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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

The Next Jump Forwards

- Revenue increased by 53% to HK$4,581,352,000 (2016: HK$3,000,131,000)
- EBITDA increased by 54% to HK$1,517,788,000 (2016: HK$982,617,000)
- Profit attributable to equity shareholders of the Company increased by 52% to HK$953,823,000 (2016: HK$629,222,000)
- Final dividend of HK9.0 cents per share (2016: Nil)

2017 ANNUAL RESULTS

The board of directors (the "Board") of China Everbright Greentech Limited (the "Company" or "Everbright Greentech") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017 together with comparative figures for the year ended 31 December 2016. The annual results have been reviewed by the audit and risk management committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	3	**4,581,352**	3,000,131
Direct costs and operating expenses		**(3,146,324)**	(2,008,620)
Gross profit		**1,435,028**	991,511
Other revenue	4	**118,376**	67,897
Other loss	5	**(2,437)**	(9,684)
Administrative expenses		**(236,923)**	(197,747)
Profit from operations		**1,314,044**	851,977
Finance costs	6(a)	**(125,565)**	(67,715)
Share of loss of a joint venture		**(891)**	(867)
Profit before taxation	6	**1,187,588**	783,395
Income tax	7	**(230,289)**	(153,873)
Profit for the year		**957,299**	629,522
Attributable to:			
Equity shareholders of the Company		**953,823**	629,222
Non-controlling interests		**3,476**	300
Profit for the year		**957,299**	629,522
Earnings per share	9		
Basic and diluted (HK cents)		**51.70**	43.70

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**957,299**	629,522
Other comprehensive income for the year:		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements of subsidiaries outside Hong Kong, net of nil tax	**318,158**	(254,550)
Total comprehensive income for the year	**1,275,457**	374,972
Attributable to:		
Equity shareholders of the Company	**1,270,824**	375,799
Non-controlling interests	**4,633**	(827)
Total comprehensive income for the year	**1,275,457**	374,972

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment		**2,144,206**	1,713,858
Interests in leasehold land held for own use under operating leases		**138,442**	120,684
		2,282,648	1,834,542
Intangible assets		**5,131,608**	2,975,814
Interest in a joint venture		**51,841**	33,651
Other receivables, deposits and prepayments	*10*	**502,972**	252,150
Gross amounts due from customers for contract work	*11*	**1,634,264**	761,700
Deferred tax assets		**34,942**	21,127
		9,638,275	5,878,984
Current assets			
Inventories		**110,899**	46,113
Debtors, other receivables, deposits and prepayments	*10*	**1,197,607**	498,455
Gross amounts due from customers for contract work	*11*	**141,406**	43,804
Tax recoverable		**19**	4,051
Pledged bank deposits		**203,007**	88,875
Deposits with banks		**736,229**	17,055
Cash and cash equivalents		**2,404,175**	886,210
		4,793,342	1,584,563

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 31 December 2017

	Note	**2017** **HK$'000**	2016 *HK$'000*
Current liabilities			
Bank loans			
– Secured		**314,903**	153,560
– Unsecured		**226,368**	116,705
		541,271	270,265
Creditors, other payables and accrued expenses	*12*	**1,665,570**	1,016,502
Current taxation		**9,885**	8,013
		2,216,726	1,294,780
Net current assets		**2,576,616**	289,783
Total assets less current liabilities		**12,214,891**	6,168,767
Non-current liabilities			
Bank loans			
– Secured		**2,444,734**	1,469,830
– Unsecured		**508,698**	228,232
		2,953,432	1,698,062
Other payables	*12*	**56,899**	38,180
Deferred tax liabilities		**438,514**	231,943
		3,448,845	1,968,185
Net assets		**8,766,046**	4,200,582

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**1,608,029**	3
Other reserves	**7,140,023**	4,187,218
Total equity attributable to equity shareholders of the Company	**8,748,052**	4,187,221
Non-controlling interests	**17,994**	13,361
Total equity	**8,766,046**	4,200,582

NOTES

1 BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2017 and 2016 included in this preliminary announcement of annual results 2017 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The accounting policies and basis of preparation adopted in the preparation of the financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2016 as disclosed in the Company's prospectus dated 21 April 2017 except for the effect for the adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which became effective for the first time for the current year's financial statements, as further detailed in note 2. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. The financial statements have been reviewed by the Company's audit and risk management committee.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in the financial statements to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Statement of cash flows: Disclosure initiative,* which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are construction, integrated biomass utilisation project operation (biomass direct combustion power generation project, biomass heat supply project, biomass electricity and heat cogeneration projects, waste-to-energy 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 energy and wind power project operation (solar energy projects and wind power projects).

Revenue represents the revenue from construction services, revenue from integrated biomass utilisation projects, hazardous waste treatment projects and solar energy and wind power projects operation services and finance income. The amount of each significant category of revenue recognised during the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
Revenue from integrated biomass utilisation project construction services	**2,892,944**	1,963,575
Revenue from hazardous waste treatment project construction services	**60,035**	84,991
Revenue from integrated biomass utilisation project operation services	**1,030,719**	459,840
Revenue from hazardous waste treatment project operation services	**308,785**	240,033
Revenue from solar energy and wind power project operation services	**209,114**	215,115
Finance income	**79,755**	36,577
	4,581,352	3,000,131

For the year ended 31 December 2017, the Group has transactions with four (2016: three) local government authorities in the People's Republic of China ("PRC") which individually exceeded 10% of the Group's revenue. The aggregated revenues from these PRC local government authorities during the year ended 31 December 2017 amounted to HK$2,506,499,000 (2016: HK$1,274,764,000).

The aggregated revenues from construction services, operation services and finance income derived from local government authorities in the PRC amounted to HK$4,192,958,000 for year ended 31 December 2017 (2016: HK$2,766,634,000). The revenues arose from all the three business segments as set out in note 3(b).

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting

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

Integrated biomass utilisation project construction and operation: this segment engages in the construction and operation of biomass direct combustion power generation project, biomass heat supply project, biomass electricity and heat cogeneration projects, waste-to-energy 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, hazardous waste incineration projects and environmental remediation project to generate revenue from construction services, revenue from operation services as well as finance income.

Solar energy and wind power project operation: this segment engages in the 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 amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "EBITDA" i.e. "earnings before interest, taxes, depreciation and amortisation". 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 expenses from borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) Segment results, assets and liabilities (Continued)

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 years ended 31 December 2017 and 2016 is set out below.

