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

(Incorporated in Hong Kong with limited liability)

(Stock Code: 257)

2017 RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

Driving forward our Success Story

- Revenue increased by 43% to HK$20,043,116,000 (2016 : HK$13,971,204,000)
- EBITDA increased by 36% to HK$6,863,209,000 (2016: HK$5,051,261,000)
- Profit attributable to equity holders increased by 26% to HK$3,509,990,000 (2016: HK$2,784,863,000)
- Final dividend of HK12.0 cents per share (2016: HK13.0 cents per share). Total dividends for the year increased by 17% to HK24.0 cents per share (2016: HK20.5 cents per share)

2017 ANNUAL RESULTS

The board of directors (the "Board") of China Everbright International Limited (the "Company") announces 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 Committee of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2017

	Notes	**2017**	2016
		HK$'000	*HK$'000*
REVENUE	*4*	**20,043,116**	13,971,204
Direct costs and operating expenses		**(12,910,601)**	(8,661,638)
Gross profit		**7,132,515**	5,309,566
Other revenue	*5*	**555,232**	464,916
Other income and gains/(losses), net	*5*	**56,936**	(39,775)
Administrative expenses		**(1,438,464)**	(1,059,294)
PROFIT FROM OPERATING ACTIVITIES		**6,306,219**	4,675,413
Finance costs	*6*	**(938,280)**	(639,584)
Share of profits of joint ventures		**61,632**	63,373
Share of losses of associates		**(1,372)**	(479)
PROFIT BEFORE TAX	*7*	**5,428,199**	4,098,723
Income tax	*8*	**(1,376,352)**	(1,062,150)
PROFIT FOR THE YEAR		**4,051,847**	3,036,573
ATTRIBUTABLE TO:			
Equity holders of the Company		**3,509,990**	2,784,863
Non-controlling interests		**541,857**	251,710
		4,051,847	3,036,573
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*10*		
– Basic and diluted		**HK78.30 cents**	HK62.12 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	2017	2016
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**4,051,847**	3,036,573
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**2,132**	(190)
Exchange differences:		
Exchange differences on translation of foreign operations	**2,174,658**	(1,922,087)
Realisation of exchange reserve upon partial disposal of a joint venture	**2,279**	–
	2,176,937	(1,922,087)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**2,179,069**	(1,922,277)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**6,230,916**	1,114,296
ATTRIBUTABLE TO:		
Equity holders of the Company	**5,359,796**	1,072,829
Non-controlling interests	**871,120**	41,467
	6,230,916	1,114,296

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2017

	Notes	2017 HK$'000	2016 HK$'000
NON-CURRENT ASSETS			
Investment properties		**165,133**	157,140
Property, plant and equipment		**4,025,016**	3,029,417
Prepaid land lease payments		**170,904**	152,091
		4,361,053	3,338,648
Goodwill		**1,747,451**	1,563,390
Intangible assets		**8,592,924**	5,686,374
Interests in joint ventures		**543,638**	345,353
Interests in associates		**248,002**	228,047
Gross amounts due from customers for contract work	*11*	**28,992,607**	19,464,201
Finance lease receivables		**17,817**	17,273
Other financial assets		**38,567**	33,332
Other receivables, deposits and prepayments	*12*	**8,866,435**	6,494,188
Deferred tax assets		**77,250**	53,732
Total non-current assets		**53,485,744**	37,224,538
CURRENT ASSETS			
Inventories		**509,825**	361,540
Gross amounts due from customers for contract work	*11*	**2,697,922**	1,569,027
Finance lease receivables		**550**	526
Debtors, other receivables, deposits and prepayments	*12*	**5,589,106**	3,337,241
Tax recoverable		**1,681**	1,259
Pledged bank deposits and restricted balances in financial institutions		**1,340,732**	653,054
Deposits with banks with maturity period over three months		**840,439**	43,964
Cash and cash equivalents		**8,657,193**	6,340,579
Total current assets		**19,637,448**	12,307,190

