 31, 2016	24,634	150,005	3,480	17,176	—	195,295	6,007	201,302

	Buildings	Plant and machinery	Leasehold improvements, furniture and fixtures	Motor vehicles, electronic equipment and others	Construction in progress	Sub-total	Interest in leasehold land held for own use under operating leases	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net book value:								
At December 31, 2014	48,573	479,635	2,415	13,918	228,757	773,298	12,743	786,041
At December 31, 2015	234,339	1,132,244	7,828	19,161	206,033	1,599,605	117,119	1,716,724
At December 31, 2016	392,675	1,201,766	9,503	36,985	72,929	1,713,858	120,684	1,834,542

The analysis of net book value of properties is as follows:

	As at December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
In the PRC			
Medium-term leases	61,316	351,458	513,359
Representing:			
Buildings	48,573	234,339	392,675
Interest in leasehold land held for own use under operating leases	12,743	117,119	120,684
	61,316	351,458	513,359

The Company

	Motor vehicles, electronic equipment and others
	HK$'000
Cost:	
At January 1, 2016	—
Additions	1,293
At December 31, 2016	1,293
Accumulated depreciation:	
At January 1, 2016	—
Charge for the year	(63)
At December 31, 2016	(63)
Net book value:	
At December 31, 2016	1,230

12 Intangible assets

The Group

	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At January 1, 2014	692,062	83,130	775,192
Exchange adjustments	(20,986)	(5,776)	(26,762)
Additions	312,994	357,748	670,742
At December 31, 2014	984,070	435,102	1,419,172
Accumulated amortization:			
At January 1, 2014	38,463	—	38,463
Exchange adjustments	(1,225)	—	(1,225)
Charge for the year	23,132	—	23,132
At December 31, 2014	60,370	—	60,370
Net book value:			
At December 31, 2014	923,700	435,102	1,358,802

	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At January 1, 2015	984,070	435,102	1,419,172
Exchange adjustments	(50,396)	(18,801)	(69,197)
Additions	356,821	44,269	401,090
At December 31, 2015	1,290,495	460,570	1,751,065
Accumulated amortization:			
At January 1, 2015	60,370	—	60,370
Exchange adjustments	(3,418)	—	(3,418)
Charge for the year	32,484	—	32,484
At December 31, 2015	89,436	—	89,436
Net book value:			
At December 31, 2015	1,201,059	460,570	1,661,629

	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At January 1, 2016	1,290,495	460,570	1,751,065
Exchange adjustments	(151,501)	(34,001)	(185,502)
Additions	1,456,593	76,950	1,533,543
At December 31, 2016	2,595,587	503,519	3,099,106
Accumulated amortization:			
At January 1, 2016	89,436	—	89,436
Exchange adjustments	(7,563)	(249)	(7,812)
Charge for the year	36,171	5,497	41,668
At December 31, 2016	118,044	5,248	123,292
Net book value:			
At December 31, 2016	2,477,543	498,271	2,975,814

The amortization of the intangible assets is included in "Direct costs and operating expenses" in the consolidated income statements. There was no amortization during the Relevant Periods for certain hazardous waste treatment project operating rights as the Group has not yet obtained all necessary licenses for the relevant projects and therefore, the operating rights have not yet been available for use.

As at December 31, 2014, 2015 and 2016, there were certain projects that had not commenced operation, the amounts of the project operating rights of these projects were HK$435,103,000, HK$806,447,000 and HK$894,899,000 respectively. The recoverable amount of each of these operating rights was determined based on value-in-use calculations, i.e. the present value of the future cash flows expected to be derived from the projects. The cash flow projections are based on the most recent respective financial budgets approved by the senior management covering a budget period of five years. The financial budgets are prepared based on the service agreements governing the relevant projects. Cash flows beyond the budget period are extrapolated using an estimated inflation rate of 2% which does not exceed the average long-term growth rates for the industry in which the projects operate. Discount rates of 13.5% to 14.3% have been adopted for the value-in-use calculations during the Relevant Periods. The discount rates used are the pre-tax rates that reflect the current market assessments of the time value of money and the specific risks relating to the relevant operating rights. No impairment is considered necessary during the Relevant Periods.

13 Interest in a joint venture

	The Group		
	As at December 31,		
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Share of net assets	—	14,361	33,651

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the Financial Information, are as follows:

			Proportion of ownership interest			
Name of joint venture	Form of business structure	Place of establishment and operation	Group's effective interest	held by the Company	held by a subsidiary	Principal Activity
Everbright SITA Solid Waste Treatment (Changzhou) Limited ("**SITA (Changzhou)**")	Established	PRC	50%	—	50%	Design, construction, operation and maintenance of hazardous waste landfill project (note)

Note: The Group made capital contributions of HK$14,822,000 and HK$20,928,000 to SITA (Changzhou) during the years ended December 31, 2015 and 2016 respectively. The Group has joint control over SITA (Changzhou)'s management, including participation in the financial and operating policy decisions, pursuant to the Articles of Association of SITA (Changzhou). Accordingly, SITA (Changzhou) is classified as a joint venture of the Group.

SITA (Changzhou) was established by the Group with SITA Asia Pacific Limited in the PRC, the other investor to this joint venture, to enhance harmless disposal ability of hazardous waste of Changzhou City.

SITA (Changzhou), the only joint venture in which the Group participates, is an unlisted corporate entity whose quoted market price is not available.

Summarized financial information of SITA Changzhou, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the Financial Information, are disclosed below:

	SITA (Changzhou)	
	As at December 31, 2015	**As at December 31, 2016**
	HK$'000	*HK$'000*
Gross amounts of the SITA (Changzhou)'s		
Current assets	12,303	13,853
Non-current assets	17,826	53,930
Current liabilities	(1,407)	(481)
Equity	28,722	67,302
Included in the above assets and liabilities:		
Cash and cash equivalents	11,554	11,649
Reconciled to the Group's interest in SITA (Changzhou)		
Gross amounts of SITA (Changzhou)'s net assets	28,722	67,302
Group's effective interest	50%	50%
Group's share of SITA (Changzhou)'s net assets	14,361	33,651
Carrying amount in the Financial Information	14,361	33,651

14 Debtors, other receivables, deposits and prepayments

	The Group			The Company	
	As at December 31,			As at December 31,	
	2014	2015	2016	2015	2016
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Debtors	71,169	198,433	268,788	—	—
Other receivables, deposits and prepayments					
— finance income receivables	39,748	48,593	71,059	—	—
— prepayment for constructions	249,427	236,149	141,318	—	—
— prepayment for operations	5,232	8,380	19,858	—	—
— value-added tax receivables	51,180	166,809	211,992	—	—
— others	24,480	11,472	35,959	1,090	15,004
	370,067	471,403	480,186	1,090	15,004
Amounts due from fellow subsidiaries	102,253	14,954	1,631	—	—
Amounts due from subsidiaries	—	—	—	599,090	897,549
Amount due from intermediate holding company	85,468	—	—	—	—
	628,957	684,790	750,605	600,180	912,553
Less: Non-current portion					
Other receivables, deposits and prepayments					
— finance income receivables	(33,102)	(40,428)	(62,881)	—	—
— prepayment for constructions	(237,533)	(68,499)	(17,083)	—	—
— value-added tax receivables	(36,100)	(114,072)	(172,186)	—	—
	(306,735)	(222,999)	(252,150)	—	—
Amount due from intermediate holding company	(85,468)	—	—	—	—
	(392,203)	(222,999)	(252,150)	—	—
Current portion	236,754	461,791	498,455	600,180	912,553

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

	The Group		
	As at December 31,		
	2014	2015	2016
	HK$'000	HK$'000	HK$'000
Current	57,389	93,758	181,306
Within 1 month past due	4,095	37,019	26,826
More than 1 month but within 3 months past due	5,509	3,780	391
More than 3 months but within 6 months past due	1,392	24,345	26,006
More than 6 months but within 12 months past due	669	35,260	32,850
More than 12 months past due	2,115	4,271	1,409
Amounts past due	13,780	104,675	87,482
	71,169	198,433	268,788

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

	The Group		
	As at December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 month	46,599	57,617	126,364
More than 1 month but within 2 months	9,511	17,988	27,868
More than 2 months but within 4 months	8,046	32,855	42,188
More than 4 months but within 7 months	4,229	36,533	19,095
More than 7 months but within 13 months	457	34,029	46,786
More than 13 months	2,327	19,411	6,487
	71,169	198,433	268,788

Debtors are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy are set out in note 23(a).

There was no recent history of default in respect of the Group's debtors. Since most of the debtors are local government authorities in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognized by the Group at December 31, 2014, 2015 and 2016.

Other receivables, deposits and prepayments include balances totaling HK$39,748,000, HK$48,593,000 and HK$71,059,000 as at December 31, 2014, 2015 and 2016 respectively, which bear interest at rates ranging from 5.15% to 6.91% per annum and relate to the BOT and certain BOO arrangements of the Group. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT and BOO arrangements. No impairment loss was recognized by the Group at December 31, 2014, 2015 and 2016.

The amounts due from fellow subsidiaries are unsecured, interest free and recoverable on demand, except for an amount of HK$99,680,000 as at December 31, 2014 which bears interest at 5.6% per annum and was fully settled during the year ended December 31, 2015.

The amount due from intermediate holding company as at December 31, 2014 was unsecured, interest free and not expected to be settled within twelve months from the end of the reporting period. The amount was fully settled during the year ended December 31, 2015.

All of the amounts due from fellow subsidiaries will be settled prior to the Listing.

The amounts due from subsidiaries of the Company as at December 31, 2015 and 2016 were unsecured, interest free and recoverable on demand.

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

15 Gross amounts due from customers for contract work

	The Group		
	As at December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Contract costs incurred plus recognized profits less anticipated losses	286,053	501,524	960,144
Less: Progress billings	(109,053)	(127,742)	(154,640)
Net contract work	177,000	373,782	805,504
Representing:			
Gross amounts due from customers for contract work			
— Non-current	151,585	334,264	761,700
— Current	25,415	39,518	43,804
	177,000	373,782	805,504

"Gross amounts due from customers for contract work" represent revenue from construction under BOT arrangements and certain BOO arrangements and bear interest at rates ranging from 5.15% to 6.91% per annum as at December 31, 2014, 2015 and 2016. As at December 31, 2014, 2015 and 2016, HK$177,000,000, HK$146,844,000 and HK$379,500,000 relates to BOT arrangements and certain BOO arrangements with operation commenced respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the arrangements.

16 Inventories

(a) Inventories in the consolidated statements of financial position comprise:

	The Group		
	As at December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Raw materials and operating supplies	21,188	32,456	46,113

(b) The analysis of amount of inventories recognized as an expense and included in profit or loss is as follows:

	The Group		
	Year ended December 31,		
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Carrying amount of inventories consumed	119,892	186,137	269,495

17 Cash and cash equivalents and pledged bank deposits

Cash and cash equivalents comprise:

	The Group			The Company
	As at December 31,			As at December 31,
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits with banks	10,081	87,378	56,093	—
Cash at bank and in hand	559,061	957,097	830,117	4,210
	569,142	1,044,475	886,210	4,210

Included in "Cash and cash equivalents" and "Pledged bank deposits" are the following deposits placed with a related party bank:

	The Group		
	As at December 31,		
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Deposits with related party bank	56,810	50,995	55,877

	The Group		
	Year ended December 31,		
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Interest income from related party bank	128	182	298

18 Bank loans

(a) The bank loans were repayable as follows:

	The Group			The Company
	As at December 31,			As at December 31,
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year or on demand	117,312	79,394	270,265	—
After 1 year but within 2 years	94,547	105,586	210,421	—
After 2 years but within 5 years	210,788	382,973	723,869	30,000
After 5 years	149,058	588,976	763,772	—
	454,393	1,077,535	1,698,062	30,000
	571,705	1,156,929	1,968,327	30,000

(b) The bank loans were secured as follows:

	The Group			The Company
	As at December 31,			As at December 31,
	2014	2015	2016	2016
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans				
— secured	553,015	1,156,929	1,623,390	—
— unsecured	18,690	—	344,937	30,000
	571,705	1,156,929	1,968,327	30,000

Certain banking facilities of the Group are secured by certain revenue and receivables in connection with the Group's service concession arrangements, mortgages on property, plant and equipment and interest in leasehold land held for own use under operating leases of the Group. Such banking facilities, amounting to HK$1,055,800,000, HK$1,496,626,000 and HK$3,800,471,000 as at December 31, 2014, 2015 and 2016 were utilized to the extent of HK$553,015,000, HK$1,156,929,000 and HK$1,623,390,000 respectively. Among the secured banking facilities, HK$621,155,000 are guaranteed by the intermediate holding company and were utilized to the extent of HK$155,750,000 as at December 31, 2014. All the guarantees granted by the intermediate holding company were released during the year ended December 31, 2015.

The unsecured banking facilities of HK$18,690,000 and HK$1,598,308,000 as at December 31, 2014 and 2016 were utilized to the extent of HK$18,690,000 and HK$344,937,000 respectively. The

Group had no unsecured banking facilities as at December 31, 2015. Among the unsecured banking facilities, HK$223,360,000 were guaranteed by the Company as at December 31, 2016, none of which was utilized.

All of the non-current bank loans are carried at amortized costs. None of the non-current bank loans is expected to be settled within one year.

Banking facilities of HK$800,373,000, HK$409,416,000 and HK$2,008,175,000 as at December 31, 2014, 2015 and 2016 respectively are subject to the fulfillment of covenants relating to certain of the Group's financial ratios. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. As at December 31, 2014, 2015 and 2016, such facilities were utilized to the extent of HK$334,965,000, HK$243,745,000 and HK$581,479,000 respectively. The Group regularly monitors its compliance with these covenants. As at December 31, 2014, 2015 and 2016, none of the covenants relating to drawn down facilities had been breached. Further details of the Group's management of liquidity risk are set out in note 23(b).

19 Creditors, other payables and accrued expenses

	The Group			The Company	
	As at December 31,			As at December 31,	As at December 31,
	2014	**2015**	**2016**	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Creditors					
— third parties	180,139	234,444	529,659	—	—
— fellow subsidiaries	107,068	24,077	6,200	—	—
	287,207	258,521	535,859	—	—
Other payables and accrued expenses	101,283	360,936	471,543	—	38,502
Deferred income — government grants	33,703	45,771	47,280	—	—
Amounts due to intermediate holding company	1,197,744	119	—	—	—
Amount due to immediate holding company	—	604,451	—	604,451	—
Amounts due to fellow subsidiaries	644,881	91,064	—	—	—
Amounts due to subsidiaries	—	—	—	—	1,011
	2,264,818	1,360,862	1,054,682	604,451	39,513
Less: Non-current portion					
— Amounts due to intermediate holding company	(1,178,111)	—	—	—	—
— Amount due to immediate holding company	—	(604,451)	—	(604,451)	—
— Amounts due to fellow subsidiaries	(499,164)	(17,821)	—	—	—
— Deferred income — government grants	(31,995)	(43,365)	(38,180)	—	—
	(1,709,270)	(665,637)	(38,180)	(604,451)	—
Current portion	555,548	695,225	1,016,502	—	39,513

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

	The Group		
	As at December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Due within 1 month or on demand	118,924	46,586	63,977
Due after 1 month but within 3 months	2,543	13,557	13,394
Due after 3 months but within 6 months	801	173	843
Due after 6 months	164,939	198,205	457,645
	287,207	258,521	535,859

The ageing analysis of creditors based on the date of invoice as of the end of the reporting period is as follows:

	The Group		
	As at December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Within 6 months	256,960	251,789	519,015
More than 6 months	30,247	6,732	16,844
	287,207	258,521	535,859

Creditors totaling HK$274,438,000, HK$223,630,000 and HK$518,029,000 as at December 31, 2014, 2015 and 2016 respectively represent construction payables for the Group's BOT and certain BOO arrangements.

Creditors due to fellow subsidiaries are unsecured, interest free and repayable in accordance with the contract terms.

The amounts due to intermediate holding company are unsecured, interest free and have no fixed terms of repayment, except for the amounts of HK$1,178,111,000 as at December 31, 2014 which the intermediate holding company agreed not to seek repayment within twelve months from the end of the reporting period.

The amount due to immediate holding company as at December 31, 2015 was unsecured, interest free and had no fixed terms of repayment but the immediate holding company agreed not to seek repayment within twelve months from the end of the reporting period.

The amounts due to fellow subsidiaries are unsecured and further analysis is as follows:

	The Group		
	As at December 31,		
	2014	2015	2016
	HK$'000	HK$'000	HK$'000
Interest free			
— due within 1 year or on demand	85,439	34,945	—
— due after 1 year (note)	460,136	—	—
Interest bearing (at rates ranging from 4.35% to 6.35% per annum)			
— due within 1 year	60,278	38,298	—
— due after 1 year	39,028	17,821	—
	644,881	91,064	—

Note: The amounts have no fixed terms of repayment but the intermediate holding company agreed not to seek repayment within twelve months from the end of the reporting period.

Deferred income represents government grants received to subsidize the construction of property, plant and equipment for the Group and is accounted for in accordance with the accounting policy set out in note 1(t)(v). HK$1,737,000, HK$2,019,000, HK$1,731,000 were credited to the consolidated income statements during the years ended December 31, 2014, 2015 and 2016 respectively. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants.

20 Income tax in the consolidated statements of financial position

(a) Current taxation in the consolidated statements of financial position represents:

	The Group		
	As at December 31,		
	2014	2015	2016
	HK$'000	HK$'000	HK$'000
Provision for PRC income tax for the year	11,084	21,767	44,874
Provisional tax paid	(14,311)	(23,909)	(40,912)
	(3,227)	(2,142)	3,962
Represented by:			
Tax recoverable	(6,337)	(3,162)	(4,051)
Tax payable	3,110	1,020	8,013
	(3,227)	(2,142)	3,962

(b) Deferred tax assets and liabilities recognized:

The components of deferred tax (assets)/liabilities recognized in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

The Group

	Temporary differences on assets recognized under HK(IFRIC)12	Undistributed profits of subsidiaries	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At January 1, 2014	47,962	9,945	—	57,907
Exchange adjustments	(1,490)	(282)	—	(1,772)
Charged to profit or loss	25,493	2,510	—	28,003
At December 31, 2014	71,965	12,173	—	84,138
At January 1, 2015	71,965	12,173	—	84,138
Exchange adjustments	(4,076)	(372)	—	(4,448)
Charged/(credited) to profit or loss	38,715	(3,739)	—	34,976
At December 31, 2015	106,604	8,062	—	114,666
At January 1, 2016	106,604	8,062	—	114,666
Exchange adjustments	(11,986)	(830)	295	(12,521)
Charged/(credited) to profit or loss	108,660	6,527	(6,516)	108,671
At December 31, 2016	203,278	13,759	(6,221)	210,816

	As at December 31,		
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Net deferred tax assets recognized in the consolidated statements of financial position	(8,615)	(12,314)	(21,127)
Net deferred tax liabilities recognized in the consolidated statements of financial position	92,753	126,980	231,943
	84,138	114,666	210,816

21 Equity-settled share-based transactions

Pursuant to the share option scheme of the Company's intermediate holding company, CEIL, certain directors of the Company were eligible to participate in the scheme to acquire shares of the intermediate holding company. The share option scheme was expired on May 26, 2013.

No employee benefit cost or obligation is recognized in the Financial Information in respect of the share options as they were granted in respect of services provided to other fellow group companies.

22 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of movements in components of equity of the Company during the Relevant Periods are set out below:

	Note	Share capital	Share premium	Accumulated losses	Total
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at October 13, 2015 (date of incorporation)		—	—	—	—
Arising from Reorganization	22(c)	2	2,336,991	—	2,336,993
Total comprehensive income for the period		—	—	(4,271)	(4,271)
Balance at December 31, 2015		2	2,336,991	(4,271)	2,332,722
Balance at January 1, 2016		2	2,336,991	(4,271)	2,332,722
Issue of ordinary shares	22(c)	1	904,474	—	904,475
Total comprehensive income for the year		—	—	(51,724)	(51,724)
Balance at December 31, 2016		3	3,241,465	(55,995)	3,185,473

(b) Dividends

On November 17, 2015, China Everbright Environmental Solid Waste Treatment Holdings Limited declared dividends of HK$207,000,000 to its then immediate holding company. The rate of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the basis of preparation of the Financial Information as disclosed in note 1(b) of Section B.

(c) Share capital

The Company was incorporated on October 13, 2015 with an authorized share capital of 50,000 ordinary shares of US$1 each. On the same date 1 ordinary share of US$1 was allotted and credited as issued at par. In connection with the Reorganization, the Company was contributed investments in China Everbright Alternative Energy Holdings Limited, China Everbright Environmental Solid Waste Treatment Holdings Limited and Everbright Environmental Energy (Anhui Suzhou) Holdings Limited and intercompany receivables with carrying amounts totaling HK$2,336,993,000 in exchange of the 299 new ordinary shares issued during the year ended December 31, 2015. Accordingly, the excess of HK$2,336,991,000 over the nominal value of the issued shares of HK$2,000 was credited to share premium.

In April 2016, 100 new ordinary shares were allotted and issued to the immediate holding company at consideration for setting-off against the Company's amounts due to the immediate holding company of HK$904,475,000, of which HK$1,000 was credited to share capital and the remaining balance was credited to the share premium account.

The share capital of the Group as at December 31, 2014 represents the combined share capital of China Everbright Alternative Energy Holdings Limited, China Everbright Environmental Solid Waste Treatment Holdings Limited and Everbright Environmental Energy (Anhui Suzhou) Holdings Limited, while share capital of the Group and the Company as at December 31, 2015 and 2016 represents the issued share capital of the Company.

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the fund in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial information of subsidiaries with functional currency other than Hong Kong dollar. The reserve is dealt with in accordance with the accounting policy set out in note 1(v).

(iii) Reserve fund

Statutory reserve — wholly foreign-owned enterprises

Subsidiaries of the Group in the PRC, which are wholly foreign-owned enterprises, follow the accounting principles and relevant financial regulations of the PRC applicable to wholly foreign-owned enterprises ("**PRC GAAP — WFOE**"), in the preparation of its accounting records and financial statements. Pursuant to the accounting regulations for business enterprises (企業會計制度[財會(2000)25號]), the subsidiaries are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP — WFOE for each year to a statutory reserve. The profit arrived at must be used initially to set off against any accumulated losses. The appropriations to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to equity owners. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends, but may be used to set off losses or be converted into paid-in capital.

(e) Distributability of reserves

The aggregate amount of reserves available for distribution to equity shareholders of the Company as at December 31, 2015 and 2016 amounted to HK$2,332,720,000 and HK$3,185,470,000 respectively.

(f) Capital management

The Group's primary objectives when managing capital are to maintain a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. The Group reviews the capital structure on a regular basis and considers the cost of capital and the associated risks. Based on recommendations of the board of directors, the Group will balance its overall capital structure through adjusting the amount of dividends paid to shareholders, new shares issues or new debt financing.

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there were adequate working capital to service its debt obligation. The Group's gearing ratio, being the Group's total liabilities over its total assets, as at December 31, 2014, 2015 and 2016 was 82%, 48% and 44% respectively.

Except for the banking facilities which require the fulfillment of covenants relating to certain of the Group's financial ratios as disclosed in note 18 to the Financial Information, the Group does not subject to externally imposed capital requirements.

23 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Management has a credit policy in place and the exposures to credit risks are monitored on an ongoing basis. Debts are usually due within 30 to 90 days from the date of billing.

At December 31, 2014, 2015 and 2016, "Debtors, other receivables, deposits and prepayments" and "Gross amounts due from customers for contract work" of the Group amounted to HK$805,957,000, HK$1,058,572,000 and HK$1,556,109,000 respectively, of which HK$Nil, HK$132,664,000 and HK$238,313,000 were due from the largest customer and HK$52,446,000, HK$365,796,000 and HK$365,103,000 were due from the five largest customers in aggregate of the Group respectively. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. Since the parties to BOT and BOO arrangements are mainly local government authorities in the PRC, the Group considers the credit risk is low.

The Group does not provide any guarantees which would expose the Group to credit risk. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from "Debtors, other receivables, deposits and prepayments" as well as "Gross amounts due from customers for contract work" are set out in notes 14 and 15 respectively.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

The Group

	As at December 31, 2014					
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but within 2 years**	**More than 2 years but within 5 years**	**More than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans	571,705	695,955	149,309	120,020	257,078	169,548
Creditors, other payables and accrued expenses*	2,231,115	2,240,980	560,068	1,661,168	19,744	—
	2,802,820	2,936,935	709,377	1,781,188	276,822	169,548

	As at December 31, 2015					
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but within 2 years**	**More than 2 years but within 5 years**	**More than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans	1,156,929	1,491,436	134,168	156,589	501,263	699,416
Creditors, other payables and accrued expenses*	1,315,091	1,319,020	695,616	623,404	—	—
	2,472,020	2,810,456	829,784	779,993	501,263	699,416

* The balances excluded deferred income — government grants.

	As at December 31, 2016					
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but within 2 years**	**More than 2 years but within 5 years**	**More than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans	1,968,327	2,420,764	362,723	290,569	901,646	865,826
Creditors, other payables and accrued expenses*	1,007,402	1,007,402	1,007,402	—	—	—
	2,975,729	3,428,166	1,370,125	290,569	901,646	865,826

* The balances excluded deferred income — government grants.

The Company

	As at December 31, 2016					
	Carrying amount	**Total contractual undiscounted cash flow**	**Within 1 year or on demand**	**More than 1 year but within 2 years**	**More than 2 years but within 5 years**	**More than 5 years**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank loans	30,000	32,472	824	824	30,824	—
Other payables	39,513	39,513	39,513	—	—	—
	69,513	71,985	40,337	824	30,824	—

(c) ***Interest rate risk***

The Group's interest rate risk arises primarily from the Group's cash and cash equivalents, bank deposits, bank loans and balances with group companies. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's net borrowings (being interest-bearing financial liabilities less bank deposits, cash and cash equivalents and interest-bearing financial receivables) at the end of the reporting period.

	The Group						The Company	
	As at December 31,						As at December 31,	
	2014		2015		2016		2016	
	Effective interest rate	*HK$'000*	Effective interest rate	*HK$'000*	Effective interest rate	*HK$'000*	Effective interest rate	*HK$'000*
Net fixed rate (deposits)/borrowings:								
Bank loans	4.70%	49,840	4.70%	26,313	—	—	—	—
Amounts due to fellow subsidiaries	6.15% - 6.35%	93,500	6.35%	17,821	—	—	—	—
Less: Deposits with bank	3.30% - 4.25%	(4,405)	2.00% - 2.05%	(9,568)	1.30%	(17,055)	—	—
Cash and cash equivalents	1.62% - 2.86%	(10,081)	1.35% - 2.05%	(87,378)	1.10% - 1.54%	(56,093)	—	—
Amounts due from fellow subsidiaries	5.60%	(99,680)	—	—	—	—	—	—
		29,174		(52,812)		(73,148)		—
Net variable rate borrowings/(deposits):								
Bank loans	4.24% - 6.77%	521,865	4.25% - 4.90%	1,130,616	2.75% - 4.90%	1,968,327	2.75%	30,000
Amounts due to fellow subsidiaries	6.00%	5,806	4.35%	38,298	—	—	—	—
Less: Cash and cash equivalents	0.01% - 0.50%	(559,061)	0.01% - 0.35%	(957,097)	0.01% - 0.35%	(830,117)	0.01%	(4,210)
Pledged bank deposits	—	—	0.35%	(13,665)	0.01% - 0.35%	(88,875)	—	—
		(31,390)		198,152		1,049,335		25,790
Total net (deposits)/borrowings		(2,216)		145,340		976,187		25,790

(ii) Sensitivity analysis

At December 31, 2014, 2015 and 2016, it is estimated that a general increase/decrease of one percent in interest rates, with all other variables held constant, would decrease/increase the Group's profit before taxation by approximately HK$1,453,000 and HK$9,762,000 at December 31, 2015 and 2016 respectively and increase/decrease the Group's profit before taxation by approximately HK$22,000 at December 31, 2014.

The sensitivity analysis above indicates the instantaneous change in the Group's profit before taxation that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit before taxation is estimated as an annualized impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis throughout the Relevant Periods.

(d) Currency risk

(i) Exposure to currency risk

The Group is exposed to currency risk primarily from bank loans, cash and cash equivalents, receivables and payables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars, Renminbi, United States dollars and Euros.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the reporting period end date. Differences resulting from the translation of the Financial Information of foreign operations into the Group's presentation currency are excluded.