	Integrated biomass utilisation project construction and operation		**Hazardous waste treatment project construction and operation**		**Solar energy and wind power project operation**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers and reportable segment revenue	**3,993,684**	2,449,253	**378,554**	335,763	**209,114**	215,115	**4,581,352**	3,000,131
Reportable segment profit (EBITDA)	**1,143,235**	666,684	**238,851**	188,799	**195,827**	198,805	**1,577,913**	1,054,288
Interest income from bank deposits	**2,768**	4,434	**1,656**	392	**744**	81	**5,168**	4,907
Finance costs	**78,395**	32,485	**17,510**	9,574	**25,061**	25,556	**120,966**	67,615
Depreciation and amortisation	**99,495**	44,011	**36,732**	17,847	**67,193**	69,549	**203,420**	131,407
Additions to property, plant and equipment, interests in leasehold land held for own use under operating leases, intangible assets and non-current portion of prepayments	**2,403,929**	1,804,880	**274,763**	117,992	**6,161**	8,557	**2,684,853**	1,931,429
Additions to non-current portion of other receivables and deposits and gross amounts due from customers for contract work	**1,007,980**	532,990	**10,413**	18,779	**–**	–	**1,018,393**	551,769
Reportable segment assets	**9,214,577**	4,573,051	**1,592,475**	1,131,190	**1,588,125**	1,500,870	**12,395,177**	7,205,111
Reportable segment liabilities	**4,258,620**	2,016,403	**586,266**	440,509	**623,569**	709,485	**5,468,455**	3,166,397

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(ii) Reconciliation of reportable segment revenue, profit, assets and liabilities

	2017	2016
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**4,581,352**	3,000,131
Profit		
Reportable segment profit derived from the Group's external customers	**1,577,913**	1,054,288
Depreciation and amortisation	**(204,635)**	(131,507)
Finance costs	**(125,565)**	(67,715)
Unallocated head office and corporate income	**21,603**	866
Unallocated head office and corporate expenses	**(81,728)**	(72,537)
Consolidated profit before taxation	**1,187,588**	783,395
Assets		
Reportable segment assets	**12,395,177**	7,205,111
Unallocated head office and corporate assets	**2,036,440**	258,436
Consolidated total assets	**14,431,617**	7,463,547
Liabilities		
Reportable segment liabilities	**5,468,455**	3,166,397
Unallocated head office and corporate liabilities	**197,116**	96,568
Consolidated total liabilities	**5,665,571**	3,262,965

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(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, interests 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 interests 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.

	2017	2016
	HK$'000	HK$'000
Revenue from external customers		
PRC	**4,575,159**	2,994,136
Germany	**6,193**	5,995
	4,581,352	3,000,131
Property, plant and equipment, interests in leasehold land held for own use under operating leases and intangible assets		
Hong Kong	**2,256**	–
PRC	**7,365,258**	4,766,542
Germany	**46,742**	43,814
	7,414,256	4,810,356
Non-current portion of other receivables, deposits and prepayments and gross amounts due from customers for contract work		
PRC	**2,137,236**	1,013,850

4 OTHER REVENUE

	2017	2016
	HK$'000	*HK$'000*
Interest income	**25,881**	5,615
Government grants *	**29,734**	15,750
Value-added tax refunds **	**56,795**	42,249
Others	**5,966**	4,283
	118,376	67,897

* Government grants of HK$27,875,000 were granted during the year ended 31 December 2017 (2016: HK$14,019,000) to subsidise certain integrated biomass utilisation and hazardous waste treatment projects 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 grants in the future. The remaining amounts of HK$1,859,000 (2016: HK$1,731,000) represent amortisation of deferred income which is included in other payables.

** The Group was entitled PRC value-added tax refunds of HK$56,795,000 during the year ended 31 December 2017 (2016: HK$42,249,000). There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refunds. There is no assurance that the Group will continue to receive such tax refunds in the future.

5 OTHER LOSS

	2017	2016
	HK$'000	*HK$'000*
Net loss on disposal of property, plant and equipment	**2,437**	9,684

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2017	2016
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank loans and other borrowings	**131,547**	72,518
Interest on amount due to fellow subsidiary	**–**	990
	131,547	73,508
Less: interest expenses capitalised into construction in progress*	**(5,982)**	(5,793)
	125,565	67,715

* The borrowing costs have been capitalised at a rate of 4.41% to 4.90% per annum during the year ended 31 December 2017 (2016: 4.56% to 4.90% per annum).

	2017	2016
	HK$'000	*HK$'000*
(b) Staff costs		
Contributions to defined contribution retirement plan	**24,680**	11,174
Salaries, wages and other benefits	**142,720**	93,485
	167,400	104,659

	2017	2016
	HK$'000	*HK$'000*
(c) Other items		
Amortisation		
– interests in leasehold land held for own use under operating leases	**3,756**	4,239
– intangible assets	**106,274**	41,668
Depreciation	**94,605**	85,600
Net foreign exchange (gain)/loss	**(13,156)**	12,653
Auditors' remuneration		
– audit services	**2,830**	2,133
– other services	**200**	102
Operating lease charges: minimum lease payments		
– hire of premises	**7,939**	3,892
Listing expenses	**15,252**	36,297

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2017	2016
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax – PRC Income Tax		
Provision for the year	**53,530**	44,874
(Over)/under-provision in respect of prior years	**(3,742)**	328
	49,788	45,202
Deferred tax		
Origination and reversal of temporary differences	**180,501**	108,671
	230,289	153,873

No provision for Hong Kong Profits Tax has been made in the financial statements for the years ended 31 December 2017 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 year, certain PRC subsidiaries are subject to tax concessions under the relevant tax rules and regulations.

8 DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Proposed final dividend – HK9.0 cents (2016: Nil) per ordinary share	**185,947**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$953,823,000 (2016: HK$629,222,000) and the weighted average of 1,844,979,000 (2016: 1,440,000,000) ordinary shares in issue during the year. The weighted average number of ordinary shares in issue during the years ended 31 December 2017 and 2016 is calculated based on the assumption that 1,440,000,000 shares were in issue at the beginning of the years, taking into consideration the effect of share split and the capitalisation issue.

Weighted average number of ordinary shares

	2017	2016
	'000 shares	*'000 shares*
Share split and capitalisation issue	**1,440,000**	1,440,000
Effect of shares issued under Initial Public Offering ("IPO")	**404,979**	–
Weighted average number of ordinary shares at 31 December	**1,844,979**	1,440,000

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2017 and 2016 were the same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during both years.

10 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017	2016
	HK$'000	*HK$'000*
Debtors	**837,465**	268,788
Other receivables, deposits and prepayments	**862,280**	480,186
Amounts due from fellow subsidiaries	**834**	1,631
	1,700,579	750,605
Less: Non-current portion		
– Other receivables, deposits and prepayments	**(502,972)**	(252,150)
Current portion	**1,197,607**	498,455

10 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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

	2017	2016
	HK$'000	HK$'000
Current	**155,709**	111,710
Within 1 month past due	**3,875**	2,912
More than 1 month but within 3 months past due	**3,522**	391
More than 3 months but within 6 months past due	**6,040**	4,842
More than 6 months but within 12 months past due	**66**	1,024
More than 12 months past due	**2,392**	103
Amounts past due	**15,895**	9,272
Unbilled receivables *(Note)*	**665,861**	147,806
	837,465	268,788

The ageing analysis of debtors based on the date of invoice as of the end of the reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**124,878**	104,090
More than 1 month but within 2 months	**19,022**	6,232
More than 2 months but within 4 months	**9,001**	3,159
More than 4 months but within 7 months	**12,281**	4,741
More than 7 months but within 13 months	**4,016**	2,656
More than 13 months	**2,406**	104
	171,604	120,982
Unbilled receivables *(Note)*	**665,861**	147,806
	837,465	268,788

Note: Unbilled receivables represent government on-grid tariff subsidy receivables for certain projects which newly commenced operation, the amounts will be billed and settled upon the completion of government administrative procedures.