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2017

	Notes	**2017** **_HK$'000_**	2016 *HK$'000*
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	*13*	**8,505,257**	4,804,142
Interest-bearing borrowings			
– Secured		**1,309,485**	1,175,213
– Unsecured		**4,104,205**	3,236,961
		5,413,690	4,412,174
Tax payable		**114,273**	97,474
Total current liabilities		**14,033,220**	9,313,790
NET CURRENT ASSETS		**5,604,228**	2,993,400
TOTAL ASSETS LESS CURRENT LIABILITIES		**59,089,972**	40,217,938
NON-CURRENT LIABILITIES			
Other payables	*13*	**94,077**	93,610
Interest-bearing borrowings			
– Secured		**13,086,781**	9,311,894
– Unsecured		**12,953,532**	7,891,581
		26,040,313	17,203,475
Deferred tax liabilities		**4,312,044**	3,075,645
Total non-current liabilities		**30,446,434**	20,372,730
NET ASSETS		**28,643,538**	19,845,208
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**7,405,414**	7,405,414
Reserves		**15,148,865**	9,983,888
		22,554,279	17,389,302
Non-controlling interests		**6,089,259**	2,455,906
TOTAL EQUITY		**28,643,538**	19,845,208

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The accounting policies and basis of preparation adopted in the preparation of the financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2016 except for the effect for the adoption of the revised HKFRSs issued by the 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 committee.

The financial information relating to the years ended 31 December 2017 and 2016 included in this preliminary announcement of annual results 2017 do not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2017 in due course.

The Company's auditor has reported on the financial statements of the Group for the years ended 31 December 2017 and 2016. The auditor's reports for both years were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a significant financial effect on these financial statements.

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

3. OPERATING SEGMENT INFORMATION

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

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

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

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

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

3. OPERATING SEGMENT INFORMATION *(continued)*

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

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

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

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

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

During the year, the Group redefined its business divisions to align with its organisational structure for the purpose of managing its strategic direction. Accordingly, the segment information of certain subsidiaries previously included in the "Environmental energy project construction and operation" segment and the segment information of subsidiaries previously included in the "Envirotech" segment have been reclassified to the "Others" segment. Accordingly, the comparative segment information has been reclassified to conform to the current year's presentation.

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below.

For the year ended 31 December

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)						(Restated)		
Segment revenue:										
Revenue from external customers	**11,059,728**	7,784,189	**3,591,633**	2,494,037	**4,580,092**	3,025,940	**811,663**	667,038	**20,043,116**	13,971,204
Inter-segment revenue	**280**	–	**–**	–	**1,260**	–	**1,385,504**	867,519	**1,387,044**	867,519
Reportable segment revenue	**11,060,008**	7,784,189	**3,591,633**	2,494,037	**4,581,352**	3,025,940	**2,197,167**	1,534,557	**21,430,160**	14,838,723
Reconciliation:										
Elimination of inter-segment revenue									**(1,387,044)**	(867,519)
Reportable segment revenue derived from the Group's external customers									**20,043,116**	13,971,204

3. OPERATING SEGMENT INFORMATION *(continued)*

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

For the year ended 31 December

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
Segment results:										
Reportable segment profit (EBITDA)	**4,190,705**	3,269,755	**1,187,283**	843,973	**1,542,886**	1,020,204	**535,663**	446,486	**7,456,537**	5,580,418
Elimination of inter-segment profits									**(506,731)**	(433,718)
Reportable segment profit derived from the Group's external customers									**6,949,806**	5,146,700
Finance costs									**(938,280)**	(639,584)
Depreciation and amortisation, including unallocated portion									**(496,730)**	(312,954)
Unallocated head office and corporate income									**12,452**	18,981
Unallocated head office and corporate expenses									**(99,049)**	(114,420)
Consolidated profit before tax									**5,428,199**	4,098,723
Other segment information:										
Depreciation and amortisation	**66,916**	32,311	**95,079**	101,275	**204,635**	131,509	**108,179**	43,565	**474,809**	308,660
Additions to property, plant and equipment and prepayment of land leases during the year	**140,086**	41,873	**9,741**	11,865	**482,699**	371,854	**454,538**	75,692	**1,087,064**	501,284
Additions to intangible assets and non-current portion of prepayments during the year	**505,631**	1,108,593	**221,411**	988	**2,203,967**	1,535,093	**11,553**	24,147	**2,942,562**	2,668,821
Additions to non-current portion of other receivables and deposits and gross amounts due from customers for contract work during the year	**9,040,160**	5,691,340	**2,720,978**	1,773,307	**1,018,393**	553,427	**–**	–	**12,779,531**	8,018,074