Exposure to foreign currencies (expressed in Hong Kong dollars)

	As at December 31,											
	2014				2015				2016			
	Hong Kong dollars	Renminbi	United States dollars	Euros	Hong Kong dollars	Renminbi	United States dollars	Euros	Hong Kong dollars	Renminbi	United States dollars	Euros
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cash and cash equivalents	55,420	9,219	22,889	850	45,861	34,319	482	761	616	89,373	20,425	8,168
Amounts due from/(to) group companies (net)	—	209,768	(48,346)	17,955	—	135,608	—	64,960	—	542	—	58,173
Bank loans	(73,305)	—	—	—	(66,150)	—	—	—	—	—	—	—
Other payables	—	(19,517)	—	—	—	—	—	—	—	(55)	—	—
	(17,885)	199,470	(25,457)	18,805	(20,289)	169,927	482	65,721	616	89,860	20,425	66,341

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit before tax that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. The impact of foreign exchange rate fluctuations with respect to the assets and liabilities denominated in United States dollars is insignificant as Hong Kong dollars is pegged to the United States dollars.

	As at December 31,					
	2014		2015		2016	
	Increase/ (decrease) in foreign exchange rates	Effect on profit before tax	Increase/ (decrease) in foreign exchange rates	Effect on profit before tax	Increase/ (decrease) in foreign exchange rates	Effect on profit before tax
		HK$'000		*HK$'000*		*HK$'000*
Hong Kong dollars	10%	(1,788)	10%	(2,029)	10%	62
	(10%)	1,788	(10%)	2,029	(10%)	(62)
Renminbi	10%	19,947	10%	16,993	10%	8,986
	(10%)	(19,947)	(10%)	(16,993)	(10%)	(8,986)
United States dollars	10%	2,248	10%	—	10%	2,042
	(10%)	(2,248)	(10%)	—	(10%)	(2,042)
Euros	10%	1,881	10%	6,572	10%	6,634
	(10%)	(1,881)	(10%)	(6,572)	(10%)	(6,634)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit before tax measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including intercompany payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis throughout the Relevant Periods.

(e) Fair value measurement

The fair values of cash and cash equivalents, debtors, bank deposits, current portion of other receivables, deposits and prepayments and creditors, other payables and accrued expenses are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The carrying amounts of non-current portion of other receivables and deposits, gross amounts due from customers for contract work and interest-bearing borrowings approximate their fair values.

The fair values of the above financial assets and liabilities are determined based on the discounted cash flow approach. The estimated cash flows are based on the management's best estimates and the discount rate is market-related rate for a similar instrument at the end of the reporting period.

As set out in notes 14 and 19, the Group had amounts due from/to group companies which are interest-free, it is not considered practicable to estimate the fair values of the amounts because the cost of obtaining discount and borrowing rates for comparable borrowings would be excessive.

24 Acquisition of subsidiary

On January 15, 2014, the Group acquired from an independent third party 100% equity interest in Suzukigumi Hazardous Waste Treatment Limited ("Suzukigumi") at a consideration of RMB26,040,000 (equivalent to approximately HK$33,302,000). Suzukigumi becomes a wholly-owned subsidiary of the Group during the year ended December 31, 2014 and was renamed to Everbright Environmental Protection (Lianyungang) Waste Disposal Company Limited following the completion of the transaction.

The net assets acquired arising from the transaction are as follows:

	Fair value on date of acquisition *HK$'000*
Property, plant and equipment	24,309
Interest in leasehold land held for own use under operating leases	2,481
Inventories	12
Debtors, other receivables, deposits and prepayments	1,824
Cash and cash equivalents	4,775
Creditors, other payables and accrued expenses	(99)
Total identifiable net assets at fair value	33,302

	Year ended December 31,			
	2013	2014	2015	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash consideration paid	13,248	—	20,054	33,302
Cash acquired	—	(4,775)	—	(4,775)
Net cash outflow/(inflow)	13,248	(4,775)	20,054	28,527

Since the acquisition, Everbright Environmental Protection (Lianyungang) Waste Disposal Company Limited contributed HK$5,976,000 to the Group's turnover and loss of HK$11,427,000 to the consolidated profit for the year ended December 31, 2014.

There was no material change to the Group's revenue or profit for the year ended December 31, 2014 had the acquisition taken place at the beginning of that year.

25 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in the Financial Information, the Group entered into the following material related party transactions.

(a) The Group entered into the following related party transactions with fellow subsidiaries:

	Year ended December 31,		
	2014	2015	2016
	HK$'000	*HK$'000*	*HK$'000*
Construction management and consultancy fee expenses	154,832	—	—
Purchase of machinery	—	36,005	32,091
Interest expenses	2,591	9,151	990
Interest income	799	1,042	—
Management fee expenses	7,023	—	—
Rental expenses	—	—	3,557

(b) The Group paid key management personnel compensation, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, as follows:

	Year ended December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Salaries and other short-term employee benefits	4,428	5,775	21,077
Retirement scheme contributions	314	443	1,323
	4,742	6,218	22,400

Total remuneration is included in "Staff costs" (see note 6(b)).

(c) Applicability of the Hong Kong Listing Rules relating to connected transactions

The related party transactions disclosed in note 25(a) above constitute connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

26 Commitments

(a) At December 31, 2014, 2015 and 2016, the Group had outstanding purchase commitments in connection with the Group's construction contracts not provided for in the Financial Information of HK$559,426,000, HK$585,867,000 and HK$1,386,986,000 respectively.

(b) The total future minimum lease payments under non-cancellable operating leases of the Group are payable as follows:

	As at December 31,		
	2014	**2015**	**2016**
	HK$'000	*HK$'000*	*HK$'000*
Within 1 year	132	1,777	4,719
After 1 year but within 5 years	266	3,936	7,115
After 5 years	—	4,699	8,456
	398	10,412	20,290

The Group leases a number of properties and land under operating leases. The leases typically run for an initial period of one to twenty-nine years. None of these leases includes contingent rentals.

(c) At December 31, 2015 and 2016, the Group had outstanding capital commitment relating to the capital contribution to a joint venture not provided for in the Financial Information of HK$43,782,000 and HK$22,207,000 respectively.

27 Pledge of assets

The aggregate net book value of assets and equity interests in subsidiaries pledged amounted to HK$1,337,910,000, HK$2,809,361,000 and HK$4,059,218,000 as at December 31, 2014, 2015 and 2016 respectively in connection with the secured bank loans as set out in note 18.

28 Immediate and ultimate controlling party

The directors consider the immediate parent and ultimate controlling party of the Group to be China Everbright Green Holdings Limited and China Investment Corporation, which are incorporated in the British Virgin Islands and the PRC respectively. The intermediate holding company, CEIL, produces financial statements available for public use.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to the date of issue of the Financial Information, the HKICPA has issued a few amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in the Financial Information. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*	January 1, 2017
Amendments to HKAS 12, *Income taxes: Recognition of deferred tax assets for unrealized losses*	January 1, 2017
HKFRS 9, *Financial instruments*	January 1, 2018
HKFRS 15, *Revenue from contracts with customers*	January 1, 2018
HKFRS 16, *Leases*	January 1, 2019

The Group does not plan to early adopt the above amendments or new standards. The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. Based on the assessment so far, the adoption of these amendments or new standards is unlikely to have a significant impact on the Group's results of operations and financial position. However, the Group has not completed its assessment of their full impact on the Group and will continue the assessment. Further details are discussed as follows:

HKFRS 9 ***Financial Instruments***

HKFRS 9 replaces the existing guidance in HKAS 39 *Financial instruments: Recognition and measurement*. HKFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39.

Based on the assessment so far, the Group considers that the initial application of HKFRS 9 will not have a significant impact on the Group's results of operations and financial position.

HKFRS 15 *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including HKAS 18 *Revenue*, HKAS 11 *Construction contracts* and HK(IFRIC) 13 *Customer Loyalty Programs*. It also includes guidance on when to capitalize costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

Based on the assessment so far, the Group considers that the initial application of HKFRS 15 will not have a significant impact on the Group's results of operations and financial position.

HKFRS 16 *Leases*

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognize and measure a lease liability at the present value of the minimum future lease payments and will recognize a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognizing rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognized on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for a number of properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 26, at December 31, 2016 the Group's future minimum lease payments under non-cancellable operating leases amount to HK$20,290,000 for properties and land under operating leases, the majority of which is payable either between 1 and 5 years after the reporting date or in more than 5 years. Some of these amounts may therefore need to be recognized as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2016. No dividend or distribution has been declared or made by any companies comprising the Group in respect of any period subsequent to December 31, 2016.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set forth in Appendix I to this Prospectus.

A. UNAUDITED *PRO FORMA* STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited *pro forma* statement of adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is to illustrate the effect of the Global Offering on the net tangible assets of our Group attributable to equity shareholders of the Company as at December 31, 2016 as if the Global Offering had taken place on that date.

The unaudited *pro forma* statement of adjusted net tangible assets of our Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not provide a true picture of our financial position had the Global Offering been completed as at December 31, 2016 or at any future date.

	Consolidated net tangible assets attributable to equity shareholders of the Company as at December 31, 2016	Estimated net proceeds from the Global Offering	Unaudited *pro forma* adjusted net tangible assets attributable to equity shareholders of the Company	Unaudited *pro forma* adjusted net tangible assets per Share
	HK$'000	HK$'000	HK$'000	HK$
	(Note 1)	*(Note 2)*		*(Notes 3 and 4)*
Based on an Offer Price of HK$5.18 per Share	1,211,407	2,807,912	4,019,319	2.01
Based on an Offer Price of HK$5.90 per Share	1,211,407	3,202,040	4,413,447	2.21

Notes:

1. The consolidated net tangible assets attributable to equity shareholders of the Company as at December 31, 2016 is arrived at after deducting intangible assets of HK$2,975,814,000 from the consolidated net assets attributable to equity shareholders of the Company of HK$4,187,221,000 as at December 31, 2016, as shown in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

2. The estimated net proceeds from the Global Offering are based on the indicative offer prices of HK$5.18 per Share (being the minimum Offer Price) or HK$5.90 per Share (being the maximum Offer Price), after deduction of the estimated underwriting fees and other listing expenses, and 560,000,000 Shares expected to be issued under the Global Offering, assuming the Over-allotment Option is not exercised.

3. The unaudited *pro forma* adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis of 2,000,000,000 Shares in issue immediately following completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option is not exercised.

4. No adjustment has been made to the unaudited *pro forma* adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to December 31, 2016.

B. REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this Prospectus.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

April 21, 2017

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION

TO THE DIRECTORS OF CHINA EVERBRIGHT GREENTECH LIMITED

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of China Everbright Greentech Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited *pro forma* financial information consists of the unaudited *pro forma* statement of adjusted net tangible assets as at December 31, 2016 and related notes as set out in Part A of Appendix II to the prospectus dated April 21, 2017 (the "Prospectus") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the *pro forma* financial information are described in Part A of Appendix II to the Prospectus.

The *pro forma* financial information has been compiled by the Directors to illustrate the impact of the proposed offering of the ordinary shares of the Company (the "Global Offering") on the Group's financial position as at December 31, 2016 as if the Global Offering had taken place at December 31, 2016. As part of this process, information about the Group's financial position as at December 31, 2016 has been extracted by the Directors from the Group's historical financial statements included in the Accountants' Report as set out in Appendix I to the Prospectus.

DIRECTORS' RESPONSIBILITIES FOR THE *PRO FORMA* FINANCIAL INFORMATION

The Directors are responsible for compiling the *pro forma* financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of *Pro Forma* Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Hong Kong Listing Rules, on the *pro forma* financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the *pro forma* financial information in accordance with paragraph 4.29 of the Hong Kong Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

The purpose of *pro forma* financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of events or transactions as at December 31, 2016 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the *pro forma* financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and

- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our procedures on the *pro forma* financial information have not been carried out in accordance with attestation standards or other standards and practices generally accepted in the United States of America, auditing standards of the Public Company Accounting Oversight Board (United States) or any overseas standards and accordingly should not be relied upon as if they had been carried out in accordance with those standards and practices.

We make no comments regarding the reasonableness of the amount of net proceeds from the issuance of the Company's shares, the application of those net proceeds, or whether such use will actually take place as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

OPINION

In our opinion:

a) the *pro forma* financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to paragraph 4.29(1) of the Hong Kong Listing Rules.

Yours faithfully,

KPMG
Certified Public Accountants
Hong Kong

Confidential
Final Report

Technical Due Diligence

China Assets

Prepared for
China Everbright Greentech Limited

April 7, 2017

44 S Broadway Fl 4, White Plains NY 10601-4425, USA
Tel: +1 914 609 0300 Fax: +1 914 609 0399

Nexant

Disclaimer

The opinions expressed in the Report have been based on the information supplied to Independent Engineer by China Everbright Greentech Limited, the accuracy of the results and conclusion form the review are entirely reliant on the accuracy and completeness of such supplied information. The opinions in the Report are provided in response to a specific request from China Everbright Greentech Limited. Nexant (or "Independent Engineer") has exercised all due care in reviewing the supplied information. Independent Engineer does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Independent Engineer accepts no responsibility or liability for the Report to any party other than China Everbright Greentech Limited. This Report is integral and must be read in its entirety.

Opinions presented in this Report apply to the China Everbright Greentech Limited assets and features as they existed at the time of Nexant's investigations, and those reasonably foreseeable. These opinions do not apply to conditions and features that may arise after the date of this Report, unless such conditions and features were reasonably foreseeable based upon the information supplied to Nexant by China Everbright Greentech Limited, and the accuracy thereof. NEXANT has no responsibility to update this Report.

This Report has been prepared for the proposed listing of shares of China Everbright Greentech Limited on The Stock Exchange of Hong Kong and should not be relied upon or used for any other project without an independent check being carried out as to its suitability and prior written authority of Nexant being obtained. Nexant accepts no responsibility or liability for the consequence of this Report being used for a purpose other than the purposes for which it was commissioned. Any person using or relying on the document for such other purpose agrees, and will by such use or reliance be taken to confirm his agreement to indemnify Nexant for all loss or damage resulting therefrom.

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1.1 INTRODUCTION

Nexant, Inc. ("Nexant") was retained to provide an independent technical assessment (the "Assessment") to support the listing of China Everbright Greentech Limited (the "Company") shares on the Hong Kong Stock Exchange (the "Exchange"). Nexant was requested to review the technical and operational aspects of a portfolio of six Company facilities (the "Assets"). These consist of a number of different technologies including biomass power, biomass heat, hazardous waste incineration, hazardous waste landfill, solar energy, and wind power, and were selected to be representative of the Company's overall portfolio.

A summary of the selected Assets is shown in Table 1.1.

Table 1.1 Summary of Selected Company Assets

Project Name	Project Type	Capacity	Location	Status	COD (MM/YY)
Dangshan Biomass Power Generation	Biomass Power Plant	30 MW rated electric output	Dangshan, Anhui	Operational	09/11
Sucheng Biomass Heat Supply	Biomass Heat Supply	350,400 t/a steam supply	Sucheng, Jiangsu	Operational	09/16
Zibo Integrated Hazardous Waste Incineration	Hazardous Waste Incineration	9,900 t/a of waste incineration	Zibo, Shandong	Operational	01/16
Guanyun Hazardous Waste Landfill	Hazardous Waste Landfill	20,000 t/a of process capacity	Guanyun, Lianyungang	Operational	04/16
Zhenjiang Rooftop Solar	Solar Photovoltaic (PV)	8.3 MW rated electric output	Zhenjiang, Jiangsu	Operational	12/11
Ningwu Wind	Wind Power	48 MW rated electric output	Xinzhou, Shanxi	Operational	09/15

COD = Commercial Operation Date
MW = megawatt
t/a = tons per annum

Source: Company Information

Figure 1.1 shows the location of the six Assets that Nexant evaluated.

Figure 1.1 Company Assets Location

Source: Company Information

1.2 SCOPE OF WORK

To conduct an Independent Technical Assessment ("Assessment") in order to provide an Independent Technical Opinion ("Opinion"), Nexant performed the following activities:

- An assessment of the six (6) Assets to determine if they are representative of the entire portfolio of Company assets currently in operation
- Visited the sites of the six Assets to visually inspect and review of external plant and equipment condition of the Assets and interview available key staff and operations and maintenance (O&M) personnel
- Reviewed each Asset's mechanical, civil, and electrical designs
- Reviewed the historical performance of each Asset:
  - — Production and availability
  - — Unplanned outages and unplanned maintenance
  - — Environmental performance

- Reviewed material changes to the following for each Asset
  - Technology
  - Major equipment/systems
  - Reviewed the O&M practices relative to generally accepted industry practices
  - Reviewed Health, Safety, and Environment (HSE) performance

Nexant's scope of work did not include addressing the following:

- Internal conditions of any plant equipment, auxiliaries and/or ancillaries
- Any "solar insolation" regime or related data or information for the Zhenjiang Rooftop Solar Asset
- Any "wind" regime or related data or information for the Ningwu Wind Power Asset
- Any executed Power Purchase Agreements (PPAs), any environmental, fiscal, financial and/or regulatory policies

During the course of its review, Nexant posed questions to the Company and reviewed technical information and reports provided by the Company. Information gathered and key findings and conclusions from this review are summarized in this report (Report).

1.3 APPROACH AND METHODOLOGY

Nexant prepared an Information Request in advance of each site visit for review by the Company, its key responsible staff, and operations and maintenance (O&M) personnel. Nexant conducted site visits to all six Assets between December 26 and December 29, 2016. The site visits included meetings between the Company representatives and Nexant, followed by a site tour. The purpose of the site tour was to gather information from operations personnel as well as to visually inspect the physical condition of the Assets and auxiliary facilities. Additional conference calls were held and data requests submitted as necessary. As required and as applicable, Nexant utilized the Company's information as the core information source for its analysis.

The Report was prepared in accordance with the Consulting Services Agreement (Ref: P16-0019397) (the "Agreement") between the Company and Nexant, dated December 23, 2016.

1.4 PRINCIPAL ASSUMPTIONS

In completing this assessment, Nexant used and relied upon certain information provided by the Company and its advisors. Nexant believes the information provided was accurate and true for the purposes of this Report.

In developing its opinions, Nexant has identified the information it relied upon, and the assumptions made. The following is a summary of principal assumptions made in developing the opinions expressed herein:

- Biomass and hazardous waste supplies and associated transportation will continue to be available in the quantities and qualities required by the biomass and hazardous waste management projects
- The solar and wind resources as described by the dataset utilized in the performance evaluation will continue to be available at the solar and wind sites
- No additional natural or man-made shading elements that will impact the energy production will be placed on lands adjacent to the solar projects
- All projects will be operated and maintained in accordance with good industry practices, with required renewals and replacements made in a timely manner
- Equipment will not be operated in a manner to cause it to exceed equipment manufacturer's ratings or recommendations
- All contracts, agreements, rules, and regulations will be fully enforceable in accordance with their respective terms and all parties will comply with the provisions of their respective agreements
- All licenses, permits and approvals, and permit modifications (if necessary) will be obtained and/or renewed on a timely basis; any such renewals will not contain conditions that adversely impact the O&M costs

1.5 INDEPENDENCE OF NEXANT

Nexant has an established track record of providing independent technical as well as commercial due diligence to Sponsors for over four decades.

This analysis performed for this engagement was prepared on behalf of the Company. Nexant was compensated for the effort associated with performing the services.

As an Independent Technical consultant, the Nexant team is technology-neutral, and does not hold any business or financial interest associated with:

- Any technology providers or equipment manufacturers
- The Company
- The six Assets that were the subject of the technical assessment
- The outcome of the IPO listing

Before the final issuance of the Report, the Company and its advisors were provided with drafts of the Report only for the purpose of confirming the factual accuracy of the materials relied on.

1.6 OVERVIEW OF NEXANT

Nexant is an engineering, technology, and management consultancy with over forty years of experience providing transactional support to the world's leading banking institutions and industry participants.

Nexant was formed from a core group of approximately 130 professionals drawn from Bechtel Engineering Corporation's Advanced Technology and Consulting Group. In 2001, ChemSystems, a consultancy founded in 1964 with a focus on the energy and chemicals industries, was acquired and became the foundation of Nexant's Energy and Chemicals Advisory business unit which provided the consulting services for this engagement.

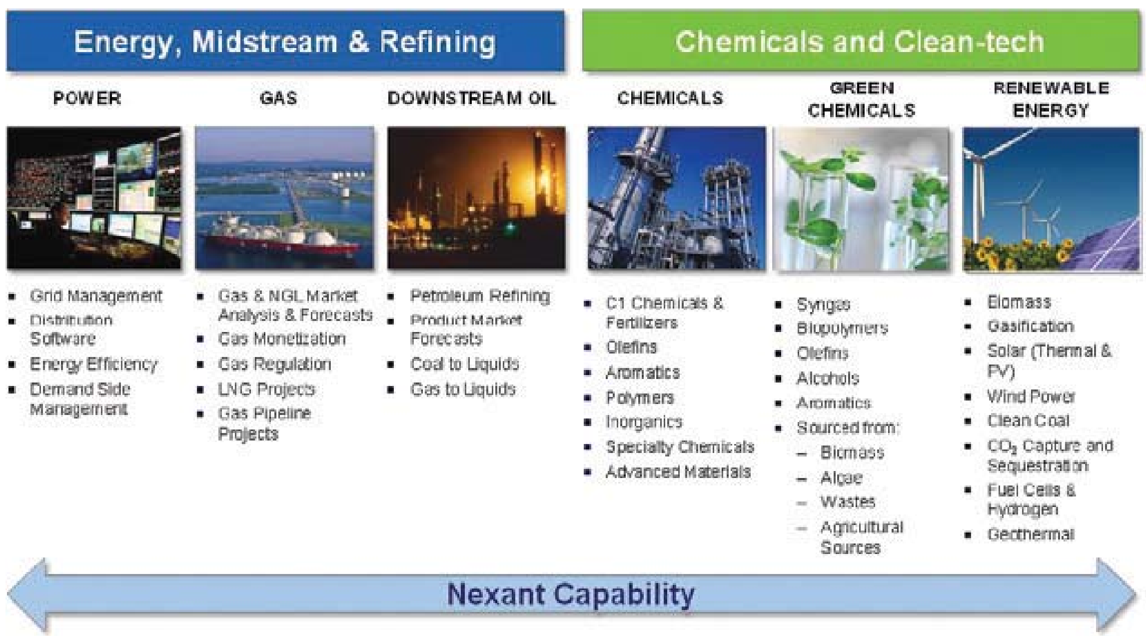
Nexant's experience covers broad aspects of project development relating to major power, refinery, petrochemical, polymer, and renewable investments, ranging from grassroots plants to revamps of existing process units. Nexant's key offices serving the petrochemical and downstream oil sectors are located in Shanghai, Kuala Lumpur, Bangkok, New York, San Francisco, Washington D.C., London, and Bahrain. A complete set of offices is shown in Figure 1.2.

Figure 1.2 Nexant Office Locations

With offices around the world and a staff of over 600, Nexant has grown organically and through acquisitions into a global advisor to the energy and chemical industries. Nexant has completed more than 3,000 assignments in more than 100 countries. Our clientele ranges from major utilities, oil and chemical companies, national as well as regional governments, development agencies, investors, financial institutions, regulators, and law firms.

In terms of product coverage, Nexant provides consulting services to the energy, coal, gas, refining, chemical, polymer, power, and renewable energy industries as illustrated in Figure 1.3.

Figure 1.3 Breadth of Nexant's Industrial Focus



Working team in this Assessment includes the following key professionals:

- Bruce F. Burke — Senior Vice President: Project Executive
- Marios Hatzikyriakou — Senior Consultant: Project Manager. Reviewed the Dangshan Biomass, Sucheng Biomass, and Zibo Waste assets
- Pat Sonti — Senior Consultant: Reviewed the Guanyun Hazardous Waste, Ningwu Wind, and Zhenjinag Rooftop Solar assets
- Yonglai Liu — Consultant: Visited the Zibo Waste, Ningwu Wind, and Zhenjinag Rooftop Solar assets
- Ruoxin Li — Senior Analyst: Visited the Dangshan Biomass, Sucheng Biomass, Guanyun Hazardous Waste assets
- Victor Zheng — Analyst: Translation of Company documents and research.

1.7 CONCLUSIONS

On the basis of the review and analyses described in this Report, Nexant has developed the following conclusions.

1.7.1 Company Portfolio

The Company selected the six operating Assets that Nexant performed its technical and operational review on the basis summarized in Table 1.2. Nexant confirms that these six assets are representative of the Company's portfolio of operating assets.

Table 1.2 Company's Basis for Selecting Reviewed Assets

Project Name	Project Type	Company's Basis for Selection
Dangshan Biomass Power Generation	Biomass Power Plant	First operating biomass project utilizing a water-cooled vibrating grate boiler and also the part of the Company's first integrated project
Sucheng Biomass Heat Supply	Biomass Heat Supply	First operating biomass heat supply project utilizing a circulating fluidized bed boiler
Zibo Integrated Hazardous Waste Incineration	Hazardous Waste Incineration	Largest operating hazardous waste incineration project utilizing a rotary kiln
Guanyun Hazardous Waste Landfill	Hazardous Waste Landfill	New operating hazardous waste landfill project located in shoal area which can best demonstrate the Company's ability to construct and operate such projects in challenging geological conditions which require advanced technologies
Zhenjiang Rooftop Solar	Solar Photovoltaic (PV)	Largest operating solar energy project
Ningwu Wind	Wind Power	Only operating wind power project

Source: Company Information

1.7.2 Dangshan Biomass Power Generation

Nexant has conducted an independent technical assessment of Dangshan Biomass operations and concludes the following:

- Has not identified material changes in technology or major equipment/systems from the original design basis for the operation
- Has not identified issues for major systems including process, mechanical, and civil design
- Has not identified issues in production and availability, unplanned outages, and environmental performance
- Has not identified issues in operation, maintenance, and staffing. The Company's 2017 target for total operating days is greater than the facility design operation days, which is an aggressive plan

- Has not identified any lost-time incidents

- Nexant has identified issues with superheater leakage. It has not been made clear to Nexant what will be done to alleviate the issue. However, if not addressed Nexant expects that the issue will potentially lead to higher unplanned downtime as well as a shortened life for the superheater

1.7.3 Sucheng Biomass Heat Supply

Nexant has conducted an independent technical assessment of the Sucheng Biomass operations and concludes the following:

- No material changes in technology or major equipment/systems from the original design basis for the operation have been identified

- No issues associated with major systems, including process, mechanical, and civil design, have been identified

- Sucheng Biomass is still ramping up production, and thus design production has not yet been achieved

- No issues associated with unplanned outages or environmental performance have been identified

- The facility has not experienced any lost-time incidents

- Nexant has not identified any material equipment risks

- No staffing issues have been identified

- The Company's 2017 monthly targets are approximately double the production capacity that has recently been achieved by the facility.

1.7.4 Zibo Integrated Hazardous Waste Incineration

Nexant has conducted an independent technical assessment of the Zibo Waste facilities and concludes the following:

- No material changes in technology or major equipment/systems from the original design basis for the operation have been identified

- No issues with the hazardous waste quality have been identified, although the Company has identified chlorides in the waste feed as a potential issue

- There are issues with the rotary kiln and secondary incineration chamber refractories that the Company is proactively working to address

- No issues with the waste heat boiler, flue gas treatment system as well as slag and ash handling have been identified

- Zibo Waste has achieved design levels of production

- No issues associated with environmental performance have been identified

- The facility has not experienced any lost-time incidents

- No staffing issues have been identified.