10 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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

There was no recent history of default in respect of the Group's debtors. Since most of the debtors are local government authorities in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognised by the Group at 31 December 2017 (2016: Nil).

Other receivables, deposits and prepayments include balances totaling HK$145,955,000 as at 31 December 2017 (2016: HK$71,059,000), which bear interest at rates ranging from 4.90% to 6.60% (2016: 5.15% to 6.91%) per annum and relate to the certain Build-Operate-Transfer ("BOT") and Build-Operate-Own ("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 recognised by the Group at 31 December 2017 (2016: Nil).

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

11 GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2017	2016
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less anticipated losses	**1,911,587**	960,144
Less: Progress billings	**(135,917)**	(154,640)
Net contract work	**1,775,670**	805,504
Representing:		
Gross amounts due from customers for contract work		
– Non-current	**1,634,264**	761,700
– Current	**141,406**	43,804
	1,775,670	805,504

"Gross amounts due from customers for contract work" represent revenue from construction under certain BOT and BOO arrangements and bear interest at rates ranging from 4.90% to 6.60% (2016: 5.15% to 6.91%) per annum as at 31 December 2017. As at 31 December 2017, HK$1,522,434,000 (2016: HK$379,500,000) relates to certain BOT and BOO arrangements with operation commenced. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the arrangements.

12 CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	2017	2016
	HK$'000	*HK$'000*
Creditors		
– third parties	**1,104,766**	529,659
– fellow subsidiaries	**1,711**	6,200
	1,106,477	535,859
Other payables and accrued expenses	**522,854**	471,543
Deferred income - government grants	**93,138**	47,280
	1,722,469	1,054,682
Less: Non-current portion		
Deferred income – government grants	**(56,899)**	(38,180)
Current portion	**1,665,570**	1,016,502

The ageing analysis of creditors based on the date of invoice as of the end of the reporting period is as follows:

	2017	2016
	HK$'000	*HK$'000*
Within 6 months	**1,037,721**	519,015
More than 6 months	**68,756**	16,844
	1,106,477	535,859

Creditors totaling HK$1,050,799,000 as at 31 December 2017 (2016: HK$518,029,000) 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.

SCOPE OF WORK OF KPMG ON THE PRELIMINARY RESULTS ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary results announcement have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

BUSINESS REVIEW AND PROSPECTS

Operating Results

The year of 2017 is the year in which "13th Five-Year Plan" has been implemented in full swing and is of the great significance for the China's green development. During the year under review, after the government putting forward the idea of "intensifying efforts to strengthen environmental protection and making our sky blue again" for the first time in the Government Work Report, the Report of 19th National Congress of the Communist Party also proposed that in the new era, it is expected to uphold and practice the philosophy of "Lucid waters and lush mountains are invaluable assets" and to implement the strictest possible systems for eco-environmental protection. In addition, several material plans and regulations such as the 13th Five-Year Development Plan for the National Environmental Protection Standards (《國家環境保護標准「十三五」發展規劃》), the Belt and Road Ecological and Environmental Protection Cooperation Plan (《「一帶一路」生態環境保護合作規劃》), the Soil Pollution Prevention and Control Law (Draft) (《土壤污染防治法(草案)》), Regulation on the Implementation of the Environmental Protection Tax Law (Consultation Paper) (《環境保護稅法實施條例(征求意見稿)》have been implemented, and specific plans, action plans and implementation proposals for the 13th Five-Year in various provinces and cities have been announced, indicating a tough situation in the China's eco-environmental protection, imperative needs for pollution prevention and determination of the government on this issue. The Chinese government has placed unprecedentedly great regards on green development and the construction of ecological civilisation, leading the environmental protection industry step into a prime period of development.

The year of 2017 is also an exceptional year for Everbright Greentech as it has achieved new breakthrough. On 8 May 2017, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), making its debut in capital market and striving for a new leap in a separate financing platform. Since its successful listing, the Company, as a separate listed company, has forged ahead from a fresh starting point at new heights heading towards its aim of achieving long-term development for itself and sustainability for the society as a whole, moving forward steadily and firmly.

Soon after its successful listing in May 2017, the Company has been respectively included as a constituent stock in the MSCI China Small Cap Index, Hang Seng Composite Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng Stock Connect Hong Kong MidCap & SmallCap Index and Hang Seng Stock Connect Hong Kong SmallCap Index, demonstrating the market recognition of the Group's operating results and development potential.

The Group's core businesses cover the integrated biomass utilisation, hazardous waste treatment and solar energy and wind power, with general extensive experiences in developing and operating diversified projects portfolio. As of 31 December 2017, the Group had 82 environmental protection projects, with a total investment of approximately RMB19.758 billion. It completed the construction of 36 projects, with a total investment of approximately RMB7.291 billion, among which 32 projects have commenced operation, 11 projects with a total investment of approximately RMB3.513 billion were under construction, and 35 projects with a total investment of approximately RMB8.954 billion were in the preparatory stage. There were no material acquisitions and disposals during the year under review.

In 2017, leveraging the State's favorable polices, the Group has maintained rapid growth last year and taken an organic approach for development by upholding the idea of being "Prudent, Proactive and Practical" in all tasks. It has delivered a set of outstanding results and built up powerful strengths for the coming new development.

As to the market expansion, during the year under review, the Group has achieved steadily progress and remarkable results in business expansion, and continued to strengthen its market position in the areas of existing projects including Anhui, Jiangsu, Henan, Shandong, Jiangxi, etc. During the year under review, it secured 19 new projects and entered into a supplemental agreement, with a total investment of approximately RMB5.473 billion. The new projects include 9 integrated biomass and waste-to-energy projects, 3 biomass electricity and heat cogeneration projects and 7 hazardous waste treatment projects. 260.5MW was added to the aggregate power generation designed capacity, approximately 2,100,000 tonnes per year was added to the biomass processing designed capacity, approximately 2,000 tonnes per day was added to the household waste processing designed capacity, and approximately 170,000 tonnes per year was added to the hazardous waste processing designed capacity. Moreover, during the year under review, a supplemental agreement for the Huaiyin Integrated Biomass and Waste-to-Energy Project (waste-to-energy) in Jiangsu had been entered into by the Group, which will increase the scale of processed household waste from 500 tonnes per day to 1,000 tonnes per day.

In February 2018, the Group secured Lishui Industrial Solid Waste Integrated Treatment Project in Zhejiang, with a total investment of approximately RMB106 million. Approximately 7,000 tons of hazardous waste treatment capacity per year was added. This project is the first project of the Group secured in Zhejiang Province, indicating the business expansion of the Group has achieved breakthrough in new region.