3. OPERATING SEGMENT INFORMATION *(continued)*

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

For the year ended 31 December (continued)

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)						(Restated)		
Reportable segment assets	**35,080,691**	23,156,173	**17,803,411**	13,851,356	**14,391,500**	7,414,046	**3,296,266**	2,596,712	**70,571,868**	47,018,287
Non-current other financial assets									**38,567**	33,332
Unallocated head office and corporate assets									**2,512,757**	2,480,109
Consolidated total assets									**73,123,192**	49,531,728
Reportable segment liabilities	**15,499,633**	9,464,223	**9,507,685**	6,662,303	**5,658,705**	3,266,397	**2,064,657**	2,088,463	**32,730,680**	21,481,386
Unallocated head office and corporate liabilities									**11,748,974**	8,205,134
Consolidated total liabilities									**44,479,654**	29,686,520

3. OPERATING SEGMENT INFORMATION *(continued)*

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers, (ii) the Group's investment properties, property, plant and equipment, prepaid land lease payments and intangible assets and (iii) 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 investment properties, property, plant and equipment and prepaid land lease payments, 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.

	Revenue from external customers		**Investment properties, property, plant and equipment, prepaid land lease payments and intangible assets**		**Non-current portion of other receivables, deposits and prepayments and gross amounts due from customers for contract work**	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	–	**45,669**	50,062	**–**	–
Other parts of the People's Republic of China ("PRC")	**19,581,906**	13,844,287	**11,289,342**	8,238,318	**37,856,402**	25,946,362
Germany	**6,193**	5,995	**46,742**	43,814	**–**	–
Poland	**455,017**	120,922	**815,050**	692,828	**2,640**	12,027
Vietnam	**–**	–	**757,174**	–	**–**	–
Total	**20,043,116**	13,971,204	**12,953,977**	9,025,022	**37,859,042**	25,958,389

(iii) Information about a major customer

For the years ended 31 December 2017 and 2016, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue.

4. REVENUE

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

Revenue represents the revenue from construction services, revenue from environmental energy projects, environmental water projects and greentech projects operation services, finance income and others. The amount of each significant category of revenue recognised during the year is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Revenue from environmental energy project construction services	**8,178,207**	5,779,429
Revenue from environmental water project construction services	**2,111,292**	1,133,784
Revenue from greentech project construction services	**2,952,979**	2,073,986
Revenue from environmental energy project operation services	**1,548,830**	997,056
Revenue from environmental water project operation services	**879,137**	821,478
Revenue from greentech project operation services	**1,547,358**	914,988
Finance income	**2,013,650**	1,583,445
Others	**811,663**	667,038
	20,043,116	13,971,204

The aggregated revenues from environmental energy project construction and operation services, environmental water project construction and operation services, greentech project construction and operation services and finance income derived from the local government authorities in the PRC amounted to HK$18,643,331,000 (2016: HK$12,996,599,000) for the year ended 31 December 2017. The revenues are included in "Environmental energy project construction and operation", "Environmental water project construction and operation" and "Greentech project construction and operation" segments as disclosed in note 3 to the financial statements.

5. OTHER REVENUE, OTHER INCOME AND GAINS/(LOSSES), NET

An analysis of other revenue, other income and gains/(losses), net is as follows:

	2017	2016
	HK$'000	*HK$'000*
Other revenue		
Rental income	**6,047**	8,496
Interest income	**84,115**	46,439
Dividend income	**173**	8
Government grants*	**68,927**	36,045
Value-added tax refund**	**329,649**	311,170
Others	**66,321**	62,758
	555,232	464,916
Other income and gains/(losses), net		
Change in fair value of derivative financial instrument:		
Derivative financial instrument		
– transactions not qualified as hedge	**72,320**	(28,528)
Loss on disposal of property, plant and equipment, net	**(2,111)**	(11,247)
Loss on partial disposal of a joint venture	**(13,273)**	–
	56,936	(39,775)
Total	**612,168**	425,141

* Government grants of HK$68,927,000 (2016: HK$36,045,000) were granted during the year ended 31 December 2017 to subsidise certain environmental energy, environmental water and greentech projects of the Group in the PRC and Poland. There are no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future.