1.7.5 Guanyun Hazardous Waste Landfill

Nexant has conducted an independent technical assessment of the Guanyun HWL facility operations and concludes the following:

- There have been no changes in technology or major equipment/systems since the facility started up in April 2016

- No issues have been identified for major systems including process, mechanical, and civil design

- No issues have been identified for historical performance data for disposal handling, unplanned outages and unplanned maintenance and environmental performance. In addition, no environmental incidents have been reported

- No issues have been identified for operations, maintenance and staffing

- Nexant recommends that the Guanyun HWL facility should develop a spare parts management plan

- No major Health, Safety, and Environmental (HSE) incidents have occurred in the reporting period at the Guanyun HWL facility

1.7.6 Zhenjiang Rooftop Solar

Nexant has conducted an independent technical assessment of the Zhenjiang Solar facilities and concludes the following:

- There have been no changes in technology or major equipment/systems from the original design basis for the operation
- No issues have been identified with the mechanical systems, civil and structural, or electrical design
- Other than limited and reduced utilization hours due to bad weather and high particulate pollution levels, no issues have been identified with the historical performance data for monthly energy production
- No issues have been identified with unplanned outages and unplanned maintenance and environmental performance
- No issues have been identified with operations, maintenance and staffing
- No major Health, Safety, and Environmental (HSE) incidents have occurred in the reporting period

1.7.7 Ningwu Wind

Nexant has conducted an independent technical assessment of the Ningwu Wind facilities operations and concludes the following:

- There have been no changes in technology or major equipment/systems from the original design basis for the operation
- No issues have been identified with the mechanical, civil and structural, and electrical design
- Monthly energy production at Ningwu Wind facilities is subject to adverse weather conditions. Accordingly, Nexant concludes that the wind turbine generators operate continually during the entire year and energy production and utilization is directly dependent upon prevailing climatic conditions

- The Auxiliary plant power consumption typically ranges from 0.83 percent to 1.94 percent which is in accordance with wind industry levels. In some months, the consumption typically ranges from 2.01 percent to 2.24 percent which is higher than wind industry levels

- The wind turbine generator utilization rate at Ningwu Wind facilities varies from 92.26 percent to 100 percent which is high and in accordance with wind industry levels. Accordingly, Nexant concludes that in order to maintain overall grid stability, the national grid and dispatch control requires that the Ningwu Wind facility not operate the plant beyond its design capacity and limits utilization and energy dispatch

- No major issues have been identified with respect to unplanned outages, unplanned maintenance and environmental performance

- Other than impact of adverse weather conditions, no other issues have been identified with operations, maintenance and staffing

- No major Health, Safety, and Environmental (HSE) incidents have occurred in the reporting period

Section 2 Dangshan Biomass Power Generation Project

2.1 OVERVIEW

Nexant visited the Dangshan Biomass Power Generation Project ("Dangshan Biomass") on December 27, 2016. Dangshan Biomass is the Company's first operating biomass project utilizing a water-cooled vibrating grate boiler. Dangshan Biomass has been operational since September 2011 and has an installed electrical generation capacity of 30 MW. The facility is located in Dangshan Economic Development Zone, 100 kilometers (km) northwest of Suzhou City in Auhui Province.

There is a waste incineration power plant owned by Everbright International next to the Dangshan biomass power plant. There is no integration of production facilities between the two plants, but they share the same access to the power grid. The two plants share the same management team but the operating teams for each facility are separate.

Table 2.1 presents the system description for Dangshan Biomass.

Table 2.1 Details of Dangshan Biomass

Parameter	Description
Capacity (MW)	30.0
Fuel Type	Biomass
Design Annual Electricity Generation (gigawatt-hour (GWh))	210
Design Operating Hours	7,000

Source: Nexant Site Visit & Company Information

2.2 MAJOR SYSTEM ASSESSMENT

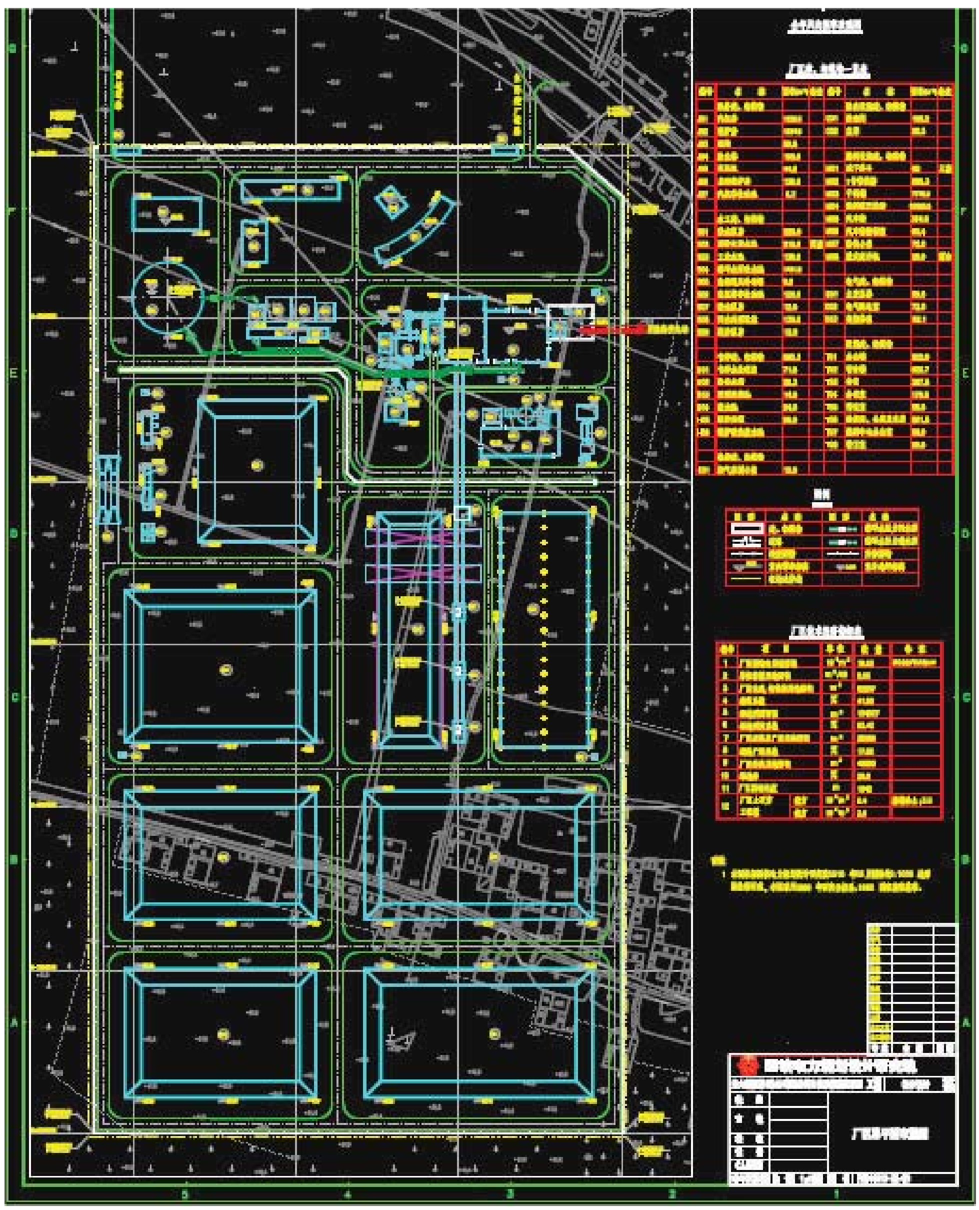
Dangshan Biomass' major systems include:

- 130 tons per hour (t/h) boiler with a water cooled vibrating grate combustion system located inside a boiler furnace
- Steam turbine
- 30 MW capacity generator
- Fuel handling
- Flue gas treatment
- Ash handling

The overall design of Dangshan Biomass was carried out by the State Nuclear Electric Power Planning Design and Research Institute (SNPTC).

Figure 2.1 shows the plot layout for Dangshan Biomass.

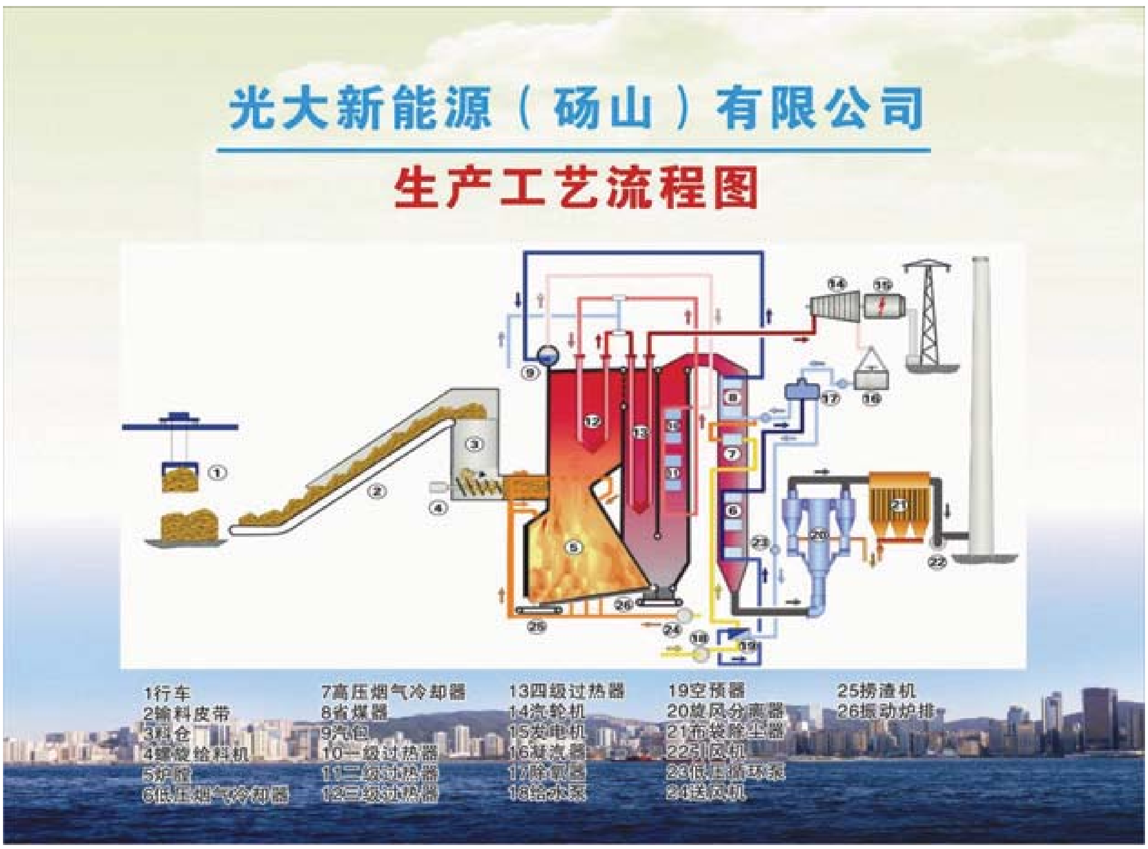
Figure 2.1 Dangshan Biomass Plot Layout



Source: Company Information

Figure 2.2 presents a simplified process flow scheme for Dangshan Biomass.

Figure 2.2 Simplified Process Flow Scheme



Source: Company Information

2.2.1 Biomass Quality

Dangshan Biomass uses rich biomass resources from the neighboring regions with prevalent agriculture and forestry activities. There are numerous small suppliers. The plant purchases biomass from both traders and peasants in neighboring regions. The supply volume of a typical supplier is only about 3,000 to 4,000 tons per year. The annual purchased volume of biomass in 2016 was 245.9 thousand tons.

The biomass consists of a variety of woody material such as fruit and poplar trees, cotton stover, tree branches, bark and roots (classified as grey chips) and agricultural residues including peanut shells, wheat straw, rice straw, and fungi spawn(classified as yellow chips). The design biomass fuel for the facility is a mixture of wood chips derived from fruit and poplar trees, at a ratio of 80:20. Table 2.2 summaries the analysis for the design and two alternative biomass fuels.

Table 2.2 Dangshan Biomass Fuels

Description	Unit	Design Biomass Fuel	Alternative Biomass Fuel 1	Alternative Biomass Fuel 2
Fruit tree derived	percent	80	75	75
Poplar tree derived	percent	20	15	15
Wheat straw derived	percent	—	10	—
Maize straw derived	percent	—	—	10
Water	percent	35.0	40.0	40.0
Ash	percent	4.0	5.0	7.0
Evaporation	percent	52.2	51.3	50.5
Carbon	percent	30.5	28.0	26.2
Hydrogen	percent	3.8	3.5	3.1
Nitrogen	percent	0.12	0.14	0.10
Oxygen	percent	26.54	23.24	23.40
Sulfur	percent	0.04	0.05	0.04
Chlorine	percent	0.02	0.07	0.08
Total	**percent**	**100.0**	**100.0**	**100.0**
Lower Calorific Value (LCV)	kcal/kg	2,525.0	2,226.4	2,138.5

Source: Company Information

Depending on the source, the biomass LCV can range from 1,600 to 3,700 kcal/kg (before mixture). The grey chip has a density of 0.20 to 0.35 tons per cubic meter (t/m3) and the yellow chip 0.06 to 0.07 t/ m3. The grey chips and/or grey chips with yellow chips are mixed at the correct ratio before being fed to the bunker above the furnace.

According to the Company, the mixed fuel is sampled and tested regularly, and the range of values shown in Table 2.3 has been recorded in terms of moisture, ash, and calorific value.

Table 2.3 Dangshan Biomass Quality after Mixing

Description	Unit	Value
Moisture	percent, as received	35.4 – 40.9
Ash	percent, as received	13.5 – 23.1
LCV	kcal/kg	1,830 – 2,131
Inherent Moisture	percent, air dried	2.9 – 3.4

Source: Company Information

Nexant has not identified any issues with the biomass quality.

2.2.2 Biomass Fuel Handling

Biomass fuel enters the Dangshan Biomass facility where it is first weighed and then subsequently delivered to one of eight storage areas. Storage areas 3 and 4 are sheltered areas. Storage areas 1, 2, and 8 have a waterproof canvas covering. A summary of the storage areas is shown in Figure 2.4.

Table 2.4 Dangshan Biomass Storage Areas

	Area 1	Area 2	Area 3	Area 4	Area 5	Area 6	Area 7	Area 8
Storage capacity (tons)	5,800	9,400	4,000	5,500	8,200	9,700	8,200	9,700
Stack height (meters)	5	5	4	4	5	5	5	5
Days of consumption (at BMCR)	7.5	12.0	5.0	7.0	10.5	12.5	10.5	12.5

Source: Company Information

According to the Company, the total storage capacity of the crops will be sufficient for 77 days of normal operation at the boiler maximum continuous rating (BMCR).

There are two main operating modes for biomass fuel handling

1. Fuel → Gantry crane → Screw feeder → Belt Conveyor → Preheating silo

2. Fuel → Straw special loader → Screw feeder → No.1 belt conveyor → Preheating silo

Storage area 3 has openings in the floor to allow the crops to be fed to the screw conveyors underneath. The crops are moved by overhead crane to the fuel opening, from which they are transported by belt conveyor to a fuel receipt bunker above the boiler furnace. Under the bunker bottom are a screw conveyor and a discharge chute with a pneumatic gate at the end. When the gate opens, the fuel is fed to the grates.

Nexant has not identified any issues with the biomass fuel handling.

2.2.3 Boiler

The boiler design was carried out by DP CleanTech Co., Ltd, which selected the technology of the Danish company Bioener. The boiler is of "N" vertical design, with four flue gas shaft passages, and the center elevation of the drum is 23.45 meters. The boiler was manufactured by the Jinan Boiler Group Co., Ltd. The useful life of the boiler is 30 years.

The boilers parameters are summarized in Table 2.5.

Table 2.5 Dangshan Biomass Boiler Specifications

Parameter	Description
Boiler rated evaporation (tons/hr)	130
Rated steam pressure (MPa)	9.2
Rated steam temperature (°C)	540
Rated water temperature (°C)	220
Primary air preheating temperature (°C)	190
Preheat temperature of secondary air (°C)	190
Exhaust gas temperature (°C)	135
Boiler thermal efficiency	89 percent
Serial number	YG-130/9.2 2-T2
Boiler Arrangement	Semi-open Type

Source: Company Information

Nexant has not identified any issues with the boiler.

2.2.4 Grates

There are four vibrating grates in the furnace located side by side in four column divisions. The two grates in the middle vibrate simultaneously in the same direction with the same amplitude, while the grates on the two sides vibrate simultaneously in opposite directions in order to maintain the balance of movement.

Details of the grate arrangement are shown in Table 2.6.

Table 2.6 Dangshan Biomass Grate Arrangement Details

Description	Unit	Design Value
Grating Quantity	Unit	Four column divisions
Vibrating Direction	Degree	Middle two columns: 0-180 Column at each side: 180-0
Grating Inclination	Degree	5
Vibrating Direction	Degree	20
Amplitude	mm	10(±5)
Oscillation (50 Hz)	rpm	450
Range of Frequency	Hz	35-55
Vibrating Motor Power	kW	36.9
Vibrating Duration	Seconds	20
Vibrating Interval	Seconds	200

Source: Company Information

Nexant has not identified any issues with the grates.

2.2.5 Steam Turbine

The steam turbine, Model Number 30-8.83, is a standard product from Qingdao Jieneng Steam Turbine Group Co., Ltd, with a rated power output of 30 MW. It is a high temperature, high pressure, single cylinder, and single shaft condensing steam turbine. The useful life of the steam turbine was not provided.

The specification of the steam turbine is shown in Table 2.7.

Table 2.7 Dangshan Biomass Steam Turbine Specification

Description	Unit	Design Value
Fixed Steam Inlet Flow	t/h	114
Fixed Power Output Efficiency	MW	30
Main Steam Inlet Pressure	MPa	8.83 ±0.490
Main Steam Inlet Temperature	Degree Celsius	535 (+5/-10)
Cooling Water Temperature	Degree Celsius	20
Fixed Extraction Flow Rate	t/h	45.5
Fixed Back Pressure	kPa	4.90
Rotation Speed	rpm	3,000

Source: Company Information

Nexant has not identified any issues with the steam turbine.

2.2.6 Generator

The generator is a standard product from Jinan Power Equipment Factory that has a rated electricity power output of 30 MW. The useful life of the generator was not provided.

The specification of the generator is shown in Table 2.8.

Table 2.8 Dangshan Biomass Generator Specification

Description	Unit	Design Value
Fixed Power Output	MW	30
Generator Rating	MVA	35.3
Fixed Voltage	kV	10.5
Frequency	Hz	50
Rotation Speed	rpm	3,000
Power Factor	—	0.85
Fixed Power Output	MW	30
Generator Rating	MVA	35.3

Source: Company Information

Nexant has not identified any issues with the generator.

2.2.7 Flue Gas Treatment

The flue gas treatment process is comprised of cyclone dust separators and bag filters that were designed to originally comply with the requirements in GB 13223-2003 Emission Standard of Air Pollutants for Thermal Power Plants (GB 13223-2003).

However, the Chinese government Environmental Bureau stated on July 1, 2014 that this standard must be updated to the 2011 version. Therefore, to comply, Dangshan Biomass was required to install a selective non-catalytic reduction (SNCR) system to comply with the revised 2011 version (GB 13223-2011) of this standard enforced by the Chinese government Environmental Bureau.

Table 2.9 Emission Standard GB 13223-2011

Description	Unit	Design Value
Dust	mg/m^3	30
SO_2	mg/m^3	200
NOx (based on NO_2)	mg/m^3	200
Hg and Other Chemicals	mg/m^3	0.03

Source: Company Information

SNCR is a mature, high-temperature process that uses an agent to reduce NOx to N2 as a means of controlling oxides of nitrogen (NOx) emissions. Installation was completed and the equipment tested in August 2015. The implementation was found to be have good performance, with stable and reliable operation. The thermal control protection, thermal control automatic, and I/O measuring point input rates were 100 percent. The SNCR was accepted by the Environmental Bureau officially on November 13, 2015.

The Company takes a number of measures for smoke pollution prevention and control:

- The use of cyclone dust collector + bag filter results in dust removal efficiency of not less than 99.9 percent

- The use of a height of 80 meter, outlet diameter 2.8 meter chimney to reduce emission pollutants

- The installation of flue gas continuous monitoring device for real-time atmospheric pollutants

Nexant has not identified any issues with flue gas treatment.

2.2.8 Ash Handling

Nexant has not identified any issues with ash handling.

2.2.8.1 Bottom Slag

There are two slag outlets from the furnace which are connected to a water trough provided with a scraper conveyor for collecting the slag. The slag is then conveyed to the slag collection pit (15.50 m (Length) by 6.1 m (Width) by 1.5 m (Diameter)) with an effective volume of 130 m3. This storage is equivalent to 8 to 10 days under normal plant operation. The slag is eventually taken away for disposal. The bottom slag is priced at 3 RMB/ton and is used for making brick.

2.2.8.2 Fly Ash

The fly ash handling system consists of two cyclone separators and four bag filters. Underneath each of the two separators is an ash collecting bin. Ash from the bag filters is relatively less in quantity than that collected from the separators. Therefore, ash from the bag filters is initially collected in the discharge chute and then pneumatically conveyed to the collecting bin. The ash from the collecting bin is then transported to the 200 m3 ash storage silo. The fly ash is priced at 3 RMB/ton and is used for additives in cement production.

2.2.9 Electrical Installation and Connection

The distributed control system (DCS) supplied by Zheda Zhongkong is located in the central control room. The boiler, turbine, generator, and its auxiliary equipment, as well as all electrical systems, are monitored and controlled by the DCS.

The generated power is sold to the power grid company, except for the power supplied to the project auxiliary electrical system.

The generator terminal voltage is stepped up to 110 kilovolts (kV) through the generator circuit breaker (GCB) and main transformer and connected directly to the 110 kV system in the Longhai Substation by a 3 km transmission line. The project is furnished with complete relay protection, power grid communication, and a remote terminal unit (RTU). The operational data is sent to the local grid dispatch center and then forwarded to the Anhui Province dispatch center. According to the Power Purchase Agreement (PPA), redundant revenue meters are located on the project side of the 110 kV transmission line. Therefore, any transmission loss is not borne by the project.

The auxiliary power system supplies all electrical loads of Dangshan Biomass and is designed with two voltage levels:

- 10 kV
- 400V

Two 10 kV incoming feeders are designed for this auxiliary power system. One is connected to the low voltage (LV) side of the main transformer to serve as normal/standby power supply to the 10 kV and 400V power systems. The other is connected to the local grid 10 kV system and provides emergency power for safely stopping an operational generator in case a normal/standby power supply fails. The two 10 kV incoming feeders can be automatically transferred by an automatic transfer switch (ATS) device when there is a 10 kV normal/standby power failure. A direct current system (with battery and charger) and uninterruptible power supply (UPS) are used for dc power loads, emergency lighting, electrical control and protection, automation devices, and the instrumentation and control (I&C) system.

Nexant has not identified any issues with electrical installation and connection.

2.2.10 Civil and Structural

The Dangshan Biomass site was designed for the following parameters as summarized in Table 2.10.

Table 2.10 Dangshan Biomass General Civil and Structural Design Parameters

Parameter	Description
Seismic design intensity	6 degree (0.05 g)
Seismic site classification	Grade III
Wind pressure (50 year mean recurrence interval)	0.35 kN/m^2
Snow pressure (50 year mean recurrence interval)	0.40 kN/m^2

Source: Company Information

The groundwater is noncorrosive to concrete and reinforcement but is weakly corrosive to rebar within the concrete according to the geotechnical report and design description. Therefore, almost all buildings/ structures used prestressed high strength concrete (PHC) piling foundations.

Most structures use a concrete structure enclosed by building blocks or bricks, with the exception of the roof of the steam turbine house and biomass storage. The stack has a height of 80 meters and has firebrick lining and hydrophobic perlite board insulation.

Nexant has not identified any issues with civil and structural.

2.3 PERFORMANCE

The following section provides Nexant's findings and opinions with respect to the performance of Dangshan Biomass based on available data. Nexant obtained and reviewed the historical performance data for production and availability, environmental performance, and unplanned outages and unplanned maintenance.

2.3.1 Performance

The key performance indicators are shown in Table 2.11. The installed electrical generation capacity is 30 MW. The load factor from January 2016 to December 2016 was 98.2 percent. The load factor is the ratio of the average electricity load to the electrical generation capacity.

Table 2.11 Dangshan Biomass Key Performance Indicators

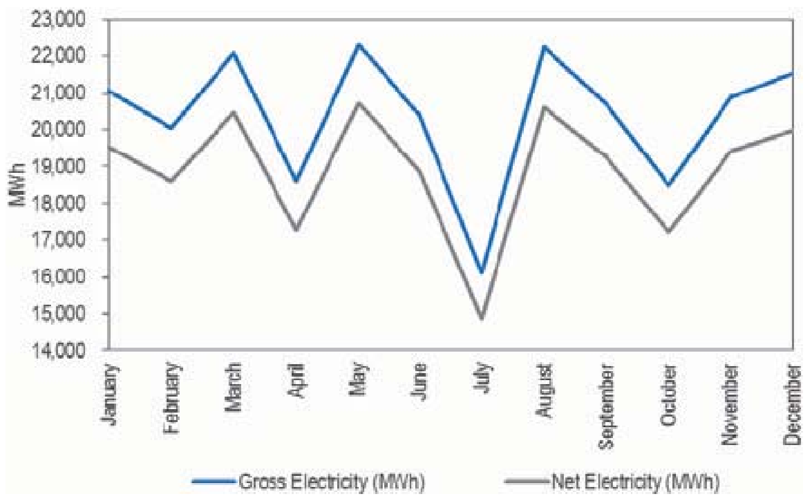
Period	Gross Electricity (MWh)	Net Electricity (MWh)	Biomass Incinerated (Tons)
Jan 2016 – Dec 2016	244,445.0	226,799.0	245,934.0

MWh = megawatt-hours

Source: Company Information

The electricity generated monthly is shown in Figure 2.3.

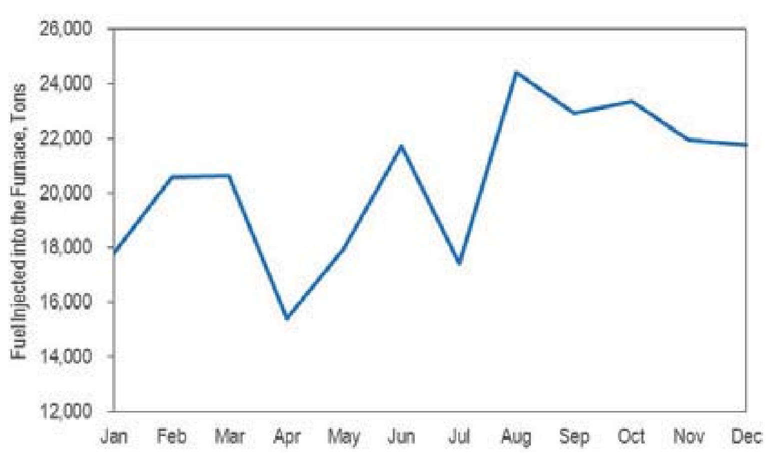
Figure 2.3 Dangshan Electricity Generated — 2016



Source: Company Information

The biomass incinerated monthly is shown in Figure 2.4.

Figure 2.4 Dangshan Biomass Incinerated — 2016



Source: Company Information

Nexant has not identified any issues with performance and availability.

2.4 UNPLANNED OUTAGE

The total planned and unplanned outage between January 2016 and November 2016 was 468 hours. The company did not provide information about any unplanned outages in December. The dates of major outages during 2016 are shown in Table 2.12.

Table 2.12 Outages and Causes (January — November 2016)

Dates	Cause
April 4, 2016 to April 8, 2016	Grade D maintenance — Planned
July 8, 2016 to July 16, 2016	Grade B maintenance — Planned
July 29, 2016 to July 30, 2016	Check on bag filters
September 14, 2016 to September 15, 2016	Water cooled wall leakage
October 9, 2016 to October 10, 2016	Water cooled wall leakage
October 11, 2016 to October 13, 2016	Grade D maintenance — Planned
November 12, 2016 to November 13, 2016	Tube of grate leakage

Source: Company Information

According to the Company, superheater leakage has been an issue that ultimately will need to be addressed. In 2015, superheater leaks resulted in 169 hours of unplanned downtime. The superheater leakage is a consequence of a design defect as the superheater pipes are too close which results in increased abrasion during operation. A stainless steel shield was added to some of the pipe edges as part of the major overhaul of the project in April 2014. There was no superheater leakage in 2016.

Nexant has identified issues with superheater leakage which if not addressed will potentially lead to higher unplanned downtime as well as a shortened life for the superheater.

2.5 ENVIRONMENTAL PERFORMANCE

Dangshan Biomass was designed to comply with an emissions standard (GB 13223-2003). The GB 13223-2003 standard emissions were:

- SO_2: 800 mg/m^3
- NOx: 450 mg/m^3
- Particulate matter: 200 mg/m^3

The emissions standard became more stringent on July 1, 2014 with revised GB 13223-2011 standard which has standards as follows:

- SO_2: 200 mg/m^3
- NOx: 200 mg/m^3
- Particulate matter: 30 mg/m^3

The Company added an SNCR system to reduce NOx emissions and this was accepted by the Environmental Bureau officially on 13 November 2015. The upgraded SNCR now complies with the new standard, as shown in Table 2.13. The Company did not provide mercury emissions for Nexant's review.

Table 2.13 Dangshan Biomass Emissions Record since January 2014

	2014			2015			2016		
Month	SO_2 (mg/m^3)	NO_x (mg/m^3)	Part. Matter (mg/m^3)	SO_2 (mg/m^3)	NO_x (mg/m^3)	Part. Matter (mg/m^3)	SO_2 (mg/m^3)	NO_x (mg/m^3)	Part. Matter (mg/m^3)
Jan	2	240	32	2	208	25	6	157	17
Feb	13	262	33	16	250	31	3	109	24
Mar	280	N/A	34	18	241	27	2	104	18
Apr	9.	316	32	10	177	25	16	89	18
May	27	275	15	10	174	24	13	109	22
Jun	19	262	12	21	97	20	36	72	27
Jul	16	259	15	15	179	24	11	119	19
Aug	8	270	14	31	121	16	16	136	13
Sep	7	253	13	8	161	18	4	172	10
Oct	7	270	24	13	131	25	21	148	13
Nov	7	259	16	—	—	—	5	125	13
Dec	6	233	18	—	—	—	4	174	15

Source: Nexant Site Visit & Company Information

Nexant has not identified any issues with environmental performance.