During the year under review, the Group also developed a solution that allows safe disposal of hazardous waste in landfills where there is a rigid foundation, providing a reliable solution to the pressing needs of disposing waste salt in regions with unstable geological conditions. With the gradual enhancement in national environmental standards, hazardous waste landfills with rigid structure and better anti-seepage effect is about to fill the gap in the waste salts treatment market. At the same time, the use of the rigid structure waste landfills will encourage the Group to have higher standards in its operations, and drive the Group to explore for new technologies.

As to the project construction, during the year under review, the number of construction projects of the Group amounted to 23, of which 12 projects have been completed construction including 8 projects have commenced operation. Anhui Lingbi Integrated Biomass and Waste-to-Energy Project commenced operation in May 2017. It is the first urban-rural integration project of its kind ever in China without a precedent. The operation of the project is a milestone to the urban-rural waste integrated treatment and is also a successful example of the Group in exploring a new pathway to construct the beautiful countryside. After this project, Anhui Xiaoxian Integrated Biomass and Waste-to-Energy Project and Fengyang Integrated Biomass and Waste-to-Energy Project were completed construction and commenced operation during the year under review. Through sharing main plant, grid system, water supply and drainage system, cooling system, centralisation system, office and accommodation premises and management team, the urban-rural integration project not only maximised its environmental service output, but also increased the overall returns on investment of the project, and enhanced the Group's competitiveness. As of 31 December 2017, the Group had a total of 11 projects under construction, which will be completed construction and commenced operation by 2018 and first half of 2019 respectively. The Group will continue to adhere to its construction philosophy of "building high quality projects and establishing well-known brand recognition", to implement its project execution firmly and steadily, so as to ensure all of the projects under construction become the demonstrative projects with high quality.

In January to February 2018, the Group completed construction and put into operation of 3 projects, including Mianzhu Integrated Biomass and Waste-to-Energy Project (Biomass) in Sichuan, Changzhou Hazardous Waste Incineration Project and Xinyi Animal Carcass Harmless Treatment Project in Jiangsu.

As to the management, in order to adapt to the overall environment and circumstance in the environmental protection market, the Group has further optimised its management structure by setting up three major management centers based on the nature of business, namely clean energy, solid waste and environmental remediation, in a bid to fully exert its professional management and service capabilities, facilitating the resources and experiences sharing. While constantly enhancing its management efficiency, the Group also devotes its efforts on reinforcing the internal management and risks prevention, further implement, the environmental, safety, health and social responsibility ("ESHS") management system ("ESHS Management System"), which is incorporated in the annual key tasks of its projects, and a special assessment thereof is performed to improve the safety awareness and professional management skills of managers at all levels, thereby achieving a refined and standardised management. In addition, during the year under review, the Group set up a Risk Management Department and Project Risks Review Committee, thereby strictly executing risks management and enhancing its capabilities in risks identification, assessment and decision-making. By virtue of the constant enhancement of the Group's management capability, the Group has achieved satisfactory operation cost control, with all projects operating in a smooth and stable manner, discharging emissions up to standard requirements, and maintained its zero record for the incidents concerning environmental and safety during the year under review.

As to the technology research and development, the Group firmly believes the strong driving forces for sustainable development coming from the outstanding technology. During the year under review, the Group has increased its investment in technology research and development and made remarkable achievement in the technology of low nitrogen oxide (NOx) combustion in integrated biomass utilisation projects. Everbright Greentech Research Institute has successfully reduced the effluent concentration of NOx from the biomass power generation project to below 100mg/m^3 by adopting measures such as tuning first and secondary air, adjusting the vibrating frequency of grates and optimising the component of fuels, etc. These measures have been adopted by the Group's Nanqiao Biomass Direct Combustion Power Generation Project and Dingyuan Biomass Direct Combustion Power Generation Project and achieved long-running and stable operation, the performance of which is considered to be outstanding. The successful application of low-NOx combustion will enable the operation performance of biomass power generation project of the Group to become the leader of the industry in mainland China.

Apart from reinforcing its own development, the Group also proactively participated in facilitating the development of integrated biomass utilisation industry, aiming to promote the presence of the integrated biomass utilisation industry and improve its industrial landscape. In May 2017, the Group assumed the responsibility of establishing China Biomass Energy Industrial Association (the "Biomass Association") together with leading companies in the biomass industry in China. During the year under review, the Group acted in concert with the Biomass Association in conjunction with National Energy Administration to collect comments on issues concerning location selection for waste-to-energy and tax cuts and burden reduction in biomass power generation industry. Besides, it also organised China Renewable Energy Engineering Institute, CECEP Consulting Co., Ltd, Data Center of Ministry of Environmental Protection to perform several works such as jointly prepared and published the Industry Development Report of Urban Household Waste Power Generation 2017《2017年垃圾焚燒發電產業研究報告》. Among such works, the "Research Report of Mixed Combustion of Agricultural and Forestry Residues and Coal in Power Generation"《農林生物質與燃煤混燃發電研究報告》prepared by the Biomass Association and relevant entities has attracted great attentions from more than ten medias including China Energy News (中國能源報) and www.bjx.com.cn (北極星電力網) and gained recognitions from relevant authorities and industrial peers, making contribution to the sustainability and sound development of the biomass industry.

As to the operating results, during 2017, the Group has made considerable progresses both in revenue and profitability. The Group has reached new heights in revenue from its construction service, attributable to the enhanced management of the projects at the preparatory stage and steady construction of the projects. As to the operation services, revenues from this segment recorded a sustainable growth due to the sustained increase of processing volume. During the year under review, the Group's revenue amounted to approximately HK$4,581,352,000, an increase of 53% over HK$3,000,131,000 in 2016. The EBITDA amounted to approximately HK$1,517,788,000, an increase of 54% over HK$982,617,000 in 2016. Profit attributable to equity shareholders of the Company for year was approximately HK$953,823,000, 52% more than HK$629,222,000 recorded in 2016. In 2017, basic earnings per share were HK51.7 cents, HK8.0 cents more than HK43.7 cents in 2016. The Group has ready access to financing channels, with abundance cash on hand which continues to rise, and it performed well in all financial indicators.

During the year under review, revenues from integrated biomass utilisation, hazardous waste treatment and solar energy and wind power segments amounted to approximately HK$4,581,352,000, of which revenue from construction service was approximately HK$2,952,979,000, 44% more than HK$2,048,566,000 recorded in 2016, and revenue from operation service was approximately HK$1,548,618,000, 69% more than HK$914,988,000 recorded in 2016. The proportion of revenue as follows: construction service accounts for 64%, project operation service accounts for 34% and finance income accounts for 2%.

Key financial data for integrated biomass utilisation, hazardous waste treatment and solar energy and wind power projects in 2017 is summarised below:

	2017				2016			
	Integrated biomass utilisation projects	**Hazardous waste treatment projects**	**Solar energy and wind power projects**	**Total**	Integrated biomass utilisation projects	Hazardous waste treatment projects	Solar energy and wind power projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
– Construction services	**2,892,944**	**60,035**	**–**	**2,952,979**	1,963,575	84,991	–	2,048,566
– Operation services	**1,030,719**	**308,785**	**209,114**	**1,548,618**	459,840	240,033	215,115	914,988
– Finance income	**70,021**	**9,734**	**–**	**79,755**	25,838	10,739	–	36,577
	3,993,684	**378,554**	**209,114**	**4,581,352**	2,449,253	335,763	215,115	3,000,131
EBITDA	**1,143,235**	**238,851**	**195,827**	**1,577,913**	666,684	188,799	198,805	1,054,288

With the government's support for the environmental protection industry, the Group's integrated biomass utilisation and solar energy and wind power projects are entitled to a number of initiatives including preferential on-grid tariffs, mandatory off-take of electricity, government subsidies, preferential tax policies, etc. The Group's hazardous waste treatment projects also benefit from preferential taxation policies and government subsidies. In 2017, the Group was approved to receive a total of approximately RMB99,405,000 in government subsidies and value-added tax refunds of approximately RMB49,314,000.