** Value-added tax refund of HK$329,649,000 (2016: HK$311,170,000) was received/receivable during the year ended 31 December 2017 in relation to certain environmental energy, environmental water and greentech project operations of the Group in the PRC. There are no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

6. FINANCE COSTS

	2017	2016
	HK$'000	*HK$'000*
Interest on bank loans and other loans	**919,598**	645,924
Interest on corporate bond	**22,971**	–
Interest on finance leases	**1,693**	561
Less: Interest expenses capitalised into construction in progress*	**(5,982)**	(6,901)
	938,280	639,584

* The borrowing costs have been capitalised at rates ranging from 4.4% to 4.9% (2016: 4.5% to 4.9%) per annum during the year ended 31 December 2017.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Depreciation	**218,828**	163,428
Amortisation		
– prepaid land lease payments	**4,659**	5,699
– intangible assets*	**273,243**	143,827
Research and development costs	**87,509**	54,180
Minimum lease payments under operating leases	**35,650**	17,384
Auditor's remuneration		
– audit services	**6,780**	4,040
– other services	**6**	480
Employee benefit expense (excluding directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**1,029,751**	758,918
Retirement scheme contributions	**199,394**	134,114
	1,229,145	893,032
Foreign exchange differences, net	**43,224**	72,742
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**348**	348

* Included in "Direct costs and operating expenses" on the face of the consolidated income statement.

As at 31 December 2017, the Group had no forfeited contributions available to reduce its contributions to the retirement schemes in future years (2016: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2017 (2016: Nil).

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

	2017	2016
	HK$'000	*HK$'000*
Current – Elsewhere:		
Charge for the year	**399,647**	306,673
Overprovision in prior years	**(12,726)**	(3,048)
Deferred	**989,431**	758,525
Total tax expense for the year	**1,376,352**	1,062,150

9. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividend attributable to the year:		
Interim – HK12.0 cents (2016: HK7.5 cents) per ordinary share	**537,926**	336,204
Proposed final – HK12.0 cents (2016: HK13.0 cents) per ordinary share	**537,926**	582,753
	1,075,852	918,957
Dividend paid during the year:		
Final in respect of the previous financial year –		
HK13.0 cents (2016: HK12.0 cents) per ordinary share	**582,752**	538,045

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.

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

The calculation of basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$3,509,990,000 (2016: HK$2,784,863,000), and 4,482,711,700 (2016: the weighted average number of approximately 4,483,124,000) ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2017 and 2016.

11. GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	2017	2016
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less anticipated losses	**40,055,403**	27,760,449
Less: Progress billings	**(8,364,874)**	(6,727,221)
Net contract work	**31,690,529**	21,033,228
Representing:		
Gross amounts due from customers for contract work		
– Non-current	**28,992,607**	19,464,201
– Current	**2,697,922**	1,569,027
	31,690,529	21,033,228

Included in "Gross amounts due from customers for contract work" are amounts of HK$366,039,000 (2016: HK$207,589,000) and HK$130,379,000 (2016: HK$134,484,000) which are due from a non-controlling shareholder of a non-wholly-owned subsidiary and a related company, respectively.

"Gross amounts due from customers for contract work" represent revenue from construction under Build-Operate-Transfer ("BOT"), Build-Transfer ("BT") and certain Build-Operate-Own ("BOO") arrangements or upgrade services under Transfer-Operate-Transfer ("TOT") arrangements and bear interest at rates ranging from 4.90% to 7.83% (2016: 4.90% to 7.83%) per annum. Among the total of HK$31,690,529,000 (2016: HK$21,033,228,000), HK$22,641,899,000 (2016: HK$15,502,312,000) relates to BOT, TOT and BOO arrangements with operations commenced. The amounts for BOT, TOT and BOO arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the service concession arrangements. The amounts for BT arrangements will be settled according to the respective repayment schedules as stated in the agreements.

12. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017	2016
	HK$'000	*HK$'000*
Debtors	**2,342,587**	1,377,070
Other receivables, deposits and prepayments	**12,112,954**	8,454,359
	14,455,541	9,831,429
Less: Non-current portion		
– other receivables, deposits and prepayments	**(8,866,435)**	(6,494,188)
Current portion	**5,589,106**	3,337,241

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

	2017	2016
	HK$'000	*HK$'000*
Current	**1,042,466**	817,304
Within 1 month past due	**81,669**	82,730
More than 1 month but within 3 months past due	**50,996**	38,343
More than 3 months but within 6 months past due	**51,375**	51,488
More than 6 months but within 12 months past due	**41,884**	84,226
More than 12 months past due	**87,347**	57,353
Amounts past due	**313,271**	314,140
Unbilled receivables*	**986,850**	245,626
	2,342,587	1,377,070

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

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

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**804,294**	661,422
More than 1 month but within 2 months	**130,252**	138,052
More than 2 months but within 4 months	**162,453**	86,841
More than 4 months but within 7 months	**54,742**	56,328
More than 7 months but within 13 months	**97,503**	70,600
More than 13 months	**106,493**	118,201
	1,355,737	1,131,444
Unbilled receivables*	**986,850**	245,626
	2,342,587	1,377,070

* Unbilled receivables represent government on-grid tariff subsidy receivables for certain projects which have newly commenced commercial operation. The amounts will be billed and settled upon completion of government administrative procedures.

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

Included in "Debtors, other receivables, deposits and prepayments" of the Group are debtors of HK$2,342,587,000 (2016: HK$1,377,070,000), of which HK$20,456,000 (2016: HK$19,600,000) and HK$10,937,000 (2016: HK$10,546,000) are due from a non-controlling shareholder of a non-wholly-owned subsidiary and a related company, respectively. Debtors mainly represent revenue from the provision of operation services for environmental energy projects, environmental water projects, greentech projects and manufacturing and sales of environmental protection project equipment. 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).

"Debtors, other receivables, deposits and prepayments" include balances totalling HK$8,639,805,000 (2016: HK$6,568,288,000) which bear interest at rates ranging from 4.90% to 7.83% (2016: 4.90% to 7.83%) per annum and relate to the Group's service concession arrangements, of which HK$223,931,000 (2016: HK$195,407,000) and HK$487,413,000 (2016: HK$458,525,000) are due from a non-controlling shareholder of a non-wholly-owned subsidiary and a related company, respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the service concession arrangements. No impairment loss was recognised by the Group at 31 December 2017 (2016: Nil).

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

Included in "Debtors, other receivables, deposits and prepayments" at 31 December 2017 are advances made to local government authorities in relation to service concession arrangements amounting to HK$142,236,000 (2016: HK$103,458,000) which are unsecured, interest-bearing at rates ranging from rates announced by the People's Bank of China to 110% of rates announced by the People's Bank of China, and will be settled by instalments from 2018 to 2026.

Included in "Debtors, other receivables, deposits and prepayments" at 31 December 2017 are advance of HK$163,878,000 (2016: HK$53,785,000) to the Group's joint venture for daily operation, which is unsecured, interest-bearing at 106% of rates announced by the People's Bank of China (2016: rates announced by the People's Bank of China) and repayable within one year, and advance of HK$65,417,000 (2016: Nil) to the Group's joint venture for daily operation, which is unsecured, interest-free and repayable on demand. Included in "Debtors, other receivables, deposits and prepayments" at 31 December 2016 were debtors of HK$153,574,000 due from the Group's joint venture, which were repayable on credit terms similar to those offered to the customers of the Group.

Included in "Debtors, other receivables, deposits and prepayments" at 31 December 2016 were prepayments of HK$33,504,000 to a non-controlling shareholder of a non-wholly-owned subsidiary for construction related works.