2.6 OPERATIONS AND MAINTENANCE

Nexant reviewed Dangshan Biomass' facilities management with respect to operations, maintenance and staffing. Nexant also reviewed the O&M practices and concludes that the facility is being operated in accordance with generally accepted industry practices.

2.6.1 Operations

Based on Nexant's site visit, the following observations were made:

- The Company's staff perform all operations of the Dangshan Biomass project
- There have been no lost-time incidents

Nexant reviewed the operating target for 2016 during the site visit. Overall, the target gross energy production at Dangshan Biomass in 2016 was 231.2 GWh/year. The actual gross energy production at Dangshan Biomass in 2016 was 244.5 GWh/year.

The Dangshan Biomass facility operated for 8,148.35 hours during all of 2016, which was equal to the design level of operation for the plant.

The Company's 2017 operation targets are:

- Total operation days: 340
- Load factor: 94.4 percent
- Maintenance days: 25

The Company's 2017 targeted total operating days is greater than the facility design operation days, which is aggressive.

In summary, Nexant has not identified any issues with operations.

2.6.2 Maintenance

The maintenance at Dangshan Biomass is classified into four maintenance Grades A, B, C, D as shown in Table 2.14.

Table 2.14 Dangshan Biomass Maintenance Levels

Maintenance Level	Description	Duration	Term
A	Complete dismantling and repair of the main equipment of the project company to maintain, restore or improve the performance of the equipment	About 18-21 days	Every 3 to 4 years
B	B-level maintenance can be based on the state of the main equipment assessment results, targeted implementation of the A-level maintenance projects or regular rolling maintenance projects.	About 10-15 days	Every 2 Years
C	The main operation of the main equipment of the project company is normal, according to the equipment wear and aging laws. Focus on the main equipment and auxiliary equipment inspection, assessment, repair, and cleaning. C-level maintenance can be a small number of parts replacement, the elimination of equipment, adjustment, preventive testing and other operations and the implementation of some A-level maintenance projects or regular rolling maintenance projects.	About 7-10 days	Every year
D	The main equipment of the project company is in good working condition, the auxiliary equipment and auxiliary equipment of the main equipment are removed in a centralized manner, and the key parts of the heating surface are cleaned. D-level maintenance In addition to ancillary systems and equipment to eliminate the gap, but also according to the equipment status assessment results and arrange some C-level maintenance projects.	About 3-5 days	Every 2-8 months

Source: Nexant Site Visit & Company Information

The first and most recent major, large-scale maintenance (Grade A) of Dangshan Biomass since commercial operation began was in 2014. Overhaul included the maintenance of the following:

- Turbine
- Boiler
- Retrofit bag house
- Retrofit flue gas system

The next Grade A maintenance may be conducted in 2018. It is expected that Dangshan Biomass will manage and engage third parties to undertake major overhauls. Dangshan Biomass's routine maintenance has been contracted to Anhui No. 2 Electric Power Engineering & Construction Corporation, according to the maintenance agreement dated May 2015.

There will be a Grade B maintenance conducted in 2017. The next Grade B maintenance thereafter will be planned based on the findings. From the information provided by the Company to Nexant, the company has not performed Grade C maintenance since operations commenced. In Nexant's opinion regular and diligent maintenance minimizes the frequency of major overhauls and unplanned outages.

According to the Company, the budgeted maintenance days in 2017 are 25 days. Maintenance for 2017 includes three Grade D and one Grade B. The 2017 maintenance cost is forecast to be 4.584 million yuan.

Nexant has not identified any issues with maintenance.

2.6.3 Staffing

Dangshan Biomass has its own operations team consisting of 48 technical staff that are responsible for executing the production operations, routine inspection, management of contractors, and safety. The facility operates on three shifts with four teams. Each shift has eight people including seven people at the central control room and one person at the dry material shed (biomass feeding).

According to the Company, all the staff have the relevant certificates and qualifications.

Nexant has not identified any issues with staffing.

2.7 RISK AND MAINTENANCE ASSESSMENT

2.7.1 Superheater Leakage

According to the Company, through an analysis of the superheater design as well as the performance during operations, it was determined that the design of the superheater has the following issues:

- Insufficient horizontal pitch
- Insufficient vertical spacing between pipe rows
- Installation of superheater fixed tube row

The company has identified a number of potential solutions, but acknowledges that the superheater issue has not been resolved. Potential solutions include:

- Increase distance between the original longitudinal pipe direction
- Replace the original tube superheater tube bundle
- Improve the quality of the biomass fuel
- Improve best practices and operation of superheater
- Soot blower maintenance to prevent ashes from coming in contact with heating surface.

It has not been made clear to Nexant what will be done to alleviate the issue. However, if not addressed Nexant expects that the issue will potentially lead to higher unplanned downtime as well as a shortened life for the superheater.

This issue is a risk and may hinder the facility to sustain design production.

2.8 CONCLUSIONS

Nexant has conducted an independent technical assessment of Dangshan Biomass operations and concludes the following:

- Has not identified material changes in technology or major equipment/systems from the original design basis for the operation
- Has not identified issues for major systems including process, mechanical, and civil design
- Has not identified issues in production and availability, unplanned outages, and environmental performance
- Has not identified issues in operation, maintenance, and staffing. The Company's 2017 target for total operating days is greater than the facility design operation days, which is an aggressive plan
- Has not identified any lost-time incidents
- Nexant identified an issue with superheater leakage during 2015, but there were no occurances during 2016. This issue is due to a design flaw which Nexant recommends be addressed since, if not addressed Nexant expects that it potentially will lead to higher unplanned downtime as well as a shortened life for the superheater

Section 3 Sucheng Biomass Heat Supply Project

3.1 OVERVIEW

Nexant conducted a general site visit to the Sucheng Biomass Heat Supply Plant ("Sucheng Biomass") on December 28, 2016. Sucheng Biomass is the Company's first operating biomass heat supply project utilizing a circulating fluidized bed boiler.

Sucheng Biomass is located in the development zone in Sucheng District which is about 3 km from the downtown of Suqian city. The total area of the facility is approximately 47,000 square meters.

Sucheng Biomass has two 20 ton per hour biomass circulating fluidized bed boilers that generate a total of 40 tons per hour of steam heat to neighboring industries. Sucheng Biomass has recently completed construction and the facility was targeting to begin operations in May 2016. However, the desulfurization tower equipment was not able to meet the design requirements, the boiler hood had to be re-installed, and due to the economic downturn in 2016, the number of heating users was not large enough. The company is still expanding and developing its business in the heating supply market. The facility began commercial operation in September 2016 after receiving the official operation license from the Chinese Government to supply steam heat to industries along the 7.62 km steam supply pipeline.

The facility has set aside an area for a future third boiler expansion to the site that will generate an additional 45 tons of steam.

Table 3.1 presents the system description for Sucheng Biomass.

Table 3.1 System Description — Sucheng Biomass

Parameter	Description
Heat Supply Capacity (ton/hour)	40.0
Fuel Type	Biomass
Steam Supply (MPa/°C)	1.25/280
Design Annual Steam Supply (tons)	350,400
Plant Water Consumption (ton/year)	656,000
Electricity Consumption (MWh)	807
Biomass Pellets (ton/year)	81,600
Design Operating Days (days)	330

Source: Company Information

3.2 MAJOR ASSESSMENT

Biomass raw materials, after crushing, mixing, extrusion, drying and other processes, are rendered into particles or other forms suitable for direct combustion in a boiler to produce steam for heating.

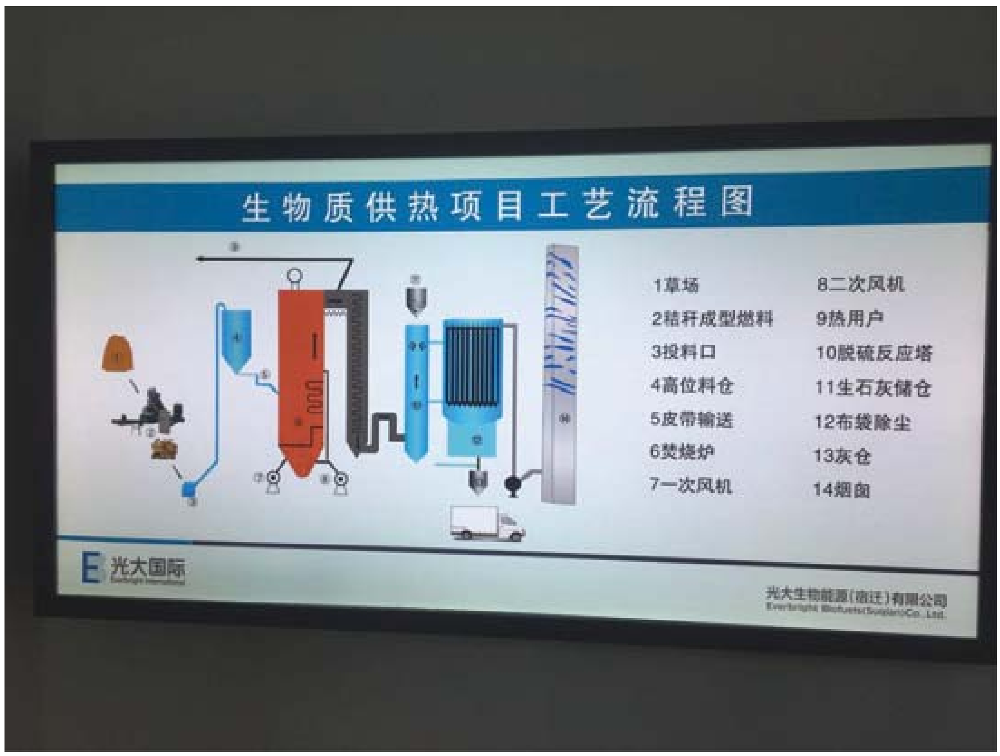
Figure 3.1 shows the plot layout for Sucheng Biomass.

Figure 3.1 Sucheng Biomass Plot Layout

Source: Company Information

Figure 3.2 presents a simplified process flow scheme for Sucheng Biomass.

Figure 3.2 Simplified Process Flow Scheme



Source: Nexant Site Visit & Company Information

3.2.1 Biomass Quality

Sucheng Biomass uses rich biomass sources (mainly rice and wheat straw) in neighboring regions for heat supply to industries in the local vicinity. Other biomass sources include: straw, wheat straw, corn stalks, cotton stalks, rapeseed rods, sawdust, etc. Sucheng Biomass has reached a fuel supply agreement with various vendors for the provision of biomass pellets made from straw. Sucheng Biomass requests that the pellets have a lower calorific value (LCV) over 3,200 kcal/kg and a moisture content of less than 10 percent.

The Company engaged a third party to test the content of the biomass fuel proposed for Sucheng Biomass in May 2014. The test results are shown in Table 3.2.

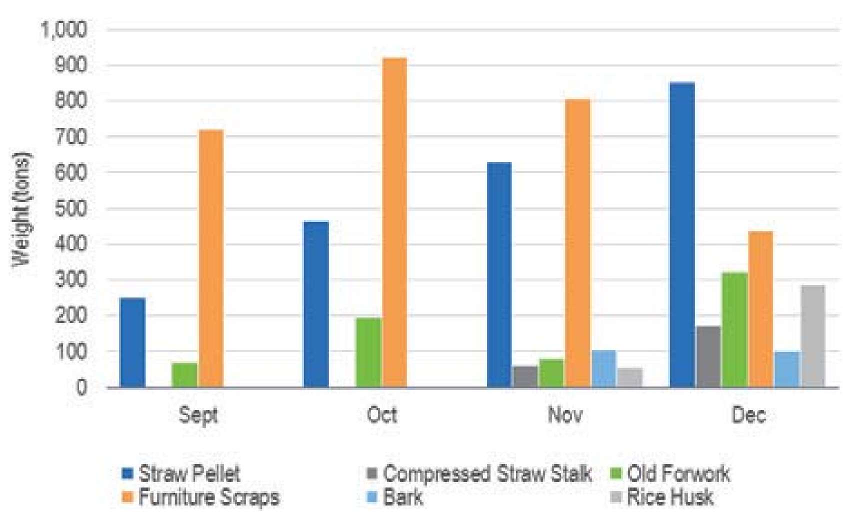
Table 3.2 Sucheng Biomass Pellet Quality

Parameter	Unit	Value
Volatile Matter	percent, dry-ash free basis	79.5
Ash	percent, dry	17.5
Inherent Moisture	percent, air dried	6.4
Fixed Carbon	percent, dry	16.9
Sulfur	percent, dry	1.2
Total Moisture	percent	11.1
Lower Calorific Value (LCV)	kcal/kg	3,131
Higher Calorific Value (HCV)	kcal/kg	3,833

Source: Company Information

A third party pellet quality test for heat value and moisture content is performed once every year. The May 2014 test was for the initial stage research. The most recent third party test was conducted on December 2, 2016 for rice husk. Each batch of biomass is tested internally to check if the results meet contract requirements. If not, Sucheng Biomass rejects the batch. For the months of September 2016 through December 2016 the biomass sources and their respective weights processed are shown in Figure 3.3.

Figure 3.3 Sucheng Biomass Sources during Operation



Source: Company Information

Nexant has not identified any issues with the biomass quality.

3.2.2 Fuel Handling

The Sucheng Biomass site has an 8,000 square meter sheltered storage yard with a storage capacity of 19,000 tons of biomass pellets at an average stack height of five meters. There is sufficient biomass pellet storage for three months of normal operation. The design pellet density is 0.7 tons/m3.

Pellets that will be processed are transferred from the storage area via a double screw conveyer underneath the floor opening in the sheltered storage area and then via a vertical bucket conveyer to two bunkers (2 x 100 m3) above the fluidized bed boiler.

Nexant has not identified any issues with the fuel handling system.

3.2.3 Boiler

The boiler was designed and manufactured by Jianglian Heavy Industry Co., Ltd., and consists of two steam generating fluidized bed boilers each capable of generating 20 tons per hour of superheated steam at 280 °C. The useful life of the boiler is 30 years.

The boilers parameters are summarized in Table 3.3.

Table 3.3 Sucheng Biomass Boiler Specifications

Parameter	Description
Fixed steam generation (tons/hr)	20
Annual biomass consumption (2 x 20t/h) (tons/yr)	81,600 (calculated based on 8,160 hours)
Rated steam pressure (MPag)	1.25
Rated steam temperature (°C)	280
Feed water temperature (°C)	104
Exhaust air at the excess air coefficient of	1.33
Boiler exhaust temperature (°C)	2
Sewage Rate (percent)	2
Air preheater inlet air temperature (°C)	20
Boiler design thermal efficiency	89 percent
Design fuel consumption (kg/h)	4,320.1kg/h
Serial number	DHF20-1.25/280-SW
Boiler Arrangement	Fluidized Bed

Source: Company Information

Nexant has not identified any issues with the boiler.

3.2.4 Steam Supply Piping

Sucheng Biomass has two once-through steam supply pipes:

- Main pipe: 350 mm inner diameter
- Secondary pipe: 250 mm inner diameter

The majority of the steam supply pipes are supported on low level pipe racks 500 mm high. The remainder is mostly buried underground at a minimum 0.8 m below the surface.

Nexant has not identified any issues with the steam supply piping.

3.2.5 Flue Gas Treatment

Sucheng Biomass high-temperature flue gas produced by the combustion of the fuel in the boiler passes through the desulfurization tower, the bag dust removal system, and the induced draft fan into the 60 meter steel chimney to the atmosphere. The chimney has sufficient capacity for a future boiler.

The flue gas desulfurization system removes SO2. After the flue gas is discharged from the fluidized bed to the reaction tower, it reacts with the chemical calcium hydroxide and removes sulfur trioxide and hydrogen chloride. The system includes the following:

- Chemical injection system
- Reaction tower
- Recirculation system
- Auto control system

Ash in the flue gas will be filtered in the bag filter system, which will remove about 99.9 percent of the ashes before exhaust to the chimney.

The design of the flue gas treatment system is summarized in Table 3.4.

Table 3.4 Flue Gas Treatment Design Parameters

Parameter	Unit	Value
SO_2 Concentration at Inlet of Desulfurization System	mg/Nm^3	≤300
Designed Desulfurization Efficiency	percent	≥85
Guaranteed Desulfurization Efficiency	percent	≥85
Desulfurized Gas SO2 Concentration	mg/Nm^3	≥50
Design Ash Concentration at Inlet of Bag Filter System	g/Nm^3	≤40
Ash Removal Efficiency	percent	≥99.9
Guaranteed Ash Concentration at Outlet of Bag Filter System	mg/Nm^3	<30

Source: Company Information

Nexant has not identified any issues with flue gas treatment.

3.2.6 Ash Handling

Nexant has not identified any issues with ash handling.

3.2.6.1 Bottom Slag

The product of incomplete combustion is termed slag. The slag produced will be diverted to the outlet of the boiler bottom, collected by a rotary valve, and cooled down by water. The cooled slag will then be transferred to the central slag silo pending transportation off-site by truck.

3.2.6.2 Fly Ash

Ash filtered in the bag filter system will be collected in the chute under the system and eventually transferred by compressed air to the 540 m3 central ash storage silo. The ash can be sold as fertilizer.

3.2.7 Electrical Installation and Connection

The auxiliary power system is designed with two voltage levels to supply all the electrical loads in Sucheng Biomass:

- 10 kV
- 400V

One 10 kV incoming feeder is connected to the local 10 kV power grid to serve as normal power supply to the 400V power system. The other incoming 10 kV feeder is from the neighboring third party waste-to- energy power plant and serves as standby power that can be automatically transferred when the 10 kV normal power fails.

Nexant has not identified any issues with electrical installation and connection.

3.2.8 General Civil and Structural

The Sucheng Biomass site was designed with the parameters as summarized in Table 3.5.

Table 3.5 Sucheng Biomass General Civil and Structural Design Parameters

Parameter	Description
Seismic design intensity	8 degree (0.30 g)
Seismic site classification	Grade III
Wind pressure (50 year mean recurrence interval)	0.35 kN/m^2
Snow pressure (50 year mean recurrence interval)	0.35 kN/m^2

Source: Company Information

According to the geotechnical report and the design description, seismic liquefaction at the site is potentially serious. The groundwater is noncorrosive to concrete and rebar. Therefore, almost all buildings/structures use Pre-stressed High-strength Concrete type piling foundations.

Almost all buildings in Sucheng Biomass consist of concrete structures enclosed by building bricks.

Nexant has not identified any issues with civil and structural.

3.3 PERFORMANCE

The following section provides Nexant's findings and opinions with respect to the performance of Sucheng Biomass based on available data. Nexant obtained and reviewed the historical performance data for production and availability, environmental performance, and unplanned outages and unplanned maintenance.

3.3.1 Production

The facility began commercial operation in September 2016 through December 2016. Key monthly performance indicators are shown in Table 3.6.

Table 3.6 Sucheng Biomass Key Performance Indicator

	Unit	Fuel consumption (tons)	Production capacity (tons)	Water supply (tons)	Running hours (hours)	Heat load rate (percent)	Mechanical load rate (percent)
September 2016	1 # boiler	1,463.6	6,707.5	7,511.5	597	56.2	49.0
	2 # boiler	381.9	1,887.0	1,954.23	157	60.1	48.6
	Total / Average	1,845.4	8,594.5	9,465.73	754	58.1	48.8
October 2016	1 # boiler	1,033.6	4,853.8	5,053.1	338	71.8	61.2
	2 # boiler	1,145.5	5,177.6	5,255.2	407	63.6	56.3
	Total / Average	2,179.1	10,031.4	10,308.3	745	67.7	58.7
November 2016	1 # boiler	445.4	2,385.3	2,363.1	167	71.4	53.
	2 # boiler	1,896.3	9,429.7	9,511.9	554	85.1	68.5
	Total / Average	2,341.6	11,815.0	11,875.0	721	78.3	60.9
December 2016	1 # boiler	0	0	0	0	—	—
	2 # boiler	2,208.8	12,361.5	12,660.2	744	83.1	59.4
	Total / Average	2,208.8	12,361.5	12,660.2	744	—	—

Source: Company Information

The average heat load factor is calculated using the following formula:

Heat load factor = Heat production volume / (Operating hour * Designed capacity)

The average mechanical load factor is calculated using the following formula:

Mechanical load factor = Biomass Consumption / (Operating hour * Designed feeding capacity)

The design feeding capacity of each boiler is 5 tons per hour. As shown, the Sucheng Biomass facility is still ramping up production and has not yet reached design production levels. Boiler #1 was not in operation during December 2016 since the number of heating users was not large enough and the Boiler #2 capacity alone was able to meet the demand.

3.3.2 Unplanned Outages

The Company reports no unplanned outages since commercial operation began.

3.3.3 Environmental Performance

Sucheng Biomass was designed to comply with the following emissions standard:

- SO2: 300 mg/m^3

- NOx: 300 mg/m³

- Particulate matter: 50 mg/m³

The emissions record since commercial operation began is shown in Table 3.7 and indicates that the facility has operated in compliance with the relevant standards.

Table 3.7 Sucheng Biomass Emissions Record since Commercial Operation Began

Month	2016 SO$_2$ (mg/m^3)	2016 NOx (mg/m^3)	2016 Part. Matter (mg/m^3)
Sep	19	160	18
Oct	5	140	8
Nov	10	155	7
Dec	11	135	5

Source: Company Information

Nexant has not identified any issues with environmental performance.

3.4 OPERATIONS AND MAINTENANCE

Nexant reviewed Sucheng Biomass' facilities management with respect to operations, maintenance and staffing. Nexant also reviewed whether the O&M practices are in accordance with generally accepted industry practices and whether the Company generally operates Sucheng Biomass in a sound, viable and sustainable manner.

3.4.1 Operations

The following observations were made during Nexant's site visit:

- The Company's staff perform all operations of the Sucheng Biomass project

- There have been no lost-time incidents

The Company's 2017 operations targets are:

- Heating Steam Production: 307,000 tons per year

- Biomass Fuel Quantity: 75,516 tons per year

Nexant notes that the Company's 2017 monthly targets are approximately double the production capacity that has recently been achieved by the facility.

3.4.2 Maintenance

Maintenance is provided by a contractor, which is the Jiangsu Wanyuan Electricity Company. The interval for major maintenance (plant turnaround) is 3 years, during which the production will be stopped for about 10 days.

Smaller on-going maintenance will be conducted once every year for about 3 days, based on the operating situation.

Prior to commercial operation:

- The Company spent 450,000 yuan to solve the issue with the desulfurization tower not meeting design requirements. Through discussion with the supplier, the supplier agreed to re-design and replace the equipment. The current equipment can meet the requirement and will not affect the current production.

- Due to an installation error by the construction company, the construction company reinstalled the boiler cap at no charge. This problem does not affect the current production.

3.4.3 Staffing

Sucheng Biomass has 42 employees in five departments as summarized in Table 3.8.

Table 3.8 Staffing

Department	Number of Employees
Management	2
Integrated Management Department	5
Financial Management Department	2
Production Management Department	29
Department of Fuel and Marketing	4

Source: Company Information

Nexant has not identified any issues with staffing.

3.5 RISKS AND MITIGATION ASSESSMENT

Nexant has not identified any significant technical risks.

3.6 CONCLUSIONS

Nexant has conducted an independent technical assessment of the Sucheng Biomass operations and concludes the following:

- No material changes in technology or major equipment/systems from the original design basis for the operation have been identified
- No issues associated with major systems, including process, mechanical, and civil design, have been identified
- Sucheng Biomass is still ramping up production, and thus design production has not yet been achieved
- No issues associated with unplanned outages or environmental performance have been identified
- The facility has not experienced any lost-time incidents
- Has not identified any significant technical risks
- No staffing issues have been identified
- Nexant notes that the Company's 2017 monthly targets are approximately double the production capacity that has recently been achieved by the facility

Section 4 Zibo Integrated Hazardous Waste Incineration Project

4.1 OVERVIEW

Nexant visited the Zibo Integrated Hazardous Waste Treatment Phase I Project (“Zibo Waste”) on December 27, 2016. Zibo Waste is the Company’s newest operating hazardous waste landfill project which came into operation in 2016.

Zibo Waste is located in Qilu Chemical Industry Park at the intersection of Xinghui Road and Fenbei Road, Linzi District, Zibo City. Construction was completed in March 2015. Zibo Waste began commercial operation in January 2016, but the facility was in a test run period until September 2016 when the facility obtained the operation license from the Chinese Government on August 23, 2016.

Per Nexant’s discussion with company management, Zibo Waste is conducting preliminary work for Phase II which is a capacity expansion of 15,000 tons per year. The total capacity of the facility then will be approximately 25,000 tons per year. Phase II will utilize plasma technology from a U.S. supplier. To be confirmed, a power generation unit may be installed during Phase II since it is expected that the site will have sufficient steam. This review covers the existing Phase I facility.

Table 4.1 presents key characteristics of the Zibo Waste facility.

Table 4.1 Zibo Integrated Hazardous Waste Treatment Project

Parameter	Description
Designed Average Daily Handling Rate (tpd)	30.0
Designed Annual Handling Capacity (tpy)	9,900.6
Designed Average Daily Waste Water Treatment (tpd)	50.0
Annual Operational Day (days)	330.0
Annual Natural Gas Consumption (Nm3/year)	570,000.0
Annual Diesel Consumption (tpy)	10.0
Annual Electricity Consumption (GWh/year)	3.94
Annual Water Consumption (m^3/y)	35,904

Source: Nexant Site Visit & Company information

4.2 MAJOR SYSTEM ASSESSMENT

The Zibo Waste facility includes the following key areas:

- Raw material collection and transportation system: Includes special containers and transportation equipment used in the classification, collection, and transportation of hazardous waste

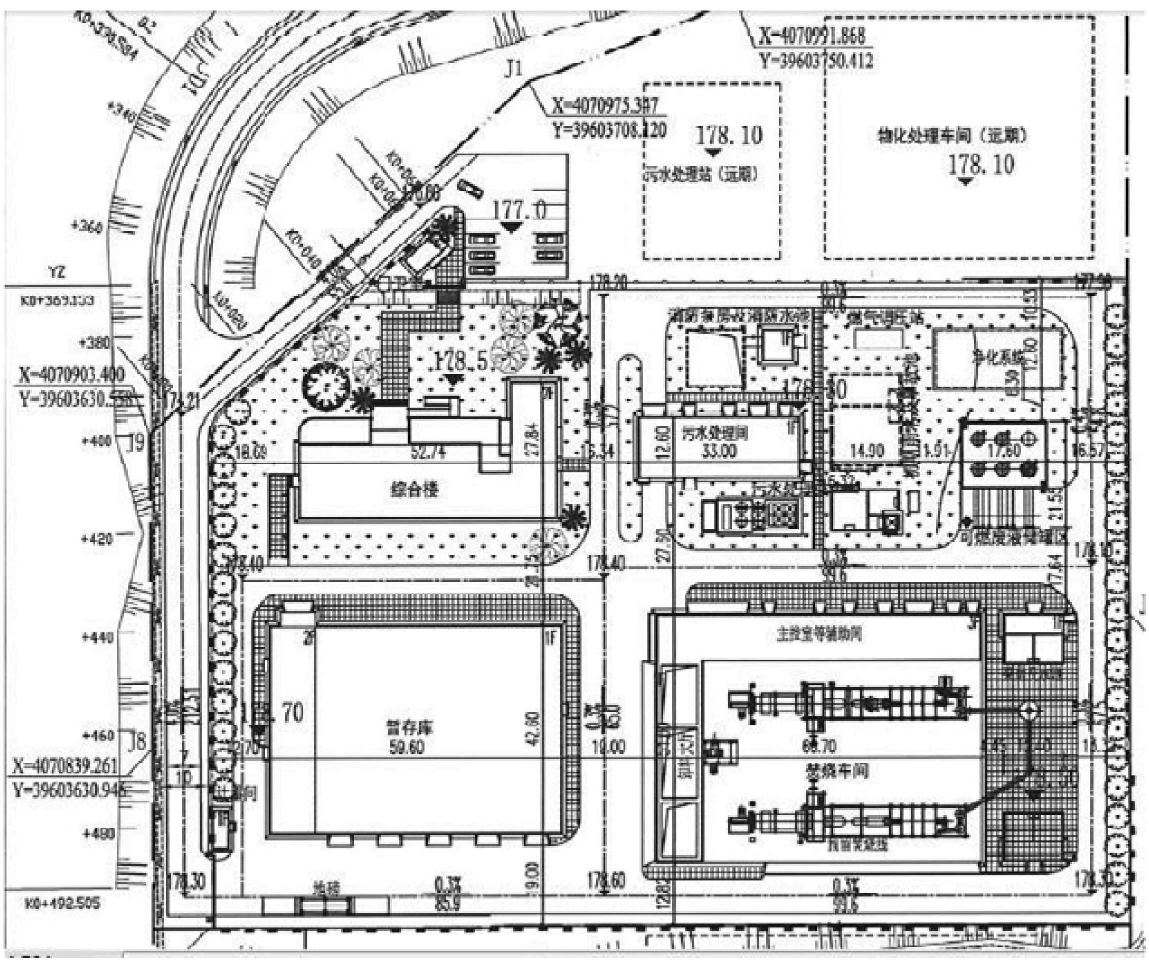
- Production facilities: Includes receiving, storage, incineration system (rotary kiln and secondary combustion chamber), waste heat boiler, and associated facilities

- Flue gas treatment

- Slag and ash handling

Figure 4.1 shows the plot layout for Zibo Waste.