The Company dedicated to enhancing value for its shareholders, and in order to reward its shareholders for their support and take into account for the long-term sustainable development of the Group, the Board proposes to declare a final dividend of HK9.0 cents per share (2016: Nil) to the shareholders of the Company.

INTEGRATED BIOMASS UTILISATION

As one of the leading integrated biomass treatment service providers in China, the Group mainly utilises biomass raw materials to generate both electricity and heat. Biomass raw materials are categorised into yellow culms and grey culms. Yellow culms consist of agricultural residues, such as wheat straw, rice straw, corn straw, rice husks, peanut husks, etc; while grey culms consist of forestry residues such as barks, tree trimmings, debris from construction and demolition and other manufacturing wood waste, etc. In addition, the Group has developed a unique business model that integrates biomass and waste-to-energy functions to provide integrated treatment for agricultural and forestry residues and household waste within urban-rural areas.

As of 31 December 2017, the Group had a total of 44 integrated biomass utilisation projects, with a total investment of RMB13.022 billion and aggregate power generation designed capacity of 992MW, aggregate biomass processing designed capacity of approximately 8,449,800 tonnes per annum, and aggregate household waste processing designed capacity of approximately 6,250 tonnes per day. During the year under review, the Group's integrated biomass utilisation projects in operation amounted to 15, which generated approximately 1,393,204,000 kWh of on-grid electricity, an increase of 125% over 2016. Meanwhile, the Group processed 1,684,691 tonnes of biomass raw materials, an increase of 131% over 2016. It also processed 249,212 tonnes of household wastes, an increase of 239% over 2016. During the year, the Group generated steam of 171,027 tonnes. The Group had 10 integrated biomass utilisation projects under construction, with an aggregate power generation designed capacity of 217MW, and an annual biomass processing designed capacity of approximately 1,639,800 tonnes and a daily household waste processing designed capacity of approximately 2,200 tonnes.

During the year under review, EBITDA of the Group's integrated biomass utilisation projects was approximately HK$1,143,235,000, an increase of 71% over 2016. The integrated biomass utilisation projects contributed net profit of approximately HK$752,423,000, an increase of 65% over 2016.

The increase in profit was mainly due to a number of projects which were steadily advancing in construction progress during the year, resulting in a significant increase in the revenue from construction service. In addition, the aggregate on-grid electricity of the projects in operation continued to increase, contributing to a significant increase in revenue from the operation service.

Major operating and financial data of the integrated biomass utilisation segment in 2017 is summarised in the table below:

	2017	2016
Integrated biomass utilisation projects		
On-grid electricity *(MWh)*	**1,393,204**	618,718
Biomass raw materials processing volume *(tonne)*	**1,684,691**	728,142
Waste processing volume *(tonne)*	**249,212**	73,526
Steam generating volume *(tonne)*	**171,027**	–
EBITDA *(HK$'000)*	**1,143,235**	666,684

HAZARDOUS WASTE TREATMENT

The Group's hazardous waste treatment business is at the forefront of the industry and can safely treat 43 out of 46 categories of hazardous waste listed in the National Catalog of Hazardous Wastes. The Group has adopted various methods to dispose of the hazardous waste, including incineration, landfill and physicochemical treatment.

As of 31 December 2017, the Group had a total of 29 hazardous waste treatment projects with a total investment of approximately RMB5.341 billion and an aggregate annual processing designed capacity of approximately 674,150 tonnes. During the year under review, there were 8 hazardous waste treatment projects in operation and 113,031 tonnes of hazardous waste were safely treated, an increase of 13% over 2016. 3 hazardous waste treatment projects were completed construction with aggregate annual processing designed capacity of approximately 43,000 tonnes, and there was 1 hazardous waste treatment project under construction with an aggregate annual processing designed capacity of 20,000 tonnes.

During the year under review, the Group's hazardous waste treatment projects contributed an EBITDA of approximately HK$238,851,000, an increase of 27% over 2016. Hazardous waste treatment projects contributed net profit of approximately HK$163,144,000, an increase of 17% over 2016. The increase in profit was mainly due to the steady growth of business operations and the sustainable increase in an aggregate processing capacity of the hazardous waste treatment projects.

Major operating and financial data of the hazardous waste treatment segment in 2017 is summarised in the table below:

	2017	2016
Hazardous waste treatment projects		
Hazardous waste processing volume *(tonne)*	**113,031**	99,639
EBITDA *(HK$'000)*	**238,851**	188,799

SOLAR ENERGY AND WIND POWER

The Group has 7 solar energy projects and 2 wind power projects in operation, with a total investment of approximately RMB1.395 billion and an aggregate power generation designed capacity of approximately 125.9MW. The Group is responsible for building, managing and operating these projects and selling the electricity to the local power grid companies.

During the year under review, the Group's solar energy and wind power projects sold electricity amounted to approximately 274,299,000 kWh, with an EBITDA of approximately HK$195,827,000, remained almost flat as 2016. Solar energy and wind power projects contributed a net profit of approximately HK$96,377,000, which remained almost flat as last year, due to the absence of new projects during the year under review.

Major operating and financial data of the solar energy and wind power segment in 2017 is summarised in the table below:

	2017	2016
Solar energy and wind power projects		
On-grid electricity *(MWh)*	**274,299**	272,690
EBITDA *(HK$'000)*	**195,827**	198,805

During the year under review, the Group generated approximately 1,667,503,000 kWh of green electricity, which can support the annual electricity consumption of 1,389,419 households or equivalent to 666,921 tonnes of standard coal, reducing carbon dioxide (CO_2) emissions by 1,317,327 tonnes and preventing 216,532,857 trees from being cut down. The Group also treated 57,555 m^3 of leachate in its waste-to-energy plants and hazardous waste landfills and reduced Chemical Oxygen Demand (COD) emissions by 685 tonnes.

BUSINESS PROSPECTS

In 2017, the so called "most stringent inspection ever in the history" on environment section has achieved satisfactory results, making exposure of environmental pollution issues in several provinces and cities, which in turns facilitating the environmental governance. During the 19th National Congress of the Communist Party, President Xi Jinping initiated to "promote the green development and focus on and solve the prominent issues, further strengthen the ecological system protection and reform the ecological environmental regulation mechanism". The pursuit of ecological civilisation and further advance of the reform on the environmental protection system have achieved to a unprecedented extent, making environmental protection likely to become the "key note" in China for a long period of time.