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

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	2017	2016
	HK$'000	*HK$'000*
Creditors	**6,375,531**	3,419,072
Other payables, accrued expenses and deferred income – government grants	**2,223,803**	1,450,152
	8,599,334	4,869,224
Derivative financial instrument – cross-currency swap	**–**	28,528
	8,599,344	4,897,752
Less: Non-current portion – other payables, accrued expenses and deferred income – government grants	**(94,077)**	(93,610)
Current portion	**8,505,257**	4,804,142

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

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

	2017	2016
	HK$'000	*HK$'000*
Within 6 months	**5,656,914**	3,047,205
Over 6 months	**718,617**	371,867
	6,375,531	3,419,072

Creditors totalling HK$6,004,018,000 (2016: HK$3,082,689,000) represent construction payables for the Group's BT, BOT and certain BOO arrangements, of which HK$1,188,000 (2016: HK$1,117,000) is due to a non-controlling shareholder of a non-wholly-owned subsidiary. The construction payables are not yet due for payment.

Included in "Other payables, accrued expenses and deferred income – government grants" at 31 December 2017 are other payables of HK$7,116,000 (2016: HK$1,555,000) due to the Group's associate and HK$22,444,000 (2016: Nil) due to a non-controlling shareholder of a non-wholly-owned subsidiary, respectively, which are unsecured, interest-free and repayable on demand.

The cross-currency swap was settled in 2017, when the Group paid HK$646,365,000 and received an agreed amount of Euro75,000,000.

14. COMPARATIVE AMOUNTS

As set out in note 3, certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an 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 Ernst & Young on the preliminary announcement.

BUSINESS REVIEW AND PROSPECTS

OPERATING RESULTS

In 2017, China's effort towards developing ecological conservation continued to bear fruit in the state and it also played a key role in participating in, contributing to and leading the global ecological progress. During the year under review, China implemented a number of important plans and policies related to ecological protection, including the 13th Five-Year Plan for Renewable Energy Development, the 13th Five-Year Plan for National Strategic Emerging Industries Development, and the "Belt and Road" Ecological Environment Protection Cooperation Plan, with an objective of accelerating green development and tackling serious environmental problems. Together with defusing major risks and targeting poverty alleviation, pollution control was named as one of the "three tough battles" that the country must fight. Evidently, China has accorded an unprecedented priority to the restoration of the ecological environment. Meanwhile, a government-led ecological and environmental management system also began to take shape, with industry players being the mainstay supported by participation from social organisations and members of the public. These developments motivated the domestic environmental protection industry to advance further. As a result, the environmental protection industry remains primed for rapid growth with increasingly vast potential for development.

As one of the leading enterprises in the environmental protection industry in China and the world, the Group assessed the prevailing circumstances with prudence during the year under review, and continued to leverage its talent, science and technology to drive the concurrent development of its six major business sectors, namely environmental energy, environmental water, greentech, envirotech, equipment manufacturing and international business. All business sectors have embarked on a dynamic development path towards a greater degree of specialisation, where each possesses its own unique characteristics and clear-cut operating position. Throughout the course of its business expansion, the Group has remained a firm belief in "An Enterprise is not only the Creator of Wealth but also the Safeguard of Environmental and Social Responsibility". It proactively undertook its social responsibilities by taking concrete steps towards creating greater social, environmental and economic benefits simultaneously. These efforts have laid a solid foundation to underpin a new level of development for the Group.

The Group also reached a new milestone in 2017. On 8 May 2017, it successfully spun off its greentech business on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEx"). This marked another breakthrough for the Group following the spin off of its environmental water business on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX") in 2014.

In terms of market expansion, during the year under review, the Group secured a total of 54 new projects and signed 3 supplemental agreements for projects' capacity expansion. These included 20 environmental energy projects and 2 supplemental agreements for 2 environmental energy projects' capacity expansion; 14 environmental water projects; 19 greentech projects plus 1 supplemental agreement for a greentech project's capacity expansion; as well as construction of Jiangsu Changzhou Equipment Manufacturing Project Phase III. The total investment of the new projects amounts to approximately RMB19,722,297,000. Both the number of projects and investment amount were the highest on record. With these, the Group further expanded its presence to 18 provinces or municipalities, covering over 120 locations in China, as well as overseas markets including Germany, Poland and Vietnam.