Figure 4.1 Zibo Waste Plot Layout



Source: Company Information

Zibo Waste's design incineration capacity is 30 tpd. The Company may increase the capacity by 10 percent to a maximum incineration rate of 33 tpd.

Figure 4.2 presents a simplified process flow scheme for the Zibo hazardous waste incineration system.

Figure 4.2 Simplified Process Flow Scheme

Source: Company Information

4.2.1 Hazardous Waste Quality

According to the Company, the Zibo Waste facility has agreements with over 400 companies, but only approximately half of these have supplied waste to the facility so far. The existing waste suppliers are mainly petrochemical and pharmaceutical companies.

Zibo Waste has received approval for 19 categories of hazardous waste in accordance to the National Hazardous Waste Category Standard. Table 4.2 presents the approved categories of waste.

Table 4.2 Approved Categories of Waste for Zibo Waste

No.	Hazardous Waste	Description	No.	Hazardous Waste	Description
1	HW02	medical waste	11	HW13	organic resin waste
2	HW03	waste drugs, drugs	12	HW14	new chemical waste
3	HW04	pesticide waste	13	HW16	photographic material waste
4	HW05	wood preservative waste	14	HW37	organophosphorous compound waste
5	HW06	organic solvent waste	15	HW38	organic cyanide waste
6	HW07	heat treatment of waste containing cyanide	16	HW39	phenol containing waste
7	HW08	waste mineral oil	17	HW40	containing ether waste
8	HW09	oil / water / hydrocarbon / water mixture or emulsion	18	HW45	contains organic halide waste
9	HW11	fine steam distillation residue	19	HW49	other wastes
10	HW12	dyes, paint waste			

Source: Company Information

According to the Company, hazardous waste that arrives to the site often contains batches of irregular waste. Hazardous waste form different sources are therefore blended to a consistent standard with known chemical and physical properties.

The following hazardous wastes are not accepted at the disposal site:

1. Radioactive waste

2. Explosive wastes

3. Hazardous waste without known chemical and physical properties

Zibo Waste is designed to incinerate approximately 30 tpd of hazardous waste including solid waste, semi-solid waste, and liquid waste of approximately 7 tpd, 20 tpd, and 4 tpd, respectively.

Nexant has not identified any issues with the hazardous waste quality.

4.2.2 Hazardous Waste Reception and Pretreatment

Hazardous waste that arrives to Zibo Waste is sampled and sent for a preliminary laboratory analysis. The test report is used to verify that waste is consistent with the delivery description as well as to further determine whether the waste can enter the disposal center. Waste that enters the facility undergoes a series of additional analyses. The hazardous waste is characterized based on the following key properties:

- Explosive
- Toxic (chronic, acute, biological, etc.)
- Corrosive
- Infectious
- Chemical reactivity (combustible, flammable, oxidizing, etc.)

Hazardous waste is stored using different containers according to the characteristics, composition, shape, yield, transportation mode, and treatment method. Some of the hazardous wastes such as acid and alkali wastes and toxic wastes are subject to physical and chemical treatment after separation.

The area for temporary storage is about 3,087 square meters and is divided into three areas, namely:

1. Combustible waste storage area
2. Second storage area of combustible waste
3. Toxic waste storage areas.

The storage area has a net height of 6 meters, double row layout, and has approximately 2 months of capacity for inbound hazardous waste. Surveillance cameras are provided in the storage room. Regular ventilation of the room allows for a minimum of six air changes per hour. In the event of an accident, the ventilation rate will be increased to 12 changes per hour. All waste is transferred to the dump pit ready for feeding to the incineration system.

The floor of the storage room has been sealed with acrylic resin DH1900. The flooring material above the resin sealing layer is marble for ease of cleaning. An emergency shower and eye wash basin is provided in the room.

The liquid waste to be incinerated consists mainly of waste organic solvent waste, waste mineral oil, and waste halogenated organic solvent. Hazardous liquid waste is kept in one of three tanks, each with a capacity of 20 m^3. The liquid waste is stored according to the different heating value of high and low calorific value. A spare tank is provided for standby use.

Solid and semi-solid hazardous wastes are fed to the rotary kiln by either grabbing the waste from the dump pit or via the bucket conveyor. Liquid waste is fed to the combustion chamber through a nozzle to the rotary kiln incinerator. High calorific value liquid waste can also be sent to the secondary combustion chamber alone for processing. After the waste is fed to the rotary kiln, the waste is completely burned at a temperature of approximately 850°C. The residence time of the waste in the kiln is approximately 60 minutes. Most of the slag from the rotary kiln is collected at the end of the kiln in a water trough. After the cooling of the slag, the scraper conveyor elevates the slag to the silo.

4.2.3 Incinerator

Hazardous waste incineration system uses high-temperature incineration technology for the disposal of hazardous waste.

Table 4.3 presents the design technical parameters of the incineration system.

Table 4.3 Incineration System Technical Design Parameters

Parameter	Description
Oxygen Content of Flue gas from the Incinerator Outlet (dry gas)	6 – 10 percent
Design Lower Heating Value (kcal/kg)	4,380
Expected LCV of Waste (kcal/kg)	3,585 – 5,975
Removal Rate of Burning	≥ 99.9 percent
Incineration Residue Burning Rate	≤ 5 percent
Designed Average Daily Handling Rate (tpd)	30.0
Annual Operational Day (days)	330.0
Design Furnace Type and Supplier	Rotary Kiln, BMEI Co., Ltd

Source: Company Information

Rotary kiln incineration temperature is maintained above 850°C and removal of harmful waste components is achieved with a decomposition rate of more than 99.9 percent. The rotary kiln is a steel hollow cylinder lined with refractory bricks. Waste materials are heated by the gases produced during the combustion process and the heat transferred from the kiln walls. Combustion is controlled by both the amount of air, amount of waste, and relative quality (viscosity, moisture, and particle size).

The partially combusted gas proceeds to the secondary combustion chamber. Natural gas can be added to keep the temperature of the secondary combustion chamber above 1,100°C, to ensure that the residence time of flue gas is more than 2 seconds to allow for removal of dioxins and other harmful components in the flue gas. Flue gas retention time is designed to be 3.9 seconds. When the LCV of the waste is too low, i.e., lower than 2,796 kcal/kg, resulting in an inability to maintain the temperature of the rotary kiln and secondary incineration chamber at 850° C and 1,100° C, respectively, natural gas is used as supplementary fuel.

The rotary kiln and secondary incineration chamber are designed to incinerate 30 tons per day. The life expectancy of each was designed to be a minimum of 15 years, and the fireproof refractory was designed for at least two years before replacement. Per Nexant's discussion with the Company during the site visit, the refractories were overhauled in February 2016 (one month into operation) and are expected to be overhauled again in February 2017.

Nexant has identified that there is an issue with the rotary kiln and secondary incineration chamber refractories that the Company is proactively working to address with the objective to limit the impact on production.

4.2.4 Waste Heat Boiler

The temperature of the flue gas at the outlet of the secondary combustion chamber is above 1,100°C. In order to meet the requirement of the flue gas treatment in the subsequent stage and reduce the re-synthesis of dioxins the flue gas waste heat is utilized in the waste heat boiler. Waste heat boiler water equipment, including: deaerators, water tanks and pumps, according to the amount of water and evaporation set. All the equipment is arranged in the ancillary space of the incineration workshop. The manufacturer of the boiler was Beijing Beifang Jingjing Environmental Protection Equipment Co., Ltd.

Table 4.3 presents the design technical parameters of the waste heat boiler.

Table 4.4 Waste Heat Boiler Technical Design Parameters

Parameter	Description
Design steam outlet pressure (MPa)	1.3
Evaporation rate (kg/h)	4,000
Flue gas inlet temperature (°C)	1,150
Flue gas outlet temperature (°C)	550

Source: Company Information

Nexant has not identified any issues with the waste heat boiler.

4.2.5 Flue Gas Treatment

The flue gas treatment system at Zibo Waste is comparable to the system that is used in most power plants in the People's Republic of China. It consists of a SNCR denoxification system, wet and dry acid gas abatement, a bag filter system, and a stack.

SNCR is a mature, high-temperature (800-1,000°C) process that uses a reducing agent to reduce NOx to N_2. The manufacturer of the system at Zibo Waste was Wuxi Weixing Storage Tank Co., Ltd. SNCR does not require catalyst, but the reduction reaction temperature is much higher than the Selective Catalytic Reduction (SCR) method that is approximately 200-300°C. SNCR denitrification efficiency is about 30 to 50 percent. The target NOx emission target for SNCR is 200mg/Nm^3 as compared to 50mg/Nm^3 for the SCR process. The choice to use SNCR reduces that amount of catalyst needed and the overall operating costs of the project.[1]

A deacidification process that involves chemical reactions to neutralize NOx and HCl by ejecting urea is performed in the dry absorption denoxification tower. SO_2 is removed by $Ca(OH)_2$. Flue gas is treated for the removal of heavy metals through an adsorption process with activated carbon before entering the bag house filter. The system can achieve 75 percent and 80 percent removal of 2 and HCl, respectively.

The bag filter system is a mature ash/dust removal system widely adopted in power plants. In the bag filter system, particulates such as heavy metals are retained as the flue gas passes through the bags and treated with activated carbon. Particulates are collected for additional treatment. The Zibo Waste bag filter system was manufactured by Kelin Environmental Protection Equipment, Inc.

Acidic substances are further removed from the flue gas by ejecting sodium hydroxide (NaOH) in the wet scrubber. The wet scrubber is manufactured by BMEI Co., Ltd. Lastly, flue gas with high water content undergoes a heating process to minimize the risk of corrosion.

The chimney is 50 meters tall and has a continuous emissions monitoring system (CEMS) located at an elevation of 12 meters. In the chimney exhaust monitoring system, real-time monitoring of emissions to the atmosphere after burning the exhaust gas components such as NOx, CO, CO_2, SO_2, HCl, NH_3, dust, etc. When one of the indicators exceeds the limit interlock protection procedures are placed on the entire incineration system such that it is in normal working condition. Furthermore, it is equipped with a lighting protection system. The design life of the chimney is a minimum of 15 years.

Nexant has not identified any issues with the flue gas treatment system.

4.2.6 Slag and Ash Handling

Nexant has not identified an issue with the slag and ash handling.

4.2.6.1 Slag Handling

Bottom ash is disposed of off-site. Slag collected from the exit of the kiln falls into the water trough, where a scraper conveyor collects it and transfers it to a belt conveyor for elevation to the bottom ash silo.

(1) Company Information

4.2.6.2 Fly Ash

Fly ash is transferred to the silo by pneumatic conveying. Fly ash is collected from the following areas:

- Boiler drop-out collection hoppers
- Quenching tower
- De-acidification system
- Bag filter system (Has six ash collection hoppers connected to two screw conveyors)

4.2.7 Wastewater Treatment

The waste water treatment plant has a daily capacity of 50 cubic meters for day and designed to receive, neutralize and remove harmful chemicals from the water used to treat, purify, and recycled in the Zibo waste process.

The potential contaminates in the wastewater and leachate include:

- Heavy metals and even sometimes hexavalent chromium (Cr6+), which is a toxic and lethal substance
- Hg
- Divalent zinc ion (Zn_2+)
- Barium (Ba_2+)
- Plumbous (Pb_2+).

Handling of the wastewater and domestic effluent is carried out in two different processes.

- Wastewater is treated, after screening off the large debris, by passing it through the dissolved air flotation system, neutralization trough, and settlement tank
- Domestic effluent after screening off the large debris, domestic effluent enters the water collection tank and is diverted to the Gohigher bioreactor (GHBR) for biochemical treatment.

Mixed wastewater and domestic effluent is sand filtered and active carbon filtered in the filtration tank. After testing and acceptance, the water is reused in Zibo Waste or discharged to the municipal drainage system.

4.2.8 General Civil and Structural

The Zibo Waste site was designed based on the parameters summarized in Table 4.5.

Table 4.5 Zibo Waste General Civil and Structural Design Parameters

Parameter	Description
Seismic design intensity	7 degree (0.15 g)
Seismic site classification	Grade I1 to II
Seismic site liquefaction	Not considered
Wind pressure (50 year mean recurrence interval)	0.40 kN/m^2
Snow pressure (50 year mean recurrence interval)	0.45 kN/m^2

Source: Company Information

Underground water was not found, and the underground soil is noncorrosive to concrete and rebar according to the geotechnical report as well as design description

Nexant has not identified any issues with civil and structural.

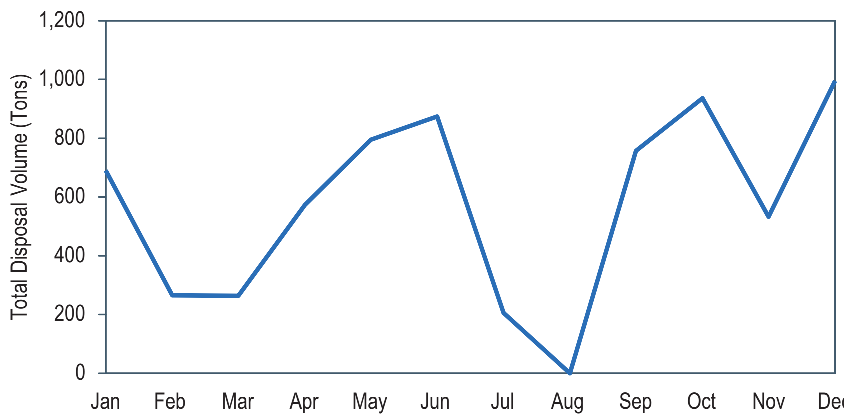
4.3 PERFORMANCE

The following section provides Nexant's findings and opinions with respect to the performance of Zibo Waste based on available data. For this analysis Nexant reviewed the historical performance data for production, environmental performance, and unplanned outages and unplanned maintenance.

4.3.1 Production

The Zibo Waste facility started up in January 2016 and was in a trial period until September 2016 when the facility obtained the operation license from the Chinese Government on August 23, 2016. Figure 4.3 shows the hazardous waste incinerated monthly at the Zibo Waste facility from January 2016 through December 2016.

Figure 4.3 Zibo Waste 2016 Hazardous Waste Incinerated



Source: Company Information

Table 4.6 compares the performance of the Zibo Waste facility during 2016 relative to the design of the facility.

Table 4.6 Zibo Waste 2016 Performance versus Design

Parameter	Design	Prorated Design (4 months)	Sep 2016 to Dec 2016
Designed Annual Handling Capacity (tpy)	9900.6	3300.2	3221.1
Annual Operational Day (days)	330.0	110	108
Annual Natural Gas Consumption (Nm3/year)	570,000	190,000	123,665
Annual Electricity Consumption (GWh/year)	3.94	1.31	0.86
Annual Water Consumption (m^3/y)	35,904	11,968	13,899

Source: Company Information

From September 2016 to December 2016, the actual average incineration capacity was 97.6 percent of the pro-rated four month design. Similarly, during this period the average on-stream time was 98.2 percent of design.

Nexant notes that the facility has achieved design levels of production during the short period that it has been in commercial operation.

4.3.2 Unplanned Outages

At Zibo Waste there were approximately 13 days of unplanned outages between September 2016 and December 2016. The dates of major unplanned outages during 2016 are shown in Table 4.7.

Table 4.7 Outages and Cause for 2016

Beginning Date	Days	Cause
January 12, 2016	2	Slag machine breakdown due to rotary kiln coking and chain derailment
January 23, 2016	1	Chain derailment
January 27, 2016	1	Slag machine breakdown
February 11, 2016	7	Stop of rotary kiln cooling
February 20, 2016	24	Incineration system breakdown
April 2, 2016	6	Rotary kiln coking
April 11, 2016	4	Rotary kiln catch breakdown
May 19, 2016	4	Boiler decoking
May 25, 2016	2	Secondary door missing
June 8, 2016	1	Feeding system failure
July 2, 2016	9	Maintenance based on schedule
July 17, 2016	46	Outage based on schedule
November 2, 2016	13	Rotary kiln refractory

Source: Company Information

4.3.3 Environmental Performance

On March 14, 2016, the facility received Zibo City acceptance of environmental protection approval from the Zibo City Environmental Protection Bureau. Furthermore, on August 23, 2016, the facility obtained a hazardous waste business license for compliance of its operations.

The local environmental bureau has online meters at the plant. According to the Company during the Site Visit discussion, the facility has been in compliance since it began operating.

Nexant has not identified any issues with environmental performance.

4.4 OPERATIONS AND MAINTENANCE

Nexant reviewed Zibo Waste's facilities management with respect to operations, maintenance and staffing. Nexant also reviewed whether the O&M practices are in accordance with generally accepted industry practices and whether the Company generally operates Zibo Waste in a sound, viable and sustainable manner.

4.4.1 Operations

Based on Nexant's site visit, the following observations were made:

- The Company's staff perform all operations of the Zibo Waste project
- There have been no lost-time incidents

The operations staff consists of 32 members which has decreased by 3 individuals over the last year. The operations team is responsible for execution of the production operations, routine inspection, management of contractors, and safety. Several modifications to the facility have been made primarily to how waste is fed in order to guarantee the safety of the operators.

The operation and maintenance expenditure between January 2016 and December 2016 was a total expenditure of 27.344 million yuan.

According the Company, the key operational issue is the incinerator refractories. The Company expects that the refractories can meet the design requirements, but is considering replacing them during February 2017.

4.4.2 Maintenance

Zibo Waste's routine maintenance is carried out by in-house staff, and the frequency of the regular maintenance is categorized as monthly, quarterly, every two quarters, and yearly.

According to the Company during the site visit, the Company has sufficient spare parts and has allocated budget for these items.

For 2016, the target scheduled maintenance was 60 days for the entire year, but actual performance was 9 days of scheduled maintenance and 111 days of unplanned outages.

4.4.3 Staffing

Zibo Waste's O&M was developed during 2016. The facility operates 24 hours a day on three shifts (8AM to 5PM, 5PM to 1AM, 1AM to 8AM). The total number of staff on-site is 48 and is profiled in Table 4.8.

Table 4.8 Staffing

Description	Quantity
General Management	5
Accounting	2
Test	4
Sales	5
Production (mechanical and operators)	32

Source: Nexant Site Visit & Company Information

According to the Company, all the staff have the relevant certificates and qualifications.

Nexant has not identified any issues with staffing.

4.5 RISK AND MITIGATION ASSESSMENT

The only technical area of concern identified by Nexant is with the refractories utilized in the Rotary Kiln and Secondary Combustion Incinerator. The need to replace the refractories so soon after start of operations is not normal. According to the Company, it has identified 1) frequent start-up and shutdowns during the trial period between January 2016 through receiving the operation license at the end of August 2016 as well as 2) chlorides in the waste feed as potential sources of the refractory issues.

Zibo Waste refractories will be replaced in February 2017. The Company in 2016 signed a supply contract for the rotary kiln refractory in preparation for the February 2017 refractory replacement. The stated warranty period will be 14 months starting from the acceptance date. During the warranty period, if the Company finds the refractories do not meet the requirements due to the seller responsibilities, the supplier should replace or repair the equipment with no additional charge as soon as it has received the documents from the Company. In addition, the supplier should cover all the cost related to this issue.

Since September 2016 the company has been targeting steady-state design production. Minimizing unplanned downtime as well as operating the facility within the design range of conditions and hazardous waste quality will help prolong the life of both incinerators.

4.6 CONCLUSIONS

Nexant has conducted an independent technical assessment of the Zibo Waste facilities and concludes the following:

- No material changes in technology or major equipment/systems from the original design basis for the operation have been identified
- No issues with the hazardous waste quality have been identified, although the Company has identified chlorides in the waste feed as a potential issue
- There are issues with the rotary kiln and secondary incineration chamber refractories that the Company is proactively working to address as well as limit the impact on production
- No issues with the waste heat boiler, flue gas treatment system as well as slag and ash handling have been identified
- Zibo Waste has achieved design levels of production
- No issues associated with environmental performance have been identified
- The facility has not experienced any lost-time incident
- No staffing issues have been identified

Section 5 Guanyun Hazardous Waste Landfill Project

5.1 OVERVIEW

Nexant visited the Guanyun Hazardous Waste Landfill Project ("Guanyun HWL") on December 29, 2016. Based on the Company's Information, Guanyun HWL commenced commercial operation in April 2016 and is the most recent started-up project among four (4) hazardous waste landfill projects operated by the Company. In addition, Guanyun HWL is the selected representative of the Company's hazardous waste landfill projects.

Guanyun HWL is located in the Harbour Industrial Zone of Guanyun County, Lianyungang City. The total capacity of the landfill is 500,000 m^3 and is planned in two (2) phases. The current storage capacity of the first phase is 300,000 cubic meters (m^3)[2]. The second phase of 200,000 m^3 is planned for construction. The design life of the first phase is fifteen (15) years based on an annual disposal handling capacity of 20,000 m^3 (approximately 1,667 tons per month).

[2] Based on Environment Impact Assessment Report, the storage capacity is 344,000 m^3.

The overall site plot plan is shown in Figure 5.1. The Guanyun HWL area is divided into four (4) equal zones. Currently, Zone No. 1 is operating.

Figure 5.1 Site Plot Plan — Guanyun HWL

Source: Nexant Site Visit & Company Information

5.2 MAJOR SYSTEM ASSESSMENT

Specific data and information on the major systems is summarized in Table 5.1.

Table 5.1 Summary of Major Systems for Guanyun HWL
(Key Parameters)

Description	Details
Design Volume	300,000 cubic meter (m^3)
Operating Life	15 years
Annual Hazardous Waste Handling System	20,000 Tons
Annual Waste Solidification	28,423 Tons
Annual Landfill	29,923 Tons
Annual Wastewater Treatment	32,807 Tons

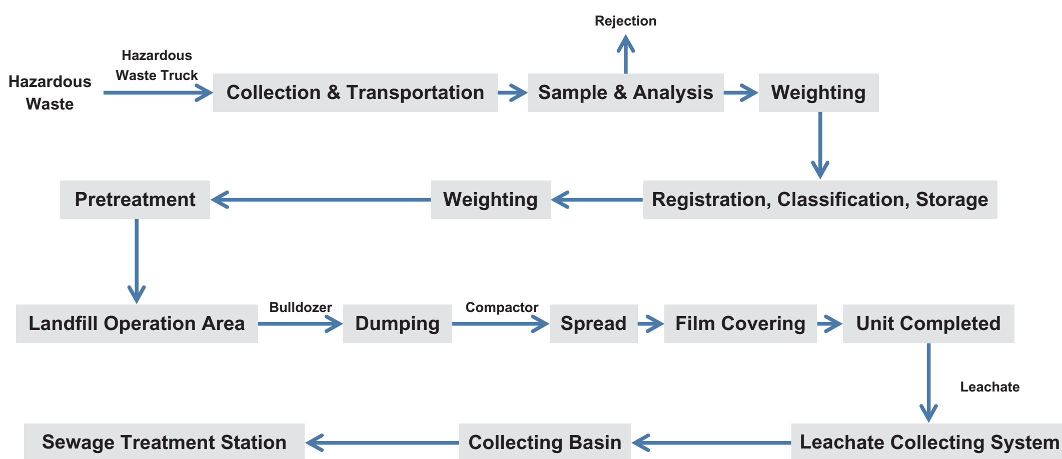
Source: Nexant Site Visit & Company Information

Nexant undertook a visual inspection and review of the plant and equipment conditions, and reviewed the technical data and information for the process, mechanical, and civil design for the facility.

5.2.1 Process & Mechanical Equipment

The current scope of major hazardous wastes handled at Guanyun HWL consists of a wide range of solid, semi-solid, and powder wastes from chemical plants, wastewater treatment plants, waste incineration plants and other industries in the vicinity of the Harbour industry zone. Figure 5.2 is a schematic representation of the conventional closed-loop hazardous waste process utilized at Guanyun HWL.

Figure 5.2 Process Flow at Guanyun HWL



Source: Nexant Site Visit & Company Information

The conventional closed-loop hazardous waste landfill process at Guanyun HWL facility consists of key steps as follows:

- Hazardous waste collection trucks arrive from various local industries at the Guanyun HWL facility
- Upon initial sampling, analysis and weighing, registration classification and storage is undertaken
- Any wastes with analyses not complying with the receiving requirements are delivered to a pretreatment process prior to landfill
- In the pretreatment area, two (2) key processes are carried out to treat the hazardous waste before landfilling (i.e.) physicochemical treatment and solidification
- If the waste complies with the requirements, it is delivered to the landfill directly
- After landfilling the waste, bulldozing, dumping, compacting, wide spread distribution is carried out prior to film covering via a high density polyethylene (HDPE) membrane being placed over the waste as a cover to prevent ingress of rainwater to reduce the quantity of leachate
- Once the unit is completed, leachate is collected in the drainage system embedded in the landfill and is pumped to the collection tank for further sewage treatment

Nexant concludes that the hazardous waste landfill process utilized at Guanyun HWL facility is in accordance with the hazardous waste landfill industry.

The variety of hazardous wastes processed at Guanyun HWL facility include cyanide substances, fly ash, metallic substances, chemicals, inorganic fluorine substances, and inorganic cyanide substances. Specifically these wastes include; wastes from heat treatment containing cyanide; waste from surface treatment; residues of incinerating disposal; metal carbonyl compound wastes; beryllium wastes; chromium wastes; copper wastes; zinc wastes; arsenic wastes; selenium wastes; cadmium wastes; antimony waste; tellurium wastes; thallium wastes; lead wastes; waste from inorganic fluoride; waste alkali; asbestos waste; nickel compound wastes; barium compound waste and; other wastes.

Based on Nexant's site visit, the Guanyun HWL facility maintains flexibility on the composition of wastes being handled as well as any changes in the composition ratio of wastes. The Company performs random tests at its customer industries in the vicinity of the Harbour industry zone and thereafter performs subsequent batch tests of wastes upon arrival at the Guanyun HWL facility.

Examples of major plant equipment are shown in Figure 5.3.

Figure 5.3 Examples of Site Plant Equipment

Feed Inlet of Pre-treatment

Sewage Station — Sludge Tank

Mixers for Pre-treatment

Storage of Material for Pre-Treatment

Source: Nexant Site Visit & Company Information

Guanyun HWL facility is in its first year of commercial operation and Nexant confirms that the process and mechanical equipment are in good condition. Nexant has not identified any issues with the process and mechanical equipment at the Guanyun HWL facility.

5.2.2 Civil and Structural

Based on Nexant's site visit, the Guanyun HWL facility's landfill areas are constructed with the following ten (10) layers (from surface-to-bottom) to prevent contamination of underground water.

- **Surface To Bottom**
  - — Layer 1: 300 mm thick crushed stones
  - — Layer 2: 200 grams per square meter (g/m^2), polypropylene nonwoven fabric
  - — Layer 3: 700 mm thick compacted soil
  - — Layer 4: 500 mm clay
- **Primary Leachate Collection**
  - — Layer 5: 1.5 mm thick HDPE membrane

— Layer 6: 6.3 mm thick geogrid

- **Secondary Leachate Collection**

— Layer 7: 2.0 mm thick HDPE membrane

— Layer 8: 600 g/m^2 polyester geotextile

— Layer 9: 5.2 mm geotechnical composite drainage net

— Layer 10: 300 mm thick crushed stones

Nexant has not identified any issues with the civil and structural aspects of the Guanyun HWL facility. In addition, Nexant concludes that the method of construction meets conventional civil and structural requirements and is consistent with accepted Chinese industry standards.

5.3 PERFORMANCE

The following section provides Nexant's findings and conclusions with respect to the performance of the Guanyun HWL facility based on available data. Nexant obtained and reviewed the historical performance data for disposal handling, unplanned outages and unplanned maintenance, and environmental performance.