The year of 2018 is the first year to fully exercise the spirit put forward by the 19th National Congress of the Communist Party, and it is also a key year to firmly implement the 13th Five-year Plan. By virtue of the positive impacts of environmental governance on the overall reform landscape, the policy of environmental protection in China for 2018 will remain pressing. With the implementation of a series of environmental protection polices such as the Environmental Protection Tax Law (《環境保護稅法》), "stringent regulation" on the environmental protection will become a new normal and the environmental protection industry is exposed to the coming market standardisation and further governance, whereas a new development opportunity as well. With the implementation of Guiding Opinion on Facilitating the Development of Biomass Heat Supply (《關於促進生物質能供熱發展的指導意見》), "replacing coal with biomass fuel" has become a key strategy of China's clean heat supply, bringing an unprecedented opportunity to the business development of the Company.

Looking forward, with the further proceed of ecological civilisation, new demands for domestic environmental protection will be inspired and the market will be continued to expand. The Group will keep devoted to explore existing market and extend its business footholds to more regions in China. We will also conduct continuous extension of industrial chain in order to become an integrated environmental protection service provider focusing on waste treatment and anti-pollution, as well as advocation of innovation in business which may lead to diversified development, striving to achieve breakthrough in new business segments such as biogenic gas and environment restoration, so as to cultivate new growth.

Amid the backdrop of the "Belt and Road Initiative" and global cooperation on production capacity, the market share of China's green environmental protection industry in overseas sees expanding, with overseas investment opportunities increasing as well. The Group will proactively take part in China's "Belt and Road Initiative" and seize timely opportunities to tap into overseas market.

By virtue of extensive experiences in developing and operating diversified project portfolio and strong capability in market expansion, the Group will firmly take an organic approach for development by upholding the idea of being "Prudent, Proactive and Practical". It would firmly execute the strategy of sustainable development driven by technology innovation, further strengthen its edges in investment construction, operating management and technology research and development so as to enhance its core competitiveness.

Leveraging on the firm underpinning of China Everbright Group and with the strong backing of its parent company, China Everbright International Limited ("CEIL"), the Group will adapt to new trends, capture new opportunities arising from China's accelerating pursuit of achieving ecological civilisation, proceed firmly and steadily with a determination of making breakthrough, aiming to bring constant rewards to its shareholder and become the leader in the China's environmental protection industry.

FINANCIAL POSITION

As at 31 December 2017, the Group's total assets amounted to approximately HK$14,431,617,000 (31 December 2016: HK$7,463,547,000) with net assets amounting to approximately HK$8,766,046,000 (31 December 2016: HK$4,200,582,000) and net asset value per share attributable to equity shareholders of the Company was HK$4.23 per share. As at 31 December 2017, gearing ratio (total liabilities over total assets) of the Group was 39%, a decrease of 5 percentage points as compared to that of 44% as at the end of 2016. Current ratio of the Group was 216%, an increase of 94 percentage points as compared to that of 122% as at the end of 2016.

FINANCIAL RESOURCES

On 8 May 2017, the Company was listed on the Main Board of the Stock Exchange. The proceeds from the global offering is approximately HK$3.3 billion.

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and lower the costs of funds. It finances its operations primarily with the proceeds from the global offering, internally generated cash flow and banks loan. As at 31 December 2017, the Group had cash and bank balances of approximately HK$3,343,411,000, an increase of approximately HK$2,351,271,000 as compared to HK$992,140,000 at the end of 2016. Most of the Group's cash and bank balances were denominated in Hong Kong dollars and Renminbi.

INDEBTEDNESS

The Group is dedicated to improving banking facilities to reserve funds to support its business development. As at 31 December 2017, the Group had outstanding borrowings of approximately HK$3,494,703,000, an increase of approximately HK$1,526,376,000 as compared to HK$1,968,327,000 at the end of 2016. The borrowings included secured interest-bearing borrowings of approximately HK$2,759,637,000 (31 December 2016: HK$1,623,390,000) and unsecured interest-bearing borrowings of approximately HK$735,066,000 (31 December 2016: HK$344,937,000). The borrowings of the Group are mainly denominated in Renminbi, representing approximately 96% of the total, and the remainder is denominated in Hong Kong dollars. All of the borrowings are at floating rates. As at 31 December 2017, the Group had banking facilities of approximately HK$7,057,275,000 (31 December 2016: HK$5,398,779,000) of which approximately HK$3,562,572,000 (31 December 2016: HK$3,430,452,000) have not been utilised. The tenor of banking facilities are ranged from 1 year to 16 years.

FOREIGN EXCHANGE RISKS

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

PLEDGE OF ASSETS

Certain banking facilities at the Group were secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plant and equipment and prepaid land lease payments. As at 31 December 2017, the aggregate net book value of assets pledged amounted to HK$6,582,527,000 (31 December 2016: HK$4,059,218,000).

COMMITMENTS

As at 31 December 2017, the Group had outstanding purchase commitments of approximately HK$1,470,949,000 (31 December 2016: HK$1,386,986,000) under the construction contracts.

CONTINGENT LIABILITIES

As at 31 December 2017, the Company issued financial guarantees to one of its wholly-owned subsidiaries. As at 31 December 2017, the Group did not have any contingent liabilities that include liabilities under the guarantees.

USE OF PROCEEDS

The net proceeds from the global offering on 8 May 2017 after deducting share issuance expenses and listing expenses ("Net Proceeds") was approximately HK$3,234,510,000. As at 31 December 2017, the Company had used approximately HK$1,013,030,000 of Net Proceeds for the purposes as set out in the prospectus of the Company dated 21 April 2017, representing 31.3% of Net Proceeds.

Items	Movements
	HK$'000
Net Proceeds	3,234,510
Less: Proceeds used	
Among which:	
Investments in integrated biomass utilisation projects	(627,995)
Investments in hazardous waste treatment projects	(71,900)
Working capital and other general corporate purposes	(310,000)
Research and development	(3,135)
Proceeds unused as at 31 December 2017	2,221,480

The remaining unused proceeds have been intended to be used for the purposes as set out in the prospectus.

INTERNAL MANAGEMENT

The Group believes that an organic and sustainable development can only be achieved by solid corporate management and risk control. It has been upholding its management philosophy of "People-oriented, Pragmatism, Creativity and Systematic Management" so as to enhance and maintain a sound management system, to create a corporate management culture that allows all of employees' engagement, to strengthen the management awareness and promote the management standard, and to effectively integrate corporate resources. It aims at establishing a foundation for maximum return to the Group and achievement of business objectives.

During the year under review, the Company held the management committee meeting on a monthly basis, to conduct collective review on project investments, projects under preparation, construction and in operation as well as assignment of personnel of the Company, etc. With clear instructions on duties and responsibilities and refined division of works, the management committee members will work on site and play a supervisory role to further resolve the practical problems relating to the projects, and strengthen control towards weaknesses. A comprehensive internal control system as well as the Investment Project Risks Review Committee, Engineering Technology Committee and Safe Production Management Committee have been established for strict execution of the relevant requirements under the ESHS Management System and risk management system, effective monitoring of all aspects ranging from project investment, construction, production to operation, thereby minimising operational risks. The Departments of Internal Audit and Risk Management will perform their duties of risk management to promote practical implementation of each risk management system so as to maintain all-round control over corporate and operational risks. During the year under review, the Company has placed emphasis on the management of the projects under construction and projects in the preparatory stage to ensure their development and operation with full legal and rules compliance in an orderly and legitimate manner.