In terms of project construction, the number of project construction sites of the Group amounted to as many as 80 in 2017. During the year, 45 projects completed construction (of which, 37 projects commenced operation) and 40 projects started construction. Since entering into the environmental protection business, the Group remained committed to the principle of "First Class Quality, High Standards, Advanced Technology and Outstanding Efficiency". It also adopted a standardised and meticulous management approach in the overall project construction and operation process. The smooth progress of project constructions also drove a steady improvement in the Group's environmental service capabilities.

With a long-standing commitment to a philosophy of excellence in areas like operation, corporate governance and internal risks management, the Group considers it very important to develop a long-term risk prevention mechanism. During the year under review, it put in place a more professional environmental, safety, health and social responsibility ("ESHS") management system and risk management system across the Group. The implementation of these two major systems, which was based on information disclosure, aimed to control and prevent risks at their source. By deepening the implementation of these systems, the Group had been able to accelerate its organic growth and development. In addition, the Group firmly believes that talent is the driving force at the core of a corporate's development. During the year, it continued to develop and optimise its talent strategies, successfully nurturing a strong team with outstanding execution capabilities and creativity. The Group also further enriched its talent pool, as well as reinforced its overall talent management and core competitiveness.

Regarding sustainable development and corporate social responsibility, the Group took initiative to fulfill its responsibilities in practice, and unswervingly became a safeguard of the ecological environment. Since 1 January 2017, the Group has fulfilled its pledge to implement its "Four Steps" environmental information disclosure plan by taking the lead in disclosing its operating waste-to-energy projects' average gas emission levels on an hourly basis. By doing so, the Group made a new breakthrough in terms of information transparency and disclosure, and delivered its environmental and social responsibilities, and commitments with action. During the year under review, the Group further reinforced its projects served as better role models for environmental protection and the promotion of the circular economy. Many of its projects were selected as hubs for environmental protection education, as well as places that support the increasing interest in environmental science, offering themselves as industrial tourism attractions and acting as demonstration sites for the circular economy at national, provincial and municipal levels. During the year under review, the Group's environmental projects received over 120,000 domestic and foreign visitors from all walks of life. Through these visits, the general public learned in a more direct way about, and had a more positive view of, the environmental protection industry. Meanwhile, the Group's projects were praised and acknowledged by different groups in society for their excellent construction, operation and management.

In addition, the Group actively participated in and provided support for various charitable campaigns in environmental protection, philanthropy and community care, etc. During the year under review, it remained as the lead sponsor of the World Wildlife Fund for Nature — Hong Kong's Earth Hour campaign for the fourth consecutive year, and supported Heifer International Hong Kong branch's "Read to feed" fundraising program for the second academic year running. Moreover, China Everbright Greentech Limited ("Everbright Greentech") under the Group, sponsored the Hong Kong charity premiere of the BBC's global nature documentary "Earth: One Amazing Day". As far as community care is concerned, the Group's project companies have on a regular basis launched a wide range of charitable and science education and promotion campaigns, with a view to strengthening the ties and mutual support between the companies and the communities where the projects are located. It is worth mentioning that the Group's German Ground Solar Energy Project in Schönewalde, Eastern Germany has been not only been a stable electricity provider for the local area for many years, but also an active supporter of the construction of sports facilities for the local children.

During the year under review, the Group was granted various domestic and international awards due to its excellent performance in sustainable development, corporate governance and social responsibility, winning recognition and praise from both domestic and foreign capital markets as well as all sectors of the society. During the year under review, the Group was included in RobecoSAM's 2017 Sustainability Yearbook for the first time and was awarded the Silver Class Distinction, becoming the first company from mainland China and Hong Kong in recent years to have received the distinction. It was named "Most Honored Company" and was placed in the top three in several rankings in the 2017 All-Asia (ex-Japan) Executive Team rankings organised by Institutional Investor, an influential global finance magazine. Other important honors that the Group received included: Hong Kong Corporate Governance Excellence Awards – Award for Sustainability Excellence, Asia's Best CEO, Best Corporate Communications, Best Investor Relations Company, Corporate Social Responsibility Awards 2017 and Best Social Responsibility Brand, etc. Moreover, having been included in the Dow Jones Sustainability Index series for the first time in 2016, the Group was included in the Index series again in 2017. During the same year, it was included in the FTSE4Good Index for the first time, and selected as a constituent stock of the Hang Seng Corporate Sustainability Index and included in the Hang Seng (Mainland and HK) Corporate Sustainability Index for the fourth year running. Such achievements fully demonstrate that the Group is recognised as a leading player in sustainable development across China, Asia Pacific and even globally.