5.3.1 Disposal Handling

For 2016, the monthly waste disposal handling volumes for the Guanyun HWL facility is shown in Table 5.2 Based on Nexant's site visit and review of design and operating information, Nexant has not identified any issues with the disposal handling capacity for the Guanyun HWL facility, but notes there is considerable volatility in the monthly activity.

Table 5.2 Guanyun HWL Facility — Monthly Waste Disposal Handling Capacity

(Tons)

Month	Quantity	Percent of Annual Design Disposal Capacity, %
May 2016	1,345	6.73
June 2016	3,691	18.46
July 2016	2,181	10.91
August 2016	1,377	6.89
September 2016	1,492	7.46
October 2016	1,080	5.40
November 2016	1,931	9.65
December 2016	1,976	9.8
Total	**15,074**	**75.37%**

Source: Nexant Site Visit & Company Information

5.3.2 Unplanned Outages and Unplanned Maintenance

Nexant reviewed technical data related to unplanned outages and unplanned maintenance for Guanyun HWL facility. Nexant has not identified any issues with unplanned outages and unplanned maintenance at the facility. In addition, Nexant concludes there have been no unplanned outages and unplanned maintenance.

5.3.3 Environmental Performance

The Company conducts environmental performance testing at the Guanyun HWL facility with samples taken from surface water, groundwater, leachate, flue gas, landfill hazardous waste, and soil. No environmental incidents have been reported since the facility started up. Based on Nexant's site visit and review of design and operating information, Nexant has not identified any issues with the environmental performance at the facility.

5.4 OPERATIONS AND MAINTENANCE

Nexant reviewed the Guanyun HWL facility management with respect to operations, maintenance and staffing. Nexant also reviewed the O&M practices. Accordingly, Nexant has not identified any issues with the O&M practices at the Guanyun HWL facility.

5.4.1 Operations

Based on Nexant's site visit, the following observations were made:

- Company's staff perform all operations of the Guanyun HWL facility

- The main plant system is suitable for operating properly in the local environment

- There are no fuels, feedstocks, by-products, or steam consumption required for this operation. Leachates, waste treatment compounds and utilities are consumed on a periodic basis in accordance with the O&M manuals

- All underground water for the Guanyun HWL facility is supplied from internal on-site bore-well

- There are no major Health, Safety, and Environmental (HSE) incidents that have occurred in the reporting period in the Company information

Nexant has not identified any issues with the operations program.

5.4.2 Maintenance

Based on Nexant's site visit and review of relevant information, the following observations were made:

- Company's O&M personnel routinely check and maintain the entire main plant, auxiliary and ancillary systems in accordance with the O&M manuals

- The wastewater treatment facility is still within the warranty period and, as required, the Company's O&M personnel undertake daily maintenance

- Guanyun HWL facility annual maintenance is carried out on the last 2-3 days of the calendar year

- Solidification equipment is not operating continuously and the required maintenance must be scheduled

Nexant has not identified any issues with the maintenance program at the Guanyun HWL facility.

5.4.3 Staffing

Based on Nexant's site visit, the following observations were made:

- The total number of staff on-site is twenty-three (23) persons and is profiled in Table 5.3.

Table 5.3 Staffing

Description	Quantity
Production Management	1
Production Supervisor	1
Production Goods Management	1
Operators	2
Process Supervisor	1
Analyst	1
Wastewaster Treatment	1
Electrical Equipment	1
Support Staff (Administration, Finance, Accounting, Customer Service)	14
Total	**23**

Source: Nexant Site Visit & Company Information

- According to the Company, all the staff have the relevant certificates and qualifications

- The entire O&M team operates on one (1) day shift

Nexant has not identified any issues with the staffing level(s) at the Guanyun HWL facility.

5.5 RISKS AND MITIGATION ASSESSMENT

Table 5.4 provides a summary of issues identified for the Guanyun HWL facility operation and potential mitigation measures.

Table 5.4 Summary of Issues Identified and Potential Mitigation Measures

Issues Identified	Potential Mitigation Measures
Lack of a Spare Parts Management Plan (*Based on information provided by the Company, Guanyun HWL facility currently does not have a spare parts management plan)*	Nexant recommends that Company review current warranty period(s) with OEMs and develop a comprehensive spare parts management plan and program. This includes, but is not limited to, review of all variable and fixed operating expenses (OPEX)

Source: Nexant Site Visit & Company Information

5.6 CONCLUSIONS

Nexant has conducted an independent technical assessment of the Guanyun HWL facility operations and concludes the following:

- There have been no changes in technology or major equipment/systems since the facility started up in April 2016
- No issues have been identified for major systems including process, mechanical, and civil design
- No issues have been identified for historical performance data for disposal handling, unplanned outages and unplanned maintenance and environmental performance. In addition, no environmental incidents have been reported
- No issues have been identified for operations, maintenance and staffing
- The only recommendation that Nexant has is that the Guanyun HWL facility should develop a spare parts management plan
- There are no major Health, Safety, and Environmental (HSE) incidents that have occurred in the reporting period at the Guanyun HWL facility.

Section 6 Zhenjiang Solar Project

6.1 OVERVIEW

Nexant visited the Zhenjiang Rooftop Solar Energy Project or Zhenjiang Solar Phase II ("Zhenjiang Solar") on December 23, 2016. Based on the Company's Information, Zhenjiang Solar is the largest solar energy asset in terms of power generation design capacity in the entire portfolio of the Company's solar energy projects.

Zhenjiang Solar is located in Sipingshan Road, Zhenjiang Technology New Town, which is approximately twenty (20) kilometers (km) east of the city of Zhenjiang in Jiangsu Province.

The Company is operating the site located in an industrial park spanning over the rooftops of eight-one (81) commercial office buildings with site plot plan as shown in Figure 6.1. Zhenjiang Solar site started up in December 2011.

Figure 6.1 Site Plot Plan for Zhenjiang Solar Facilities

Source: Nexant Site Visit & Company Information

6.2 MAJOR SYSTEM ASSESSMENT

Specific data and information of the major systems are summarized in Table 6.1.

Table 6.1 Summary of Major Systems for Zhenjiang Solar Facilities
(Key Parameters)

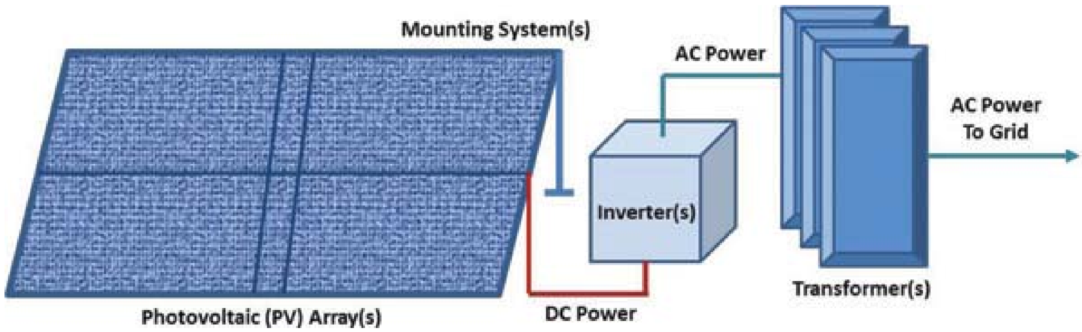
Description	Details
DC Power Rating at Standard Test Conditions (STC)(3)	8.7 Megawatt-Peak (MWp)
AC Power Rating	8.3 Megawatt Alternating Current (MWac)
Module Model(s)	Tianwei Model No. TW240(28)P Jinko Model No. JKM235P-60
Module Rating at STC	240 Watt-Peak (Wp)
Modules per String / Number of Strings	20 Modules per String
Number of Modules	Tianwei Model No. TW240(28)P: 30,040 numbers Jinko Model No. JKM235P-60: 6,340 numbers
Inverter Model / Number of Inverters	Sungrow Model No. SG500KTL: 14 numbers Samil Power Solar Lake Model No. 15000TL: 80 numbers
Inverter Nameplate AC Rating	500 kilowatt Alternating Current (kWac)
Inverter Loading Ratio	1.05
DC Voltage	1,000
PV Array Pitch	0.9 meters (m)
PV Array Tilt	5 and 28 degrees
PV Array Azimuth	0 degrees (Azimuth defined with 0° being due South and positive numbers to the West)
PV Array Mounting System	Fixed Tilt Structure

Source: Nexant Site Visit & Company Information

Nexant undertook a visual inspection and review of the plant and equipment conditions. Figure 6.2 is a schematic representation of the major systems for Zhenjiang Solar facilities.

(3) Standard Test Conditions (STC): Solar Irradiance 1000 Watts/meter^2; Module Temperature 25 °C; Air Mass (AM) 1.5 spectrum

Figure 6.2 Typical Design Configuration for Zhenjiang Solar Facilities



Source: Nexant Site Visit & Company Information

Nexant reviewed the technical data and information for the mechanical, civil and structural, and electrical design for the facility. Examples of major plant equipment are shown in Figure 6.3.

Figure 6.3 Examples of Site Plant Equipment
(Typical Inverter and Electrical System)

Source: Nexant Site Visit & Company Information

6.2.1 PV Modules

Based on Nexant's site visit and review of technical design data, all of the currently utilized PV modules are manufactured and assembled with polycrystalline cells. Each PV Module manufactured by Tianwei has a power rating of 240 Watts-Peak (Wp) and each PV Module manufactured by Jinko has a power rating of 240 Watts-Peak (Wp). Nexant undertook a visual inspection of the PV module arrays installed at Zhenjiang Solar site as shown in Figure 6.4.

Figure 6.4 Photovoltaic (PV) Module Arrays

Source: Nexant Site Visit & Company Information

Specific data and information for the PV Modules are summarized in Table 6.2.

Table 6.2 Key Parameters for PV Modules

Description	Tianwei TW240P60	Tianwei TWY240P60	Jinko JKM235P-60
Maximum Power	240 Wp	240 Wp	240 Wp
Cell Technology / Material	Polycrystalline	Polycrystalline	Polycrystalline
Module Efficiency	14.76 percent	14.76 percent	14.35 percent
Output Power Tolerance	0 to +3 percent	0 to +3 percent	0 to +3 percent
Current at Maximum Power	7.61 Amps (A)	7.7 Amps (A)	7.78 Amps (A)
Voltage at Maximum Power	30.9 Volts (V)	31.2 Volts (V)	29.6 Volts (V)
Current at Short Circuit	8.4 A	8.47 A	8.35 A
Voltage at Open Circuit	37.2 V	37.3 V	36.8 V
Maximum System Voltage	1,000 V (IEC) DC	1,000 V (IEC) DC	1,000 V (IEC) DC
Operating Temperature Range	-40 °C to +85 °C	-40 °C to +85 °C	-40 °C to +85 °C

Source: Nexant Site Visit & Company Information, Tianwei Website http://www.twnesolar.com, Jinko Website http://www.jinkosolar.com

Based on Nexant's site visit and review of technical design data, the PV module arrays are suitable to meet the Zhejiang Solar facilities design parameters.

Based on information provided by the Company, there were some PV modules with broken glass and these have been subsequently replaced. Further, the Company purchased insurance policy(s) for potential adverse weather conditions such as thunder, lightning, storms, and hail.

The daytime hours of utilization for the PV module arrays are limited and reduced due to bad weather such as cloudy and rainy conditions. Further, on dry weather days due to increased ambient pollution conditions, there are large amounts of particulate matter deposits on the PV module arrays which further limit and reduce daytime hours of utilization. The local temperature in Zhenjiang varies between -10 °C to 40 °C and the PV module array system is suitable for operating at lower temperatures of -20 °C.

Other than limited and reduced utilization hours due to bad weather and pollution conditions, Nexant has not identified any issues with the PV modules. In addition, Nexant concludes that all of the PV modules at the Zhenjiang Solar facilities are in good condition.

6.2.2 Civil and Structural

Based on Nexant's site visit, the Zhenjiang Solar site is located in an industrial park on the roofs of commercial office buildings and shares the drainage system with the buildings. The PV module arrays are fastened to a fixed-tilt supporting structure with a tilt angle of approximately five (5) degrees facing south. In addition, each mounting system frame has two (2) rows of PV modules in "landscape" layout and configuration. The mounting supporting structures are made from hot dip galvanized steel jointed together by bolt and nut connection and placed on reinforced concrete block.

Nexant has not identified any issues with the civil and structural aspects of the systems at the Zhenjiang Solar facilities. In addition, Nexant concludes that the mounting system and support structure meet conventional PV industry standards.

6.2.3 Electrical

Based on the Company's Information and Nexant's site visit, Zhenjiang Solar facilities utilize fourteen (14) sets of Sungrow 500 kilo Watt (kW) centric inverters and eighty (80) sets of string inverters with power rating of 15 kW supplied by Samil Power. The Sungrow inverters used are the SG500KTL model. The Samil string inverter used for Zhenjiang Solar is the SolarLake model. Specific data and information for each of the Inverters is summarized in Table 6.3.

Table 6.3 Key Parameters for Inverters

Description	Sungrow SG500KTL	Samil 15000TL
Maximum Input Voltage	880	1,000
MPPT Voltage Range	450 – 820	400 – 850
Maximum Input Current	1,200	21
AC Output Power	500	15
AC Output Voltage	270	230 V
Maximum Output Current	1,070	22
Power Factor (at nominal power)	0.99 at Rated Power	1 at Rated Power
	>0	0.8 at Leading/Lagging
Total Harmonic Distortion (at nominal power)	<3	<3
Maximum Efficiency	98.7	98.2
CEC Efficiency	98.5	97.5
Operating Ambient Temperature Range	-25°C to 5°C	-25°C to 60°C
Cooling System	Forced Fan	Air Cooling
Enclosure	IP20 (Indoor)	IP65 (Outdoor)

Volts Alternating Current (Vac); Volts Direct Current (Vdc); Maximum Power Point Tracking (MPPT); California Energy Commission (CEC)

Source: Nexant Site Visit & Company Information, Sungrow Website http://en.sungrowpower.com, Samil Website http://www.samilpower.com

Based on the Company's Information and Nexant's site visit, the PV module arrays are connected in a string of twenty (20) pieces to increase the direct current (DC) voltage up to 1,000 Volts (V). The DC current from the PV module array strings is connected to the inverters by smart combiner boxes with a data transmission function. The DC power generated by the PV module arrays directly feeds into fourteen (14) sets of 500 kilo Watt DC (kWDC) central inverters manufactured by Sungrow and eight (80) sets of string inverters with a capacity of 15 kWDC manufactured by Samil. The inverters convert the DC electricity into AC electricity. Thereafter, AC voltage is increased to 10 kilo Volt (kV) through a 500 kW step-up transformer manufactured by Hainan Jinpan Electric Co., Ltd. The generated AC power flows through two (2) 10 kV transmission lines to a 10 kV substation owned by the national grid. The length of the transmission lines are 200 meters and 1,500 meters, respectively. The energy tariff meter is located at the Company's side of the 10 kV transmission line resulting in negligible transmission losses.

Nexant has not identified any issues with the Inverters at the Zhenjiang Solar facilities. In addition, Nexant concludes that the Inverters meet conventional PV industry standards.

6.3 PERFORMANCE

The following section provides Nexant's findings and conclusions with respect to the performance of the Zhenjiang Solar facilities based on available data. Nexant obtained and reviewed the historical performance data for monthly energy production, auxiliary plant power consumption, unplanned outages and unplanned maintenance and environmental performance.

6.3.1 Energy Production & Auxiliary Plant Power Consumption

Based on Nexant's site visit, the Company's Information and updated key performance indicators was reviewed. For 2016, the monthly energy production data for the Zhenjiang Solar facilities is shown in Table 6.4.

Table 6.4 Monthly Energy Production

Month	Production (MWh)
January 2016	412.8
February 2016	684.0
March 2016	753.6
April 2016	845.7
May 2016	815.3
June 2016	705.6
July 2016	843.4
August 2016	1018.6
September 2016	745.3
October 2016	394.4
November 2016	470.3
December 2016	520.4

Source: Nexant Site Visit & Company Information

Based on Nexant's site visit and review of design and operating information, Nexant identified that monthly energy production at Zhenjiang Solar facilities is subject to solar irradiance or insolation levels. Accordingly, the PV module arrays operate continually during the entire year and actual energy production is directly dependent upon prevailing climatic conditions. Accordingly, Nexant concluded that for the Zhenjiang Solar facilities, the daytime hours of utilization for the PV module arrays are limited and reduced due to bad weather such as cloudy and rainy conditions. Further, on dry weather days due to increased ambient pollution conditions, there are large amounts of particulate matter deposits on the PV module arrays which further limit and reduce daytime hours of utilization.

For 2016, the monthly auxiliary plant power consumption rate data for the Zhenjiang Solar facilities is shown in Table 6.5.

Table 6.5 Monthly Auxiliary Plant Power Consumption

Month	Auxiliary Plant Power Consumption (MWh)	Auxiliary Plant Power Consumption Rate (%)
January 2016	23.8	5.76 percent
February 2016	21.4	2.63 percent
March 2016	24.1	3.19 percent
April 2016	26.6	3.14 percent
May 2016	26.6	3.26 percent
June 2016	25.2	3.57 percent
July 2016	25.9	3.07 percent
August 2016	27.4	2.68 percent
September 2016	25.9	3.47 percent
October 2016	26.3	6.67 percent
November 2016	26.3	5.39 percent
December 2016	26.0	4.99 percent

Source: Nexant Site Visit & Company Information

Nexant identified that the auxiliary plant power consumption for Zhenjiang Solar facilities varied from 2.63 percent to 5.76 percent. The auxiliary plant power consumption rate is evaluated typically on an annual basis and the rate varies month-to-month depending upon monthly energy production and external influencing factors such as weather conditions and ambient pollution conditions. Nexant concludes that the auxiliary plant power consumption is in accordance with PV industry levels.

6.3.2 Unplanned Outages & Unplanned Maintenance

Nexant reviewed technical data related to unplanned outages and unplanned maintenance for Zhenjiang Solar facilities as shown in Table 6.6. Nexant concludes that the incidents identified have been solely caused due to external factors and not directly resultant from any definitive issues with the main plant system.

Table 6.6 Summary of Unplanned Outages & Unplanned Maintenance

Timeframe	Cause and Information
May 24, 2016 9:30 am to 1:30 pm	Main Plant System stopped in order to support maintenance electric power line by distribution company
November 16, 2016 9:00 am to 1:00 pm	Main Plant System stopped due to maintenance of internet cable line

Source: Nexant Site Visit & Company Information

6.3.3 Environmental Performance

Based on Nexant's site visit and review of design and operating information, Nexant has not identified any issues with the environmental performance of Zhenjiang Solar facilities. In addition, no environmental incidents have been reported since the facility started up.

6.4 OPERATIONS AND MAINTENANCE

Nexant reviewed Zhenjiang Solar facilities management with respect to operations, maintenance and staffing.

6.4.1 Operations

Based on Nexant's site visit, the following observations were made:

- Company's staff perform all operations of the Zhenjiang Solar facilities
- The main plant system is suitable for operating properly in the local environment
- Total annual utilization hours are limited and reduced due to bad weather conditions and particulate pollution
- There are no fuels, feedstocks, byproducts, water consumption, or steam consumption required for this operation. Lubricants are consumed on a periodic basis in accordance with the O&M manuals
- There are no major Health, Safety, and Environmental (HSE) incidents that have occurred in the reporting period in the Company's Information

Other than limited and reduced utilization hours and replacement of "film" PV modules, Nexant has not identified any issues with the operations program of the Zhenjian Solar facilities.

6.4.2 Maintenance

Based on Nexant's site visit and review of relevant information, the following observations were made:

- Based on the Company's Information, the equipment warranty period for Zhenjiang Solar is fifty-four (54) months. In addition, the Original Equipment Manufacturer (OEM) guarantees that the efficiency of PV Modules decrease less than ten percent (10%) in ten (10) years and decrease less than twenty percent (20%) in twenty-five (25) years. The warranty of the PV Module which needs to be replaced or repaired due to the OEM's responsibilities is sixty-six (66). Nexant concludes this is in accordance with PV industry standards

- Based on the Company's Information, the Company's management system currently includes spare part management. Accordingly, during the warranty period, the Company analyzes the spare parts utilization based on current actual operations and conditions. When the warranty period is completed, the Company conducts spare parts management based on equipment operations and conditions. On an annual basis, the Company prepares the spare parts budget for the specific asset based on the equipment operations and conditions. Nexant concludes that this methodology and approach is in accordance with PV industry standards

- Nexant reviewed the PV module cleaning frequency and maintenance plan and has not identified any issues

- Company's O&M personnel check and maintain the PV module arrays and frequency depends upon bad weather conditions

Nexant has not identified any issues with Zhenjiang Solar facilities maintenance program.

6.4.3 Staffing

Based on Nexant's site visit, the following observations were made:

The total number of staff on-site is five (5) persons and is profiled in Table 6.7.

Table 6.7 Staffing

Description	Quantity
General Manager	1
Technical Manager	1
Engineers	2
Support Staff (Driver, Office Administration)	1
Total	5

Source: Nexant Site Visit & Company Information

- According to the Company, all the staff have the relevant certificates and qualifications

Nexant has not identified any issues with the staffing levels at Zhenjiang Solar facilities. Nexant concludes that the staffing meets the applicable O&M requirements.

6.5 RISKS AND MITIGATION ASSESSMENT

Table 6.8 provides a summary of issues identified for the Zhenjiang Solar facilities operation and potential mitigation measures.

Table 6.8 Summary of Issues Identified & Potential Mitigation Measures

Issues Identified	Potential Mitigation Measures
Tianwei New Energy PV Module Co., Ltd is bankrupt (*Based on information provided by the Company*)	Nexant recommends that Company reviews any post-bankruptcy "successors" or owners to Tianwei and renew or extend the applicable OEMs warranty period(s) for the required duration in accordance with OEM requirements and generally accepted industry standards. If otherwise, the Company may need to consider alternative and/or remedial measures and contingencies to preclude any technical and commercial lapses which may occur during the economic life of Zhenjiang Solar facilities

Source: Nexant Site Visit & Company Information

6.6 CONCLUSIONS

Nexant has conducted an independent technical assessment of the Zhenjiang Solar facilities and concludes the following:

- No changes in technology or major equipment/systems from the original design basis for the operation
- No issues have been identified with the mechanical systems, civil and structural, or electrical design
- Other than limited and reduced utilization hours due to bad weather and high particulate pollution levels, no issues have been identified with the historical performance data for monthly energy production
- No issues have been identified with unplanned outages and unplanned maintenance and environmental performance
- No issues have been identified with operations, maintenance and staffing
- There are no major Health, Safety, and Environmental (HSE) incidents that have occurred in the reporting period.

Section 7 Ningwu Wind Project

7.1 OVERVIEW

Nexant visited the Ningwu Wind Project, consisting of the Changfang Mountain Wind Project (Phase I) and the Zhaojia Mountain Wind Power Project (Phase I), on December 23, 2016. Both wind power generating facilities are at the same location with the same power generation design capacity. Based on the Company's Information, Ningwu Wind facilities are the only wind power project in the Company's entire portfolio of wind energy projects.

Ningwu Wind facilities are located in Ningwu County, which is approximately sixty (60) km northwest of Xinzhou City in Shanxi Province. Ningwu Wind facilities, as shown in Figure 7.1, consist of forty-eight (48) total units of Gamesa G97 wind turbine generators. Each wind turbine generator has a rated capacity of 2.0 MWe and is connected via a 110 kV transmission line to the regional grid.

The Company started to measure wind resources in 2011, preliminary work began in 2013, and construction started in June 2014. Ningwu Wind facilities have been in operation since August 2015.

Figure 7.1 Ningwu Wind Turbine Generators

Source: Nexant Site Visit & Company Information

7.2 MAJOR SYSTEMS ASSESSMENT

Specific data and information of the major systems are summarized in Table 7.1.

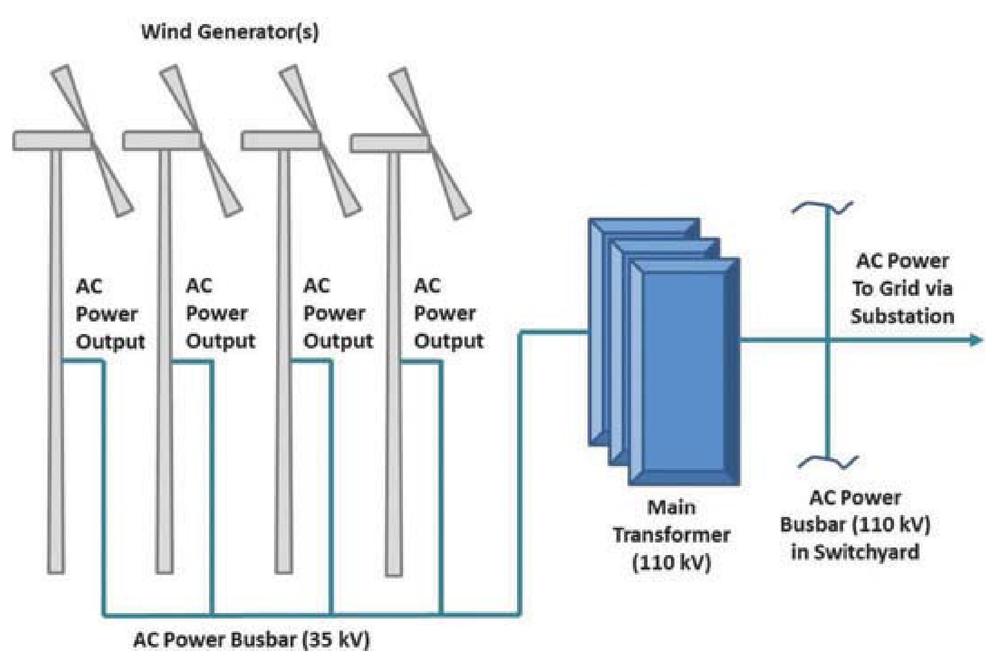
Table 7.1 Summary of Major Systems for Ningwu Wind Facilities
(Key Parameters at Changfang Mountain and Zhaojia Mountain)

Description	Details
Installed Capacity	48 Megawatts (MWe) at each site or Total 96 MWe
Wind Turbine Generator Model and Rating	Gamesa G97
Wind Turbine Generator Model Rating	2.0 MWe
Number of Wind Turbine Generators	24 numbers at each site or Total 48 numbers
Hub Height	78 Meters (M)
Feasibility Annual Power Generation	117.0 Gigawatt-hours (GWh) (*from micrositing report of the site*)

Source: Nexant Site Visit & Company Information

Nexant undertook a visual inspection and review of the plant and equipment conditions. Figure 7.2 is a schematic representation of the Ningwu Wind facilities operation.

Figure 7.2 Typical Design Configuration for Ningwu Wind Facilities



Source: Nexant Site Visit & Company Information

Nexant reviewed the technical data and information for the mechanical, civil and structural, and electrical design for the facility. Examples of major plant equipment are shown in Figure 7.3.

Figure 7.3 Examples of Site Plant Equipment
(Typical Wind Tower Structure and Power Switchgear System)

Source: Nexant Site Visit & Company Information

7.2.1 Wind Turbine Generators

Based on Nexant's site visit and review of technical design data, the wind turbine generators have high flexibility and are suitable to meet Ningwu Wind facilities design and weather parameters. The design of the wind turbine generators is based upon operating in wind speeds of 3-25 meters per second (m/s), angle 5 to 90 degrees and temperature of -30 to 45 °C. Key technical data for the wind turbine generators are summarized in Table 7.2. Based on information provided by the Company, the wind turbine generators are supplied by Gamesa of Spain, one of the leading wind turbine manufacturers in the global market. As of 2013, Gamesa had installed over 28,000 MW of wind turbine generators worldwide. Nexant has not identified any issues with the wind turbine generators at Ningwu Wind facilities. In addition, the wind turbine generators meet current wind energy industry requirements and standards.

Table 7.2 Key Parameters of Wind Turbine Generators

Description	Details
Rated Power	2,000 kilowatts (kWe)
Hub Height	78.90 Meters (m)
Number of Rotor Blades	3
Rotor Diameter	97.0 Meters (m)
Swept Area	7,390 Square Meters (m^2)
Rotor Orientation	Upwind
Rotor Speed	9 - 19 revolutions per minute (rpm)
Rated Wind Speed	12 meters / second (m/s)
Cut-in Wind Speed	3 m /s
Cut-out Wind Speed	25 m/ s(4)
Design Life	20 years

Source: Nexant Site Visit & Company Information and Gamesa Website http://www.gamesacorp.com

7.2.2 Civil and Structural

Table 7.3 presents key design parameters for the Ningwu Wind facilities.