The Group has always abided by its operation principle of “Maintaining Safe and Stable Operations in compliance with Discharge Standards” and kicked off a campaign that promoting the awareness of energy saving and emission reduction on the premise of ensuring no significant safety accidents and significant environmental pollution accidents, i.e. “Competitions in Expenditure Reduction, Efficiency Enhancement, Energy Saving and Cost Control”, thereby constantly reducing the overall power consumption rate of each project as well as the operating expenses. The “Five Little Improvements” campaign focusing on “Invention, Innovation, Revolution, Design and Recommendation” helped motivating the staff’s creativity and incentives, thereby facilitating technical advancement and rising up economic efficiency. “Installation, Building-up and Connection” work has been actively conducted by the Group to continue bearing social responsibilities and duly perform its commitment to environmental protection.

HUMAN RESOURCES

With exceptional attention to human resource management, the Group has actively continued its talent promotion and introduction through internal trainings and both social and campus recruitments. Quality of employees has been escalating by external courses, internal organisations, technical exchanges, self-studying, etc. Different kinds of trainings have been provided by the Group to explore the potentials of the employees, with a view to achieving co-development and sharing of fruitful results between employees and the Company. In order to propel its philosophy of "People-oriented" and further improve safety production, employee health and security for accidents and injuries, the Group has launched the "Employee's Health, Accidents and Injuries Protection Fund" for delivering comprehensive protection to the employees.

During the year under review, the Group held training sessions widely including engineering construction regulations and skills, the development of hazardous waste industry, safety production, leachate treatment technique, operation of human resources system, financial training (including taxation and EAS system training), risk, internal control and safety management, etc., to convey industry and professional knowledge, upgrade employees' skills and strengthen the risk prevention, management skill and awareness. To facilitate the newly recruited staff's integration, the Group participated in the 18th to 21st execution training sessions held by CEIL, with more than 300 participants attended. Also, a total of 15 senior technical staff at the management level were sent to take part in the Tsinghua University CEO Course, and an addition of 16 senior officers participated the new session of CEO Course, for management and organisation efficiency enhancement.

In order to maintain a talent pool, in addition to recruitment through campus, the Group has organised internal recruiting and selection competition to encourage those with high caliber and ambition to undertake more appropriate posts to fully capitalise on their talents and enhance efficiency.

Keeping abreast of times and unremitting innovations are also the business concepts of the Group. To excel in environmental protection technologies, the Company has established Everbright Greentech Research Institute in 2017, targeting to advance the Company's operation efficiency and cope with the long-term and rapid business growth.

As of 31 December 2017, the Group had approximately 1,800 employees in total in Hong Kong and Mainland China. The total staff cost incurred was approximately HK$167,400,000 during the financial year ended 31 December 2017. Employees are remunerated according to their qualifications, experiences, job nature, performance and with reference to market conditions. Apart from the discretionary performance bonus, the Group also provides other benefits such as medical insurance and a provident fund scheme to employees in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group always places high emphasis on risk management. During the year under review, the Group has constantly refined its internal control and risk management systems, as well as identified and analysed the critical risks it has been facing. Key risks arising from the Group's environmental protection business development involving changes in environmental protection policies and market conditions, public responses, environmental and social responsibilities, industrial competition, technology and innovation, financial management, human resources management, legal and internal control policies and compliance, information system security and construction, etc.

Risks arising from changing policies refer to the failure to respond to the changes in government policies and business models in a timely and effective manner, which may bring adverse impacts to the business of the Group. The Group has always stayed alert on the changes in China's environmental protection policies, and has adjusted its development path accordingly in response to such changes in a timely manner. Meanwhile, it also remains committed to offering suggestions from a practical standpoint to the authorities in charge of developing relevant policies, with the help of professionals from various industry associations and expert teams, to facilitate the promulgation of environmental policies that are also beneficial to the growth of its business. By analysing the national industry development strategies based on China's "Belt and Road Initiative", the Group has devised project development strategies in advance and innovated its business model in a bid to seize development opportunities and achieve sustainable growth.

Industrial competition risks refer to the risks affecting the Group's business development capabilities and the returns of its projects investment as a result of keen competition among the competitors across the industry. The Group's major business segments include the integrated biomass utilisation, hazardous waste treatment and solar energy and wind power, which are all under intense competition in the market. The Group constantly leverage its own strengths to optimise and promote its "urban-rural integration" model, which has not only satisfied the needs of governments at different tiers in environmental protection, but also allowed the Group to achieve its business development. During the year under review, the Group has attached special attention to the development of its hazardous waste treatment projects and the effect of new technologies and new business models on the industry. The Group has devoted additional support to the development of the projects and has completed the relevant strategic deployment. The Group remains committed to constructing projects with outstanding quality and upholding high standards in operation management to improve the overall project quality of its projects while reducing cost and ultimately increase its profitability.

Environmental and social responsibility risks mainly stem from the potential breach of environmental emission limits, safety incidents and adverse external conditions which could negatively impact the project construction and operation. The Group has always adhered to maintain high quality construction design, perform stringent controls over the projects construction quality, the upgrade of equipment efficiency and the enhancement of project management standards. It has also strictly monitored the emission indicators to ensure the compliance with discharge standards. During the year under review, the Group further optimised its ESHS Management System and put in place the standard operating procedures ("SOP"). It formulated a contingency plan for emergencies and conducted a comprehensive review on the execution plan to rectify any identified issues. Furthermore, the Group continued to disclose the environmental emission data of all waste-to-energy projects for the general public's scrutiny, demonstrating its determination of fully undertaking its environmental and social responsibilities.

Technology and innovation risks mainly refer to the risks arising from the failure to satisfy business development needs driven by effective research and development and the introduction of new technologies, which in turn affect the Group's profitability. During the year under review, the Group has strived to develop new businesses in the environmental protection sector, such as those relating to soil and air remediation, and has tapped into the overseas markets as well as strengthened its position in domestic market in line with the "The Belt and Road Initiative". The Group also attached great importance to attract the talented professional technology experts, introduced the results of foreign advanced technological research and development to China, and focused on the improvement and application of the technology. As such, technology previously introduced from overseas and products from research and development have been gradually applied to projects, which has constantly enhanced the technological level in the project operations. Furthermore, the research and development plans formulated during the year under review have fully covered the Group's major project development areas in its key businesses, including integrated biomass utilisation and hazardous waste treatment, which demonstrated an effective support to the operation of the Group through technology and innovation.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group has completed the building of its ESHS Management System, in a bid to achieve a systematic and standardised management over its aspects such as environment, safety, occupational health and social responsibility and maximise its control on relevant risks and minimise defects in management system. The ESHS Management System of the Group focuses on the critical risk control issues that may rise during the periods of project operation and construction, in which it has ESHS Management Organisation Structure in place, with standardised management system complemented, such as regulations, standard, SOP and checklists, etc., as well as mechanisms of inspection, supervision, assessment and reporting in place. Up till now, the Group has completed the best model SOP for the high-risk issues of overall businesses (waste-to-energy, biomass power generation/heat supply/heat and electricity cogeneration, hazardous waste landfill and incineration, solar energy and wind power) and for the medium risk issues of major businesses (waste-to-energy, biomass power generation/heat supply/heat and electricity cogeneration, hazardous waste landfill and incineration) and executed under the jurisdiction of the relevant project. ESHS inspections have been conducted on a quarterly basis. In 2017, the Group has refined and optimised the ESHS Management Organisation Structure, expressly determined the standard qualifications, roles and responsibilities of ESHS management staff of the Company, formulated ESHS appraisal rules which make project appraisal became score-based, facilitated the "Installation, Building-up and Connection" works for the waste-to-energy project as well as conducted public announcement of information about environmental protection. We had conducted system-wide ESHS inspection on a quarterly basis, together with special inspections on fire prevention and seasonal safety measures in summer and winter. At the same time, awareness promotion in relation to ESHS has also been conducted, such as activities themed as "The Month of Safe Production", in which we organised trainings with topics concerning safety and Quiz Competition concerning ESHS. Staff are encouraged to take the national certified safety examination and currently 19 staff have obtained the qualification of certified safety engineer. The Group believes that the ESHS Management System may enhance the Group's performances in environmental compliance, work safety, employee benefits and community development.

The operating and environmental service performance of the Group's projects strictly adheres to relevant standards and requirements of their respective environmental impact assessment reports. The Group also takes the expectations of the neighboring communities into its consideration. Key regulations and standards that are applicable to the Group's business include the Environmental Protection Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Labor Law of the People's Republic of China, the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485-2014), Directive 2010/75/EU and its relevant Annexes/Amendments (for waste-to-energy projects of urban-rural integration projects), the Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) (for biomass power generation projects), the Standard for Pollution Control on the Security Landfill Site for Hazardous Waste (GB18598-2001) and the Pollution Control Standard for Hazardous Wastes Incineration (GB18484-2001), among others. No breach of these regulations and relevant environmental protection standards resulting in a significant loss for or an adverse impact to the Group was recorded in 2017.

FINAL DIVIDEND

The Board has proposed to pay a final dividend of HK9.0 cents per share (2016: Nil) to the shareholders whose names appear on the register of members of the Company on Thursday, 24 May 2018. Subject to approval by the shareholders of the final dividend at the forthcoming annual general meeting ("AGM") of the Company, dividend cheques will be dispatched to the Shareholders on or around Tuesday, 19 June 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining the shareholders who are entitled to attend and vote at the AGM expected to be held on Tuesday, 15 May 2018, the register of members of the Company expected to be closed on Thursday, 10 May 2018 to Tuesday, 15 May 2018, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong expected not later than 4:30 p.m. on Wednesday, 9 May 2018.

(b) For the purpose of determining the shareholders who qualify for the final dividend, the register of members of the Company expected to be closed on Friday, 25 May 2018 to Tuesday, 29 May 2018, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong expected not later than 4:30 p.m. on Thursday, 24 May 2018.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on Stock Exchange (the "Listing Rules") as its code of conduct regarding directors' securities transactions. Specific enquiries have been made with all directors of the Company regarding any non-compliance with the Model Code and all directors of the Company confirmed that they have complied with the provisions of the Model Code for the financial year ended 31 December 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group believes that maintaining sound and high standards of corporate governance is not only a key element in safeguarding the interest of the shareholders, but also a way to enhance the corporate value and strengthen the accountability and transparency of the Group. Through a set of rules and regulations, the Group has constantly reinforced its internal control, risk prevention and management.

The Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules has been duly adopted by the Board as the code for corporate governance practices of the Company. The shares of the Company have been listed on the Main Board of the Stock Exchange since 8 May 2017 (the "Listing Date"). The Company has fully complied with the code provisions set out in the CG Code during the period from the Listing Date to 31 December 2017.

Board Committees

The Board has established three board committees, namely audit and risk management committee, remuneration committee and nomination committee, to oversee the particular aspect of the Company's affairs. The board committees are provided with sufficient resources to discharge their duties.

Audit and Risk Management Committee

The audit and risk management committee, currently comprises all 3 independent non-executive directors, namely Mr. Chow Siu Lui (Chairman), Mr. Philip Tsao and Prof. Yan Houmin.

It is primarily responsible for providing an independent review of the effectiveness of the financial reporting process, risk management and internal control systems of the Group, overseeing the audit process, reviewing the completeness, accuracy, clarity and fairness of the Company's financial statements, considering the scope, approach and nature of both internal and external audits and reviewing and monitoring connected transactions and performing other duties and responsibilities as may be assigned by the Board from time to time etc.

The terms of reference of the audit and risk management committee are published on the websites of the Stock Exchange and the Company.

Remuneration Committee

The remuneration committee currently comprises Mr. Philip Tsao (Chairman), an independent non-executive director, Mr. Qian Xiaodong, the executive director and chief executive officer of the Company, and 2 other independent non-executive directors, namely Mr. Chow Siu Lui and Prof. Yan Houmin.

The terms of reference of the remuneration committee, which are published on the websites of the Stock Exchange and the Company, setting out the duties of the Remuneration Committee, including determining, with delegated responsibilities, the remuneration packages of the individual executive directors and senior management etc.

Nomination Committee

The nomination committee currently comprises Mr. Wang Tianyi (Chairman), the Chairman of the Board, and all 3 independent non-executive directors, namely Mr. Chow Siu Lui, Mr. Philip Tsao and Prof. Yan Houmin.

Its primary responsibilities include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; considering the need for identifying suitably persons to become directors and made recommendations to the Board on the selection of individuals nominated for directorships, etc.

The terms of reference of the Nomination Committee are published on the websites of the Stock Exchange and the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Board confirms that the Company has maintained a sufficient public float as required by the Listing Rules during the year under review.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The results announcement of the Company for the year ended 31 December 2017 is published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at http://www.ebgreentech.com/en/ir/announcements.php.

AGM

The AGM of the Company expected to be held on Tuesday, 15 May 2018 and the notice of annual general meeting will be published and dispatched in the manner as required by the Listing Rules.

By Order of the Board
China Everbright Greentech Limited
Qian Xiaodong
Chief Executive Officer

Hong Kong, 1 March 2018

As at the date of this announcement, the members of the Board comprise:

Mr. WANG Tianyi *(Chairman, Non-executive director)*
Mr. QIAN Xiaodong *(Chief Executive Officer, Executive director)*
Mr. YANG Zhiqiang *(Executive director)*
Mr. WANG Yungang *(Executive director)*
Ms. GUO Ying *(Non-executive director)*
Mr. TANG Xianqing *(Non-executive director)*
Mr. CHOW Siu Lui *(Independent non-executive director)*
Mr. Philip TSAO *(Independent non-executive director)*
Prof. YAN Houmin *(Independent non-executive director)*