Table 7.3 Ningwu Wind General Civil and Structural Design Parameters

Parameter	Description
Seismic design intensity	7 degree (0.15 g)
Seismic site classification	Grade I1 to II

Source: Nexant Site Visit & Company Information

Based on Nexant's site visit and review of the design and operating information, Nexant has not identified any issues with the civil and structural design at Ningwu Wind facilities. In addition, Nexant concludes that the wind turbine generator structural towers utilized meet current wind energy industry requirements and standards.

7.2.3 Electrical

At Ningwu Wind facilities, each wind turbine generator's output is at 690 Volts (V) AC and is increased to 35 kilo Volts (kV) in the generator voltage transformer located at the bottom of each wind turbine generator. The output power is then transported via a common 35 kV busbar to the main transformer and increased to 110 kV. It is then connected via common 110 kV busbar in the switchyard and thereafter interconnected with power exported via one (1) 110 kV transmission line and sold into the national grid.

(4) Gamesa G97 has a progressive cut-out that reduces output to below rated power, from 22 to 25 m/s

Based on the information provided by the Company, Ningwu Wind facilities electrical system includes three levels:

- 110 kV
- 35 kV
- 400V

Based on Nexant's site visit and review of design and operating information, Nexant has not identified any issues with the electrical system design. In addition, Nexant concludes that the electrical system design meets current wind energy industry requirements and standards.

7.3 PERFORMANCE

The following section provides Nexant's findings and conclusions with respect to the performance of the Ningwu Wind facilities based on available data. Nexant obtained and reviewed the historical performance data for monthly energy production, auxiliary plant power consumption, wind turbine generator availability rate, unplanned outages and unplanned maintenance and environmental performance.

7.3.1 Monthly Energy Production, Auxiliary Plant Power Consumption & Wind Turbine Generator Availability

Following end of construction in mid-2015, and commissioning and stabilization in the second half of 2015, stable production began during 2016. Monthly energy production, auxiliary plant power consumption and wind turbine generator availability for Ningwu Wind facilities is presented in Table 7.4 for Changfang Mountain and Table 7.5 and Zhaojia Mountain respectively.

Table 7.4 Ningwu Wind Facilities — Changfang Mountain

(Monthly Energy Production, Auxiliary Plant Power Consumption, Wind Turbine Generator Availability)

Month	Monthly Energy Production (MWh)	Percentage of Annual Target Production (%)	Auxiliary Plant Power Consumption Rate (%)	Wind Turbine Generator Availability (%)
January 2016	14,163	15.15 percent	1.62 percent	95.76 percent
February 2016	8,023	23.66 percent	2.47 percent	96.31 percent
March 2016	12,560	37.13 percent	1.23 percent	96.92 percent
April 2016	14,358	52.54 percent	0.85 percent	100.00 percent
May 2016	14,681	68.33 percent	0.88 percent	99.87 percent
June 2016	6,798	75.64 percent	1.22 percent	99.77 percent
July 2016	10,416	86.81 percent	1.24 percent	99.23 percent
August 2016	7,348	75.73 percent	2.01 percent	99.44 percent
September 2016	6,552	85.26 percent	1.94 percent	99.18 percent
October 2016	11,565	95.67 percent	1.09 percent	99.09 percent
November 2016	15,842	109.93 percent	1.05 percent	99.04 percent
December 2016	8,543	117.57 percent	0.83 percent	Not Available

Source: Nexant Site Visit & Company Information

Table 7.5 Ningwu Wind Facilities — Zhaojia Mountain

(Monthly Energy Production, Auxiliary Plant Power Consumption, Wind Turbine Generator Availability)

Month	Monthly Energy Production (MWh)	Percentage of Annual Target Production (%)	Auxiliary Plant Power Consumption (%)	Wind Turbine Generator Availability (%)
January 2016	12,511	13.44 percent	1.25 percent	100.00 percent
February 2016	6,938	20.85 percent	1.64 percent	96.00 percent
March 2016	12,467	Not Available	0.22 percent	Not Available
April 2016	12,147	47.26 percent	0.97 percent	93.04 percent
May 2016	13,116	61.36 percent	0.97 percent	95.26 percent
June 2016	5.048	66.75 percent	1.84 percent	92.26 percent
July 2016	8,835	76.21 percent	1.54 percent	98.87 percent
August 2016	6,602	66.60 percent	2.19 percent	99.36 percent
September 2016	6,364	75.52 percent	1.91 percent	99.33 percent
October 2016	11,443	85.82 percent	1.18 percent	99.27 percent
November 2016	14,095	98.51 percent	1.45 percent	99.02 percent
December 2016	7,399	105.14 percent	1.39 percent	Not Available

Source: Nexant Site Visit & Company Information

Based on Nexant's site visit and review of design and operating information, Nexant notes the following:

- Monthly energy production at Ningwu Wind facilities is subject to adverse weather conditions. Accordingly, Nexant concludes that the wind turbine generators operate continually during the entire year and energy production and utilization is directly dependent upon prevailing climatic conditions

- The Auxiliary plant power consumption typically ranges from 0.83 percent to 1.94 percent which is in accordance with wind industry levels. In some months, the consumption typically ranges from 2.01 percent to 2.24 percent which is higher than wind industry levels

- The wind turbine generator availability rate at Ningwu Wind facilities varies from 92.26 percent to 100 percent which is high availability and in accordance with wind industry levels. Accordingly, Nexant concludes that in order to maintain overall grid stability, the national grid and dispatch control requires that the Ningwu Wind facility not operate the plant beyond its design capacity and limits utilization and energy dispatch

7.3.2 Unplanned Outages and Unplanned Maintenance

Nexant reviewed technical data related to unplanned outages and unplanned maintenance for the Ningwu Wind facilities as shown in Table 7.6 and Table 7.7 for the Changfang Mountain Wind Project and Zhaojia Mountain Wind Power Project, respectively. Nexant concludes that the incidents identified have been caused due to adverse weather conditions, regular and planned maintenance, external factors and not directly resultant from any definitive issues with the main plant equipment or systems.

Table 7.6 Summary of Unplanned Outages and Unplanned Maintenance for Changfang Mountain Wind Project (Phase I)

Timeframe	Cause and Information
June 2016	Due to yearly maintenance
July 24, 2016 to July 26, 2016	Due to strong wind and thunder, seven (7) wind turbines were shut down
August 6, 2016 to August 8, 2016	Due to strong wind and thunder, seven (7) wind turbines were shut down

Source: Nexant Site Visit & Company Information

Table 7.7 Summary of Unplanned Outages and Unforeseen Maintenance for Zhaojia Mountain Wind Power Project (Phase I)

Timeframe	Cause and Information
January 23, 2016 to January 27, 2016	Due to strong wind, fog and heavy snow, fourteen (14) wind turbine generators were shut down
February 13, 2016 to February 28, 2016	Due to strong wind, fog and heavy snow, twelve (12) wind turbines were shut down
June 6, 2016 to June 17, 2016	Motianling Wind Station underwent maintenance
July 20, 2016	Trip was caused by strong wind and heavy rain
September 25, 2016	Trip was caused by animal (cat)
November 19, 2016 to November 20, 2016	Repairs to 35kV Collector Line II B1- #4

Source: Nexant Site Visit & Company Information

7.3.3 Environmental Performance

Based on Nexant's site visit and review of design and operating information, Nexant has not identified any issues with the environmental performance of Ningwu Wind facilities. No environmental incidents have been reported since the facility started up.

7.4 OPERATIONS AND MAINTENANCE

Nexant reviewed Ningwu Wind facilities management with respect to operations, maintenance and staffing.

7.4.1 Operations

Based on Nexant's site visit, the following observations were made:

- The Company's staff perform all operations at the Ningwu Wind facilities
- In order to maintain overall grid stability, the national grid and dispatch control requires that the Ningwu Wind facility not operate the plant beyond its design capacity
- There are no fuels, feedstocks, by-products, water consumption, or steam consumption required for this operation. Lubricants are consumed on a periodical basis in accordance with the O&M manuals
- Ningwu Wind facilities operations team face challenging weather conditions during the rainy season with thunder, lightning and other resulting issues

- During the course of Ningwu Wind facilities operations there have been no major technical modifications since start-up in August 2015

- There are no major Health, Safety, and Environmental (HSE) incidents that have occurred in the reporting period in the Company information

Nexant has not identified any issues with the operations program of the Ningwu Wind facilities.

7.4.2 Maintenance

Based on Nexant's site visit and review of relevant information, the following observations were made:

- The Company conducts routine reviews and basic-level maintenance on a daily basis

- Major maintenance is conducted quarterly, semi-annually and annually

- The next plant facility turnaround is scheduled for July 2017

- Based on information provided by the Company, the wind turbine generators are in the warranty period and Gamesa, the Original Equipment Manufacturer (OEM), provides the wind turbine generator maintenance. Based on the Company's Information, the equipment warranty period for Ningwu Wind facilities is two (2) years for the main equipment (blade, electric generator, gear case, main shaft, transformer and yaw system). Nexant concludes this is in accordance with wind industry standards

- Based on the Company's Information, the Company's management system currently includes spare part management. Accordingly, during the warranty period, the Company analyzes the spare parts utilization based on current actual operations and conditions. When the warranty period is completed, the Company conducts spare parts management based on equipment operations and conditions. On an annual basis, the Company prepares the spare parts budget for the specific asset based on the equipment operations and conditions. Nexant concludes that this methodology and approach is in accordance with wind industry standards

- Unplanned maintenance incidents have primarily been caused by weather conditions (lightning, thunder, and severe weather). The Company has obtained insurance policy(s) to cover such weather conditions

Nexant has not identified any issues with Ningwu Wind facilities maintenance program.

7.4.3 Staffing

Based on Nexant's site visit, the following observations were made:

- The total number of staff on-site is twenty-seven (27) persons and is profiled in Table 7.8.

Table 7.8 Staffing

Description	Quantity
General Management / Sales	4
Accounting	2
Operations	14
Equipment & Maintenance	5
Others (Chef & Cleaner)	2
Total	27

Source: Nexant Site Visit & Company Information

- According to the Company, all the staff have the relevant certificates and qualifications

Nexant has not identified any issues with the staffing levels at Ningwu Wind facilities. Nexant concludes that the staffing meets the applicable O&M requirements.

7.5 RISKS AND MITIGATION ASSESSMENT

Table 7.9 provides a summary of issues identified for the Ningwu Wind facilities operation and potential mitigation measures.

Table 7.9 Summary of Issues Identified & Potential Mitigation Measures

Impact of abnormal weather conditions	Nexant recommends that Company reviews with various stakeholders (management, OEMs, staff, O&M personnel, national grid and national / provincial authorities) and incorporate mitigation measures covering aspects of design, operational safety, and hazards

Infrasound[5]	Nexant recommends that Company reviews any potential issues with infrasound with the OEMs and take appropriate course of corrective action to ensure compliance with generally accepted industry standards and national / state regulations, if any
Hazards to Animals, Birds and Endangered Species[6]	Nexant recommends that Company reviews any potential issues with hazards to animals, birds and endangered species with the OEMs and take appropriate course of corrective action to ensure compliance with generally accepted industry standards and national / state regulations, if any

Source: Nexant Site Visit & Company Information

7.6 CONCLUSIONS

Nexant has conducted an independent technical assessment of the Ningwu Wind facilities operations and concludes the following:

- There have been no changes in technology or major equipment/systems from the original design basis for the operation
- No issues have been identified with the mechanical, civil and structural, and electrical design
- Monthly energy production at Ningwu Wind facilities is subject to adverse weather conditions. Accordingly, Nexant concludes that the wind turbine generators operate continually during the entire year and energy production and utilization is directly dependent upon prevailing climatic conditions

(5) Large wind turbines can generate very low frequency sounds and "infrasound" (below 20 Hz) when wind driving them is turbulent. The amount of infrasound depends on many factors, including wind turbine generator design, Original Equipment Manufacturers (OEMs), wind speed, power output, local topography, and presence of nearby turbines (increasing when wake from one turbine enters blades of another). Infrasound cannot be heard and is unrelated to loudness of sound that is heard. Infrasound can only be measured with a sound level meter capable of detecting it (and not using the A-weighted scale)

(6) Globally, there is growing concern about danger to bats, raptors (hawks, eagles, falcons, owls, and vultures) - many of them already endangered - and other large birds, such as ducks, geese, swans, and cranes. Risk of collision not only threatens individual birds but also augments existing threats to their populations. Cumulative effect of multiple facilities may threaten viable breeding of several species already in decline. Some national / state jurisdictions have issued siting guidelines which recommend that wind turbines should not be installed near wetlands, on mountain ridges, near shorelines, or in other locations known as concentration areas for wildlife or at sites subject to frequent fog or low-lying clouds during spring and fall migrations

- The Auxiliary plant power consumption typically ranges from 0.83 percent to 1.94 percent which is in accordance with wind industry levels. In some months, the consumption typically ranges from 2.01 percent to 2.24 percent which is higher than wind industry levels

- The wind turbine generator availability rate at Ningwu Wind facilities varies from 92.26 percent to 100 percent which is high availability and in accordance with wind industry levels. Accordingly, Nexant concludes that in order to maintain overall grid stability, the national grid and dispatch control requires that the Ningwu Wind facility not operate the plant beyond its design capacity and limits utilization and energy dispatch

- No major issues have been identified with respect to unplanned outages, unplanned maintenance and environmental performance

- Other than impact of adverse weather conditions, no other issues have been identified with operations, maintenance and staffing

- There are no major Health, Safety, and Environmental (HSE) incidents that have occurred in the reporting period.

Appendix A Acronym List

A	Amps
AC	Alternating Current
AM	Air Mass
ATS	Automatic Transfer Switch
Ba2+	Barium
BMCR	Boiler Maximum Continuous Rating
Ca[OH]2	Calcium Hydroxide
CEC	California Energy Commission
The Company	China Everbright Greentech Limited
CEMS	Continuous Emissions Monitoring System
COD	Commercial Operation Date
Cr6+	Hexavalent Chromium
Dangshan Biomass	Dangshan Biomass Power Generation Project
DC	Direct Current
DCS	Distributed Control System
GB Standard	Chinese National Standard
GCB	Generator Circuit Breaker
GHBR	Gohigher Bioreactor
Guanyun HWL	Guanyun Hazardous Waste Landfill Project
g/m2	Grams per Square Meter
GW	Gigawatt
GWh	Gigawatt-Hour
HCl	Hydrogen Chloride
HCV	Higher Calorific Value
HDPE	High-Density Polyethylene
Hg	Mercury
HSE	Health Safety & Environmental
The Exchange	Hong Kong Stock Exchange
Hz	Hertz
I&C	Instrumentation and Control
IEC	International Electrotechnical Commission
kcal/kg	Kilocalories per Kilogram
kg/h	Kilograms per Hour
km	Kilometers
kN/m^2	Kilonewton per Square Meter
kPa	Kilopascal
kV	Kilovolts
kW	Kilo Watt
kWac	Kilowatt Alternating Current
kWdc	Kilowatt Direct Current
kWe	Kilowatt Electric

Appendix A **Acronym List**

LCV	Lower Calorific Value
LV	Low Voltage
m	Meters
m/s	Meters per Second
m^2	Square Meters
m^3	Cubic Meters
m^3/d	Cubic Meters per Day
mg/m^3	Milligrams per Cubic Meter
MJ/kg	Megajoules per Kilogram
mm	Millimeter
MPa	Megapascal
MPPT	Maximum Power Point Tracking
MVA	Megavolt-Ampere
MW	Megawatt
MWac	Megawatt Alternating Current
MWe	Megawatt Electric
MWh	Megawatt-Hours
MWp	Megawatt-Peak
NaOH	Sodium Hydroxide
Nexant	Nexant
Ningwu Wind	Ningwu Changfangshan Phase I Wind Project
Nm^3/year	Normal Cubic Meters per Year
NOx	Oxides of Nitrogen
OEM	Original Equipment Manufacturer
O&M	Operations and Maintenance
OPEX	Operating Expenditure
Pb2+	Plumbous
PHC	Prestressed High Strength Concrete
PPA	Power Purchase Agreement
PV	Photovoltaic
rpm	Revolutions per Minute
RTU	Remote Terminal Unit
SCADA	Supervisory Control and Data Acquisition
SNCR	Selective Noncatalytic Reduction
SNPTC	State Nuclear Power Planning Design & Research Institute
SO_2	Sulfur Dioxide
SO_3	Sulfur Trioxide
STC	Standard Test Conditions
Sucheng Biomass	Sucheng Biomass Heat Supply Project
t/a	Ton per Annum
t/h	Ton per Hour

Appendix A **Acronym List**

t/m^3	Ton per Cubic Meter
tpd	Ton per Day
UPS	Uninterruptible Power Supply
UV	Ultraviolet
V	Volts
Vac	Volts Alternating Current
Vdc	Volts Direct Current
Wp	Watt Peak
Zhenjiang Rooftop Solar	Zhenjiang Rooftop Solar Project
Zibo Waste	Zibo Integrated Hazardous Waste Treatment Phase I Project
Zn2+	Divalent Zinc Ion

SUMMARY OF THE CONSTITUTION OF THE COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on October 13, 2015 under the Cayman Companies Law. The Company's constitutional documents consist of the Memorandum of Association and the Articles of Association.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on April 10, 2017. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; or

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the

Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such

Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to retirement by rotation provisions in the articles of association. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;

(bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;

(gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or

(hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarized above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 60 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the dispatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Cayman Companies Law and to confirmation by the court, a company limited by shares may, if so authorized by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution — majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purpose as paid up on the share, on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy shall have one vote. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Hong Kong Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by:

(i) at least two members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or

(ii) any member or members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iii) a member or members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorized as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized in accordance with this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Hong Kong Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorized by the Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorized by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarized financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting of the Company must be called by at least 21 days' notice in writing, and a general meeting of the Company, other than an annual general meeting, shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Cayman Companies Law and the Hong Kong Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorized by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights at the meeting of all the members of the Company.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of Directors in place of those retiring;

(dd) the appointment of auditors;

(ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and

(gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Cayman Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Hong Kong Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20 % per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favor of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by installments. If the sum payable in respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

(i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

(ii) upon the expiry of the 12 years and 3 months period (being the 3 months' notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and

(iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on October 13, 2015 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

In accordance with the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Cayman Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Cayman Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorized by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Cayman Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorized in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of sections 34 and 37A(7) of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Cayman Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

(i) an act which is ultra vires the company or illegal;

(ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and

(iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Cayman Companies Law on the power of directors to dispose of assets of a company. The directors are required to exercise their powers and discharge their duties honestly and in good faith with a view to the best interests of a company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

Section 59 of the Cayman Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Cayman Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from November 3, 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Cayman Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Cayman Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons.

The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarizes certain aspects of the Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the section headed "Documents Available for Inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on October 13, 2015. Our registered office address is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Accordingly, our Company's corporate structure and Articles are subject to the relevant laws of the Cayman Islands. A summary of certain provisions of our Memorandum and Articles of Association and certain aspects of the Cayman Islands company law is set out in Appendix IV to this Prospectus.

Our registered place of business in Room 3602, 36/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong. We were registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 9, 2015 with the Registrar of Companies in Hong Kong. Mr. Qian Xiaodong has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong. The address for service of process is Room 3602, 36/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

Our Company's head office is located as at the date of this Prospectus at Room 3602, 36/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

2. Reorganization

The companies comprising our Group underwent the Pre-IPO Reorganization in preparation for the listing of the Shares on the Hong Kong Stock Exchange. Please refer to the section headed "Our History, Reorganization and Corporate Structure" in this Prospectus for further details.

3. Changes in Share Capital

At the date of our incorporation, our authorized share capital was US$50,000 divided into 50,000 Shares of par value of US $1.00 each.

The following sets out the changes in the share capital of our Company during the two years immediately preceding the date of this Prospectus:

On October 13, 2015, one Share of par value US$1.00 was allotted and issued to the initial subscriber, who transferred the said one Share to China Everbright Green Holdings on the same day.

On November 20, 2015, 99 Shares of par value US$1.00 each were allotted and issued to China Everbright Green Holdings.

On November 24, 2015, 100 Shares of par value US$1.00 each were allotted and issued to China Everbright Green Holdings.

On December 2, 2015, 100 Shares of par value US$1.00 each were allotted and issued to China Everbright Green Holdings.

On April 29, 2016, 100 Shares of par value US$1.00 each were allotted and issued to China Everbright Green Holdings.

On April 10, 2017, each of the existing issued and unissued Shares with a par value of US$1.00 in the share capital of our Company was subdivided into 10 sub-divided Shares of our Company with a par value of US$0.10 each, and the authorized share capital of our Company was increased from US$50,000 divided into 500,000 Shares with a par value of US$0.10 each to US$500,000,000 divided into 5,000,000,000 Shares with a par value of US$0.10 each, by the creation of additional 4,999,500,000 Shares of par value of US$0.10 each.

On April 10, 2017, our sole Shareholder resolved that conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares pursuant to the Global Offering, our Directors were authorized to capitalize an amount of US$143,999,600 (or any such amount any one Director may determine) standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 1,439,996,000 Shares (or any such number of Shares any one Director may determine) for allotment and issue to the shareholder(s) whose name(s) appear(s) on the register of members or the principal share register of our Company at the close of business on April 13, 2017 (or another date as the Directors may direct) in proportion to its/their then existing shareholding of Shares, each ranking *pari passu* in all respects with the then Shares in issue, and our Directors were authorized to give effect to such capitalization and allotment.

Assuming that the Global Offering becomes unconditional and the Offer Shares mentioned in this Prospectus are issued (assuming that the Over-allotment Option is not exercised), a total of 2,000,000,000 Shares will have been allotted and issued as fully paid and 3,000,000,000 Shares in the authorized share capital will remain unissued.

On the basis that the Over-allotment Option is exercised in full, a total of 2,084,000,000 Shares will have been allotted and issued as fully paid and 2,916,000,000 Shares in the authorized share capital will remain unissued.

Other than pursuant to the exercise of the Over-allotment Option, our Company does not have any present intention to issue any of the authorized but unissued share capital and, no issue of Shares will be made which would effectively alter the control of our Company within 12 months from the Listing Date.

Save for aforesaid and as mentioned in the paragraph headed "Resolutions in Writing of Our Shareholders Passed on April 10, 2017" below, there has been no alteration in the share capital of our Company since its incorporation.

4. Particulars of Our Subsidiaries

Particulars of our subsidiaries are set out in the Notes to the Accountants' Report in Appendix I to this Prospectus.

5. Changes in the Share Capital of Our Subsidiaries

The following changes in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this Prospectus:

a) CE Alternative Energy Holdings (incorporated in Hong Kong)

On November 24, 2010, CE Alternative Energy Holdings was incorporated with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each.

On December 2, 2015, 100 shares of HK$1.00 each were allotted and issued.

b) CE Greentech Management (incorporated in Hong Kong)

On December 9, 2015, CE Greentech Management was incorporated with an issued share capital of HK$100.00.

On December 9, 2015, 100 ordinary shares of HK$1.00 each were issued and allotted.

c) CE Urban and Rural Integrated Investment (incorporated in the BVI)

On July 14, 2015, CE Urban and Rural Integrated Investment was incorporated and is authorized to issue a maximum of 50,000 shares of a single class of par value US$1.00 each.

On July 14, 2015, 1 ordinary share of par value US$1.00 was allotted and issued.

On December 2, 2015, 99 ordinary shares of US$1.00 each were allotted and issued.

On December 8, 2015, 100 ordinary shares of US$1.00 each were allotted and issued.

d) EB Environmental Energy Management (incorporated in the BVI)

On September 23, 2015, EB Environmental Energy Management was incorporated with an authorized share capital of US$50,000 divided into 50,000 shares into US $1.00 each.

On September 23, 2005, 1 ordinary share of par value US$1.00 was allotted and issued.

On December 2, 2015, 99 ordinary shares of US$1.00 each were allotted and issued.

e) EB Hazardous Waste Holdings (incorporated in the BVI)

On November 2, 2015, EB Hazardous Waste Holdings was incorporated with an authorized share capital of US$50,000 divided into 50,000 shares into US $1.00 each.

On November 24, 2015, 99 ordinary shares of US$1.00 each were issued and allotted.

f) EB Renewable Energy and Hazardous Waste Investment (incorporated in the BVI)

On October 23, 2015, EB Renewable Energy and Hazardous Waste Investment was incorporated with an authorized share capital of US$50,000 divided into 50,000 shares into US $1.00 each.

On November 20, 2015, 99 ordinary shares of US$1.00 each were allotted and issued.

On November 24, 2015, 100 ordinary shares of US$1.00 each were allotted and issued.

On December 2, 2015, 100 ordinary shares of US$1.00 each were allotted and issued.

g) EB Renewable Energy Holdings (incorporated in the BVI)

On July 22, 2015, EB Renewable Energy Holdings was incorporated with an authorized share capital of US$50,000 divided into 50,000 shares into US $1.00 each.

On November 19, 2015, 99 ordinary shares of US$1.00 each were allotted and issued.

On December 2, 2015, 100 ordinary shares of US$1.00 each were allotted and issued.

h) EB Renewable Energy Management (incorporated in the BVI)

On September 23, 2015, EB Renewable Energy Management was incorporated and is authorized to issue a maximum of 50,000 shares of a single class of par value US $1.00 each.

On December 8, 2015, 99 ordinary shares of US$1.00 each were allotted and issued.

i) EB Urban and Rural Renewable Energy (Deyang) Holdings (incorporated in Hong Kong)

On August 5, 2015, EB Urban and Rural Renewable Energy (Deyang) Holdings was incorporated with an issued share capital of HK$100.00.

On August 5, 2015, 100 ordinary shares of HK$1.00 each were issued and allotted.

j) EB Urban and Rural Renewable Energy (Fengyang) (incorporated in the PRC)

On December 23, 2015, EB Urban and Rural Renewable Energy (Fengyang) was incorporated with an equity capital of RMB183,340,000.

k) EB Urban and Rural Renewable Energy (Suzhou) Holdings (incorporated in Hong Kong)

On August 5, 2015, EB Urban and Rural Renewable Energy (Suzhou) Holdings was incorporated with an issued share capital of HK$100.00.

On August 5, 2015, 100 ordinary shares of HK$1.00 each were issued and allotted.

l) EB Biomass Energy (Chuzhou) (incorporated in the PRC)

On April 17, 2015, EB Biomass Energy (Chuzhou) was incorporated, with a registered share capital of RMB106,670,000.

m) EB Biomass Energy (Rudong) (incorporated in the PRC)

On February 2, 2015, EB Biomass Energy (Rudong) was incorporated, with a registered share capital of RMB36,000,000.

n) EB Biomass Energy (Rugao) (incorporated in the PRC)

On August 5, 2015, EB Biomass Energy (Rugao) was incorporated, with a registered share capital of RMB106,667,000.

o) EB Biomass Energy (Xuyi) (incorporated in the PRC)

On June 16, 2014, EB Biomass Energy (Xuyi) was incorporated, with a registered share capital of US$13,000,000.

On September 1, 2015, EB Biomass Energy (Xuyi) increased its register share capital from US$13,000,000 to US$16,500,000.

p) EB Clean Energy (Nanjing) Holdings (incorporated in Hong Kong)

On August 4, 2015, EB Clean Energy (Nanjing) Holdings was incorporated with an issued share capital of HK$100.00.

On August 4, 2015, 100 ordinary shares of HK1.00 each were issued and allotted.

q) EB Environmental Protection (Lianyungang) Solid Waste Treatment (incorporated in the PRC)

On October 23, 2012, EB Environmental Protection (Lianyungang) Solid Waste Treatment was incorporated, with a registered share capital of HK$53,720,000.

On August 3, 2015, EB Environmental Protection (Lianyungang) Solid Waste Treatment increased its registered capital from HK$53,720,000 to HK$69,570,000.

r) Everbright Greentech Management (Shenzhen) (incorporated in the PRC)

On December 24, 2015, Everbright Greentech Management (Shenzhen) was incorporated with a registered share capital of HK$10,000,000.

s) EB SITA Solid Waste Treatment (Changzhou) (incorporated in the PRC)

On April 28, 2015, EB SITA Solid Waste Treatment (Changzhou) was incorporated, with a registered share capital of US$15,000,000.

t) EB Urban and Rural Renewable Energy (Huai'an) Holdings (incorporated in Hong Kong)

On February 2, 2016, EB Urban and Rural Renewable Energy (Huai'an) Holdings was incorporated, with an issued share capital of HK$100.00.

On February 2, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

u) CEG Corporate Services (incorporated in Hong Kong)

On March 10, 2016, CEG Corporate Services was incorporated with an issued share capital of HK$100.

On March 10, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

v) EB Urban and Rural Biomass Energy (Nanjing) (incorporated in the PRC)

On March 9, 2016, EB Urban and Rural Biomass Energy (Nanjing) was incorporated with a registered share capital of RMB175,000,000.

w) EB Biomass Energy (Liuan) Holdings (incorporated in Hong Kong)

On March 29, 2016, Everbright Biomass Energy (Liuan) Holdings was incorporated with an issued share capital of HK$100.00.

On March 29, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

x) EB Greentech Environmental Solid Waste Treatment (Suzhou) Holdings (incorporated in Hong Kong)

On April 8, 2016, EB Greentech Environmental Solid Waste Treatment (Suzhou) Holdings was incorporated with an issued share capital of HK$100.00.

On April 8, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

y) EB Biomass Energy (Liuan) (incorporated in the PRC)

On May 5, 2016, EB Biomass Energy (Liuan) was incorporated with a registered share capital of RMB113,570,000.

z) EB Pyroelectric Energy (Liuan) (incorporated in the PRC)

On May 5, 2016, EB Pyroelectric Energy (Liuan) was incorporated with a registered share capital of RMB117,230,000.

aa) EB Greentech Solid Waste Treatment (Zhenjiang) Holdings (incorporated in Hong Kong)

On May 16, 2016, EB Greentech Solid Waste Treatment (Zhenjiang) Holdings was incorporated with an issued share capital of HK$100.00.

On May 16, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

bb) EB Greentech Environmental Solid Waste Treatment (Nanjing) Holdings (incorporated in Hong Kong)

On July 11, 2016, EB Greentech Environmental Solid Waste Treatment (Nanjing) Holdings was incorporated with an issued share capital of HK$100.00.

On July 11, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

cc) EB Greentech Environmental Solid Waste Treatment (Linyi) Holdings (incorporated in Hong Kong)

On July 11, 2016, EB Greentech Environmental Solid Waste Treatment (Linyi) Holdings was incorporated with an issued share capital of HK$100.00.

On July 11, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

dd) EB Greentech Biomass Energy (Jing Men) Holdings (formerly known as EB Greentech Biomass Energy (Shayang) Holdings Limited) (incorporated in Hong Kong)

On September 14, 2016, EB Greentech Biomass Energy (Jing Men) Holdings was incorporated with an issued share capital of HK$100.00.

On September 14, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

ee) EB Greentech Biomass Energy (Tianjin) Holdings (incorporated in Hong Kong)

On September 30, 2016, EB Greentech Biomass Energy (Tianjin) Holdings was incorporated with an issued share capital of HK$100.00.

On September 30, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

ff) EB Solid Waste Landfill (Xinyi) Holdings (incorporated in the PRC)

On October 10, 2016, EB Solid Waste Landfill (Xinyi) Holdings was incorporated with a registered share capital of RMB66,460,000.

gg) EB Greentech Environmental Solid Waste Treatment (Linshu) (incorporated in the PRC)

On November 16, 2016, EB Greentech Environmental Solid Waste Treatment (Linshu) was incorporated with a registered share capital of RMB87,200,000.

hh) EB Urban and Rural Renewable Energy (Shangqiu) Holdings (incorporated in Hong Kong)

On November 17, 2016, EB Urban and Rural Renewable Energy (Shangqiu) Holdings was incorporated with an issued share capital of HK$100.00.

On November 17, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

ii) EB Biomass Energy (TianjinJixian) (incorporated in the PRC)

On December 1, 2016, EB Biomass Energy (TianjinJixian) was incorporated with a registered share capital of RMB107,000,000.

jj) Everbright Greentech R&D Holdings (incorporated in Hong Kong)

On December 8, 2016, Everbright Greentech R&D Holdings was incorporated with an issued share capital of HK$100.00.

On December 8, 2016, 100 ordinary shares of HK$1.00 each were issued and allotted.

kk) EB Urban and Rural Renewable Energy (Huai'an) (incorporated in PRC)

On November 18, 2016, EB Urban and Rural Renewable Energy (Huai'an) was incorporated with a registered share capital of RMB190,000,000.

ll) EB Urban and Rural Renewable Energy (Xiayi) (incorporated in PRC)

On December 22, 2016, EB Urban and Rural Renewable Energy (Xiayi) was incorporated with a registered share capital of RMB152,510,000.

mm) EB Biomass Energy (Shayang) (incorportated in PRC)

On January 3, 2017, EB Biomass Energy (Shayang) was incorporated with a registered share capital of RMB106,667,000.

nn) EB Greentech Biomass Energy (Puyang) Holdings (incorporated in Hong Kong)

On January 3, 2017, EB Greentech Biomass Energy (Puyang) Holdings was incorporated with an issued share capital of HK$100.00.

On January 3, 2017, 100 ordinary shares of HK$1.00 each were issued and allotted.

oo) EB Greentech Environmental Solid Waste Treatment (Chuzhou) Holdings (incorporated in Hong Kong)

On January 11, 2017, EB Greentech Environmental Solid Waste Treatment (Chuzhou) Holdings was incorporated with an issued share capital of HK$100.00.

On January 11, 2017, 100 ordinary shares of HK$1.00 each were issued and allotted.

pp) EB Urban and Rural Renewable Energy (Zhongjiang) (incorporated in PRC)

On January 20, 2017, EB Urban and Rural Renewable Energy (Zhongjiang) was incorporated with a registered share capital of RMB100,000,000.

qq) EB Greentech Biological Technology (Xinyi) (incorporated in PRC)

On January 22, 2017, EB Greentech Biological Technology (Xinyi) was incorporated with a registered share capital of RMB12,500,000.

rr) EB Greentech Biomass Energy (Yingtan) Holdings (incorporated in Hong Kong)

On January 26, 2017, EB Greentech Biomass Energy (Yingtan) Holdings was incorporated with an issued share capital of HK$100.00.

On January 26, 2017, 100 ordinary shares of HK$1.00 each were issued and allotted.

ss) EB Biomass Energy (Puyang) (incorporated in PRC)

On February 7, 2017, EB Biomass Energy (Puyang) was incorporated with a registered share capital of RMB102,000,000.

tt) EB Biomass Energy (Guixi) (incorporated in PRC)

On February 21, 2017, EB Biomass Energy (Guixi) was incorporated with a registered share capital of RMB98,666,700.

uu) CEG Plasma Technology Investment (incorporated in Hong Kong)

On March 13, 2017, CEG Plasma Technology Investment was incorporated with an issued share capital of HK$100.00.

On March 13, 2017, 100 ordinary shares of HK$1.00 each were issued and allotted.

vv) CE Environmental Repairing Investment (incorporated in Hong Kong)

On March 13, 2017, CE Environmental Repairing Investment was incorporated with an issued share capital of HK$100.00.

On March 13, 2017, 100 ordinary shares of HK$1.00 each were issued and allotted.

ww) EB Greentech Environmental Solid Waste Treatment (Chuzhou) (incorporated in PRC)

On March 17, 2017, EB Greentech Environmental Solid Waste Treatment (Chuzhou) was incorporated with a registered share capital of RMB118,166,700.

(xx) EB Biomass Energy (Lianshui) (incorporated in PRC)

On March 28, 2017, EB Biomass Energy (Lianshui) was incorporated with a registered share capital of RMB106,000,000.

(yy) EB Urban and Rural Renewable Energy (Zhongxiang) (incorporated in PRC)

On March 31, 2017, EB Urban and Rural Renewable Energy (Zhongxiang) was incorporated with a registered share capital of RMB159,750,000.

6. Resolutions in writing of our then sole Shareholder passed on April 10, 2017

Pursuant to the resolutions in writing of our then sole Shareholder passed on April 10, 2017:

(a) our Company approved and adopted the Memorandum and Articles;

(b) each of the existing issued and unissued Shares with a par value of US$1.00 each in the share capital of our Company be subdivided into 10 sub-divided Shares with a par value of US$0.10 each, and all the sub-divided Shares shall rank *pari passu* in all respects with each other, such that thereafter, the authorized share capital of our Company will become US$50,000 divided into 500,000 Shares with a par value US$0.10 each, and the total number of issued Shares shall in aggregate be 4,000 Shares with a par value of US$0.10 each (the "**Subdivision of Shares**");

(c) subsequent to the Subdivision of Shares, the authorized share capital of our Company be increased from US$50,000 divided into 500,000 Shares with a par value of US$0.10 each, to US$500,000,000 divided into 5,000,000,000 Shares with a par value of US$0.10 each, by the creation of additional 4,999,500,000 Shares of par value of US$0.10 each, each ranking *pari passu* in all respects with the Shares in issue at the date of passing of these resolutions;

(d) conditional on the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the allotment and issue of the Offer Shares pursuant to the Global Offering, our Directors were authorized to capitalize an amount of US$143,999,600 (or any such amount any one Director may determine) standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 1,439,996,000 Shares (or any such number of Shares any one Director may determine) for allotment and issue to the shareholder(s) whose name(s) appear(s) on the register of members or the principal share register of the Company at the close of business on April 13, 2017 (or another date as the Directors may direct) in proportion to its/their then existing shareholding of Shares, each ranking *pari passu* in all respects with the then Shares in issue, and our Directors were authorized to give effect to such capitalization and allotment.

(e) conditional upon the conditions stated in the section entitled "Structure of the Global Offering — Conditions of the Global Offering" in this Prospectus being fulfilled or waived by the Joint Global Coordinators (on behalf of the International Underwriters and the Hong Kong Underwriters):

(i) the Global Offering (including the Preferential Offering) was approved and our Directors were authorized to effect the same and to allot and issue the new Shares pursuant to the Global Offering (including the Preferential Offering);

(ii) the Over-allotment Option was approved and the Directors were authorized to effect the same and to allot and issue up to 84,000,000 Shares upon the exercise of the Over-allotment Option; and

(iii) the Directors were authorized to do and exercise all powers of the Board as they considered to be necessary or desirable for the purpose of or in connection with the Global Offering as it deems appropriate;

(f) a general unconditional mandate was granted to our Directors to, inter alia, issue, allot and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares issued, allotted or dealt with or agreed to be issued, allotted or dealt with by the Directors shall not exceed the aggregate of:

(i) 20% of the number of issued shares of our Company immediately following the completion of the Capitalization Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(ii) the number of Shares repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

The number of Shares which our Directors are authorized to allot and issue under this mandate will not be reduced by the allotment and issue of Shares pursuant to:

(a) a rights issue;

(b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Articles;

(c) any specific authority granted by the Shareholders in general meeting; or

This general mandate to issue Shares will expire at the earliest of:

(1) the conclusion of our next annual general meeting;

(2) the expiration of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(3) the time when the general mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

(g) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares of an aggregate number not exceeding 10% of the number of issued shares of our Company immediately following the completion of the Capitalization Issue and the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option).

This general mandate relates only to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with the Hong Kong Listing Rules and all applicable laws. Such mandate will expire at the earliest of:

(i) the conclusion of our next annual general meeting;

(ii) the end of the period within which we are required by any applicable law or our Articles to hold our next annual general meeting; or

(iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

(h) the general unconditional mandate as mentioned in paragraph (f) above was extended by the addition to the aggregate number of Shares thereto of the aggregate number of Shares repurchased pursuant to the authority granted under paragraph (g) above.

7. Restriction on Share Repurchase

(a) Provisions of the Hong Kong Listing Rules

The Hong Kong Listing Rules permit companies whose primary listing is on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to the resolutions in writing of our Shareholders passed on April 10, 2017, a general unconditional mandate (the "**Repurchase Mandate**") was granted to our Directors authorizing the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of Shares of an aggregate number not exceeding 10% of the number of issued shares of our Company immediately following the completion of the Global Offering (excluding Shares which may be issued upon the exercise of the Over-allotment Option), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of Hong Kong and the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Hong Kong Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Hong Kong Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Hong Kong Stock Exchange if the purchase price is 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the Hong Kong Stock Exchange. The Hong Kong Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require.

(iv) Status of Repurchased Shares

The listing of all shares which are repurchased by a company (whether effect on the Stock Exchange or otherwise) will be automatically cancelled upon purchase and the share certificates must be cancelled and destroyed as soon as reasonably practicable following settlement of any such purchase. The company must apply for listing of any further issuance of that type of shares in the normal way.

(v) Reporting Requirements

Certain information relating to repurchases of securities on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(vi) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Hong Kong Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their close associates and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/ or its earnings per Share.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum, the Articles, the applicable laws of the Cayman Islands and the applicable laws of Hong Kong.

Any payment for the repurchase of Shares will be made out of the profits of our Company, out of the share premium account of our Company or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the provisions of the Cayman Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of either or both of the profits of our Company or the share premium account of our Company before or at time the shares are repurchased or, if authorized by the Articles and subject to the provisions of the Cayman Companies Law, out of capital.

Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this Prospectus in the event that the Repurchase Mandate is exercised in full.

(d) Share capital

Exercise in full of the Repurchase Mandate, on the basis of 2,000,000,000 Shares in issue immediately after the listing of the Shares (but taking no account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), could accordingly result in up to 200,000,000 Shares being repurchased by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever occurs first.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Hong Kong Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Hong Kong Listing Rules and the applicable laws of the Cayman Islands. Our Company has not repurchased any Shares since its incorporation.

No core connected person of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result.

If the Repurchase Mandate is fully exercised immediately following completion of the Global Offering, then, taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, the total number of Shares which will be repurchased pursuant to the Repurchase Mandate shall be 200,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of our Controlling Shareholder will increase to approximately 80% of the issued share capital of our Company immediately following the full exercise of the Repurchase Mandate. In the opinion of the Directors, the above-mentioned increase of shareholding may give rise to an obligation for China Everbright Green Holdings to make a mandatory offer under the Takeovers Code. The Directors have no present intention to exercise the proposed Repurchase Mandate to such an extent as would give rise to such an obligation.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue may only be implemented with the approval of the Stock Exchange to waive the requirement regarding the public float under Rule 8.08 of the Hong Kong Listing Rules. However, our Directors have no present intention to exercise the Repurchase Mandate to such an extent that, under the circumstances, there would be insufficient public float.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contract

The following contract (not being contract in the ordinary course of business) has been entered into by our Company and our subsidiaries within the two years preceding the date of this Prospectus and is or may be material:

(a) a cornerstone investment agreement dated April 10, 2017 entered into among our Company, Asian Development Bank, China International Capital Corporation Hong Kong Securities Limited and CEB International Capital Corporation Limited, pursuant to which Asian Development Bank agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased for an aggregate amount of HK$77,689,000 at the Offer Price (but in any event shall not be more than the lower of (i) 10% of the total issued share capital of the Company, and (ii) an amount equal to 25% of the net worth of the Company, in each case, immediately following completion of the Global Offering);

(b) a policy agreement dated April 10, 2017 between our Company and Asian Development Bank, pursuant to which our Company agreed to adhere to certain corporate governance requirements adopted by Asian Development Bank;

(c) a cornerstone investment agreement dated April 19, 2017 entered into among our Company, Beijing Hanguang Investment Corporation, China International Capital Corporation Hong Kong Securities Limited and CEB International Capital Corporation Limited, pursuant to which Beijing Hanguang Investment Corporation agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased for an aggregate amount of US$10 million at the Offer Price;

(d) a cornerstone investment agreement dated April 10, 2017 entered into among our Company, China Structural Reform Fund Corporation Limited, China International Capital Corporation Hong Kong Securities Limited and CEB International Capital Corporation Limited, pursuant to which China Structural Reform Fund Corporation Limited agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased for an aggregate amount of US$75 million at the Offer Price (but in any event shall not be more than 99,800,000 Offer Shares);

(e) a cornerstone investment agreement dated April 15, 2017 entered into among our Company, GGHY (Xiamen) Asset Management Co.,Ltd., China International Capital Corporation Hong Kong Securities Limited and CEB International Capital Corporation Limited, pursuant to which GGHY (Xiamen) Asset Management Co.,Ltd. agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased for an aggregate amount of RMB90 million at the Offer Price;

(f) a cornerstone investment agreement dated April 14, 2017 entered into among our Company, Zhejiang Silicon Paradise Asset Management Group Co., Ltd., China International Capital Corporation Hong Kong Securities Limited and CEB International Capital Corporation Limited, pursuant to which Zhejiang Silicon Paradise Asset Management Group Co., Ltd. agreed to subscribe for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) which may be purchased for an aggregate amount of RMB271 million at the Offer Price; and

(g) the Hong Kong Underwriting Agreement.

2. Our Material Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, our Group has been granted a non-exclusive right by China Everbright Group through CE Hong Kong to use the following trade names and trademarks, that are registered in the name of China Everbright Group, in our operations and are considered material in relation to our business:

Trade name/Trademark	Ownership Group	Territory of Registration/ Application	Registration Number	Class	Term
中國光大 中国光大	China Everbright Group	Hong Kong	200200154AA	4, 5, 9	September 15, 1999 to September 15, 2026
中國光大 中国光大	China Everbright Group	Hong Kong	200200155AA	36, 37, 38, 39, 40, 41, 42	September 15, 1999 to September 15, 2026
CHINA EVERBRIGHT	China Everbright Group	Hong Kong	2002B11241AA	4, 5, 36, 37, 38, 39, 40, 41, 42	September 15, 1999 to September 15, 2026
	China Everbright Group	Hong Kong	2001B01313AA	4, 5, 9, 36, 37, 38, 39, 40, 41, 42	September 15, 1999 to September 15, 2026
CHINA EVERBRIGHT	China Everbright Group	Hong Kong	2002B13645	9	September 15, 1999 to September 15, 2026

For details of the licensing agreements, please refer to the section headed "Business — Intellectual Property Rights".

(b) Domain Names

As at the Latest Practicable Date, our material domain name is as follows:

No.	Domain Names	Registrant	Date of Registration	Expiry Date
1	ebgreentech.com	CE Greentech Management	January 14, 2016	January 14, 2026

(c) Owned and licensed patents

As at the Last Practicable Date, our Group and/or our associated companies had registered the following patents which are or may be material to the business:

Name of Patent	Ownership	Patent No.	Term
An improved segregation baffle (一種改良分料擋板)	EB Alternative Energy (Dangshan), Everbright Environmental Protection (China) Company Limited (光大環保(中國)有限公司)	CN20140872782.3	January 12, 2015 to January 11, 2025
A turbine oil water-sealing apparatus via engine blower (一種發動機鼓風封堵汽輪機油進水裝置)	EB Alternative Energy (Dangshan), Everbright Environmental Protection (China) Company Limited (光大環保(中國)有限公司)	CN201420872784.2	January 12, 2015 to January 11, 2025
An improved pneumatic ash storage pump heating system (一種改良型氣力輸灰倉泵加熱系統)	EB Alternative Energy (Dangshan), Everbright Environmental Protection (China) Company Limited (光大環保(中國)有限公司)	CN201420715665.6	December 1, 2014 to November 30, 2024
A concentrated water recycling device for water treatment equipment (一種水處理設備濃水回收裝置)	EB Alternative Energy (Dangshan), Everbright Environmental Protection (China) Company Limited (光大環保(中國)有限公司)	CN201420873089.8	January 12, 2015 to January 11, 2025

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interest — interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Capitalization Issue and the Global Offering (without taking into account of: (i) any Shares which may be issued upon the exercise of the Over-Allotment Option; and (ii) any change to the capital structure of CEIL between the Latest Practicable Date and the Record Date), assuming that the Directors who are Qualifying CEIL Shareholders take up their respective Assured Entitlements under the Preferential Offering in full, the interests or short positions (as applicable) of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to our Company and the Hong Kong Stock Exchange, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed will be as follows:

Interests in the Company

Name of Director or Chief Executive	Number of Shares	Nature of interest	Approximate percentage
Mr. Chen Xiaoping[1]	111,111	Personal	0.006%
Mr. Hu Yanguo[2]	1,728	Personal	0.00009%

Notes:

1. Pursuant to the Preferential Offering, Mr. Chen Xiaoping, a Qualifying CEIL Shareholder, is entitled to apply for 111,111 Reserved Shares on a preferential basis, representing approximately 0.006% of the Company's issued share capital.

2. Pursuant to the Preferential Offering, Mr. Hu Yanguo, a Qualifying CEIL Shareholder, is entitled to apply for 1,728 Reserved Shares on a preferential basis, representing approximately 0.00009% of the Company's issued share capital.

Interests in Associated Corporations

Name of Director or Chief Executive	Number of Shares	Nature of interest	Approximate percentage
CEIL			
Mr. Chen Xiaoping	9,000,000	Personal	0.20%
Mr. Hu Yanguo	140,000	Personal	0.003%

Save as disclosed above, none of our Directors or the chief executive of our Company will, immediately following the completion of the Capitalization Issue and the Global Offering (without taking into account of: (i) any Shares which may be issued upon the exercise of the Over-Allotment Option; and (ii) any change to the capital structure of CEIL between the Latest Practicable Date and the

Record Date), assuming that the Directors who are Qualifying CEIL Shareholders take up their respective Assured Entitlements under the Preferential Offering in full, have an interest and/or short position (as applicable) in the Shares, underlying Shares or debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to our Company and the Hong Kong Stock Exchange, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed.

(b) Particulars of service contracts or appointment letters

Our Executive Directors and Non-executive Directors have each entered into a service contract with our Company, and our Independent Non-executive Directors have also each entered into an appointment letter with our Company. Our Executive Directors, Non-executive Directors and Independent Non-executive Directors will be subject to rotation and re-election at the annual general meetings of the Company in accordance with the Articles of Association.

(c) Directors' remuneration

An aggregate of nil, nil and HK$7.57 million was paid to our Directors as remuneration for the years ended December 31, 2014, 2015 and 2016 respectively (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses).

All our Independent Non-executive Directors have been appointed for a term of two years. The director's remuneration fee for each of our Independent Non-executive Directors is HK$240,000 per annum.

Under the arrangement currently in force, the aggregate amount of remuneration payable by our Group to our Directors for the year ended December 31, 2017 will be approximately HK$7.57 million.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this Prospectus.

Further details of the terms of the above service contracts are set forth in the paragraph headed "Particulars of service contracts" in the subsection headed "Directors" in this Appendix.

2. Substantial Shareholders

(a) For information on the persons who will, immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-Allotment Option is not exercised), have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, please see "Substantial Shareholders" of this Prospectus.

(b) Save as set out above, as of the Latest Practicable Date, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering (without taking into accounts any Shares which may be issued upon the exercise of the Over-Allotment Option), be interested, directly or indirectly, in 10% or more of the issued share capital carrying rights to vote of any member of our Group.

3. Agency Fees or Commissions Received

Save as disclosed in this Prospectus, no commissions, discounts, brokerages or other special terms were granted within the 2 years preceding the date of this Prospectus in connection with the member of the Group.

4. Disclaimers

Save as disclosed herein:

(a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;

(b) none of our Directors or experts referred to under the heading "Consents of Experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the 2 years immediately preceding the date of this Prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within 1 year without payment of compensation (other than statutory compensation));

(e) taking no account of Shares which may be issued upon the exercise of the Over-Allotment Option, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Capitalization Issue and the Global Offering, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued share capital carrying rights to vote of any member of our Group; and

(f) as of the Latest Practicable Date, none of our Directors, their associates or any shareholders who, to our Directors' knowledge, owned more than 5% of our share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers during the Track Record Period except for Everbright Environmental Protection (China) Company Limited (光大環保(中國)有限公司), which accounted for 17.9% of our total purchase in 2014, and Everbright Environmental Protection Technology Equipment (Changzhou) Company Limited (光大環保技術裝備(常州)有限公司), which accounted for 4.7% of our total purchase in 2015.

5. Related Party Transactions

Please refer to Note 25 to the Accountants' Report in Appendix I to this Prospectus for details of the related party transactions. Our Directors confirm that all related party transactions are conducted on normal commercial terms, and that their terms are fair and reasonable.

D. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Litigation

As of the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, so far as our Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

3. The Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee of the Stock Exchange for a listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue and the Global Offering (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option).

CEB International Capital Corporation Limited is our connected person under the Hong Kong Listing Rules and therefore is not independent from our Company under Rule 3A.07 of the Hong Kong Listing Rules.

4. Preliminary Expenses and the Joint Sponsors' Fees

Our estimated preliminary expenses are approximately HK$30,000,000 which are payable by our Company.

The Joint Sponsors will be paid by our Company an aggregated fee of US$500,000 to act as sponsors to the Company in connection with the Listing.

5. Promoter

We do not have any promoter. Save as disclosed in this Prospectus, within the 2 years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this Prospectus.

6. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration or, if higher, of the value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from a trade or business in Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of Shares as long as the Company does not hold any interest in land in the Cayman Islands.

(c) People's Republic of China

We may be treated as a PRC resident enterprise for PRC enterprise income tax purposes as described in "Risk Factors — Risk Relating to China — We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in our global income being subject to 25% PRC enterprise income tax" of this Prospectus. In that case, distributions to our Shareholders may be subject to PRC withholding tax and gains from dispositions of our Shares may be subject to PRC tax. See "Risk Factors — Risk Relating to China — You may be subject to PRC withholding tax on dividends from us and PRC income tax on any gain realized on the transfer of our Shares" of this Prospectus.

(d) Consultation with professional advisors

Potential investors in the Global Offering are urged to consult their professional tax advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attached to them). None of us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accept responsibility for any tax effects on, or liabilities of, any person, resulting from the subscription, purchase, holding or disposal of, dealing in or the exercise of any rights in relation to, our Shares.

7. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this Prospectus:

Name	Qualifications
China International Capital Corporation Hong Kong Securities Limited	Licensed to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
CEB International Capital Corporation Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
KPMG	Certified Public Accountants
AllBright Law Offices	Company's PRC legal advisor

Name	Qualifications
Grandall Law Firm (Beijing)	Company's PRC legal advisor
Appleby	Company's Cayman Islands legal advisor
Frost & Sullivan	Independent industry consultant
Nexant Inc.	Technical consultant
Grant Sherman Appraisal Limited	Independent valuer
RHL Appraisal Limited	Independent valuer

8. Consents of Experts

Each of the experts whose names are set out in paragraph 7 above has given and has not withdrawn its consent to the issue of this Prospectus with the inclusion of its report and/or letter and/or summary of values and/or valuation certificates and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

9. Bilingual Prospectus

The English language and Chinese language versions of this Prospectus are being published separately in reliance on the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Binding Effect

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding up and Miscellaneous Provisions) Ordinance so far as applicable.

11. Miscellaneous

(a) Save as disclosed in this Prospectus, within the 2 years immediately preceding the date of this Prospectus:

i. no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

ii. no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

iii. no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

iv. no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(b) save as disclosed in this Prospectus, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;

(c) save as disclosed in this Prospectus, none of the persons named in the section headed "Consents of Experts" in this Appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;

(d) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since December 31, 2016 (being the date to which the latest reviewed consolidated financial statements of our Group were made up);

(e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this Prospectus;

(f) the Hong Kong branch share register of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. All necessary arrangements have been made to enable the Shares to be admitted to CCASS; and

(g) no company within our Group is presently listed on any stock exchange or traded on any trading system.

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copy of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) the written consents referred to in the paragraph headed "Statutory and General Information — E. Other Information — 8. Consents of Experts" in Appendix V to this Prospectus; and

(c) a copy of each of the material contracts referred to in the section headed "Statutory and General Information — B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix V to this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Davis Polk & Wardwell at 18th Floor, The Hong Kong Club Building, 3A Chater Road, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this Prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the accountants' report of the Group issued by KPMG, the text of which is set forth in Appendix I to this Prospectus;

(c) the report issued by KPMG in relation to the unaudited *pro forma* financial information of our Group, the text of which is set forth in Appendix II to this Prospectus;

(d) the legal opinions issued by AllBright Law Offices and Grandall Law Firm (Beijing), our PRC legal advisors, in respect of certain aspects of our Group and the property interests of our Group in the PRC;

(e) the letter of advice prepared by Appleby, our legal advisor as to the law of the Cayman Islands, summarizing certain aspects of the Cayman Islands company law referred to in Appendix IV to this Prospectus;

(f) the material contracts referred to in the section entitled "B. Further Information about Our Business — 1. Summary of Material Contracts" in Appendix V to this Prospectus;

(g) the Frost & Sullivan Report;

(h) the Nexant Report, the text of which is set forth in Appendix III to this Prospectus;

(i) the valuation reports prepared by Grant Sherman Appraisal Limited;

(j) the valuation report prepared by RHL Appraisal Limited;

(k) the written consents referred to in the section entitled "E. Other Information — 8. Consents of Experts" in Appendix V to this Prospectus;

(l) the service contracts and appointment letters referred to in the section headed "C. Further information about our directors and substantial shareholders — 1. Directors — (b) Particulars of service contracts or appointment letters" in Appendix V to this Prospectus; and

(m) the Cayman Companies Law.

光大綠色環保
Everbright Greentech

China Everbright Greentech Limited
中國光大綠色環保有限公司