During the year under review, the Group continuously improved its core competencies, promoted the integration of international best practices into its technical standards, and actively strengthened communications and cooperation with its foreign peers, in order to drive forward the internationalisation of China's waste-to-energy technologies, and develop itself into the most prominent Chinese player in the global environmental energy sector. During the year under review, the Group was committed to sharing its successful experience in developing countries of applying the PPP (Public-Private Partnership) model to the environmental protection sector with countries along the "Belt and Road" route. It also continued to work with Columbia University to develop World Bank's guidelines for waste-to-energy projects, which not only showed that its technological capabilities were recognised by the international community, but also enhanced its influence in the global waste-to-energy sector. Moreover, the Group attended the inaugural meeting to establish the Waste-to-Energy Research and Technology Council-Asia (WTERT-Asia) in April 2017, with an aim to identify better operating models and share beneficial experiences with and promote advanced technologies to its international peers through this professional platform for exchanges, in order to achieve win-win results within the waste-to-energy sector through opening-up, cooperating and sharing.

In terms of operating results, the Group fully facilitated the development of its six major business sectors during the year under review with remarkable results. The Group's revenue and profits both recorded robust growth. In 2017, the Group's construction service revenue hit a record high, as the management of projects in the preparatory stage was strengthened and construction works were carried out steadily. The Group also saw continuous growth in revenue from operation services as it continued to reduce costs, expand its income streams and enhance efficiency. During the year under review, the Group's consolidated revenue amounted to HK$20,043,116,000, an increase of 43% over HK$13,971,204,000 in 2016. Profit attributable to equity holders of the Company for the year was HK$3,509,990,000, 26% more than HK$2,784,863,000 recorded in 2016. Basic earnings per share for 2017 were HK78.30 cents, HK16.18 cents more than HK62.12 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, the Group continued to expand its financing channels to boost its capital strength and provide diverse, long-term and stable financial support for it to progress to its next stage of development, while actively responding and adjusting itself to renminbi exchange rate volatility, with a view to propping up its sustainable development and meeting its capital demands for development in the mid- and long-term. In the first half of 2017, the Group raised HK$3.381 billion through the spin-off and separate listing of its greentech business. Meanwhile, China Everbright Water Limited ("Everbright Water") received approvals from the Shanghai Stock Exchange ("SSE") and the China Securities Regulatory Commission ("CSRC") to issue RMB-denominated corporate bonds ("Panda Bonds") with an aggregate principal amount not more than RMB2.5 billion in a single or multiple tranches to qualified domestic investors, and issued the First Tranche Panda Bonds with principal amount of RMB1 billion in July 2017. The proceeds from the bond issue have been used for the repayment of the existing indebtedness and replenishment of the general working capital. In addition, the Group obtained various kinds of financial subsidies from the government in China totaling RMB411 million, actively collected accounts receivables and negotiated with banks to obtain new loan facilities. As at 31 December 2017, the Group had cash on hand of HK$10,838,364,000, helping it to maintain a reasonable gearing ratio and a healthy financial position.

The Group remains dedicated to enhancing value for the shareholders of the Company (the "Shareholders"). To reward them for their support and to take into account the Group's need to achieve long-term sustainable development, the Board suggested a final dividend for the year ended 31 December 2017 of HK12.0 cents per share to the Shareholders. The total dividends for the year are to be HK24.0 cents per share (2016: HK20.5 cents per share).

Environmental Protection Business

Benefited from the support of environmental protection policies from the government, and riding on the rapid development of environmental protection industry, the Group's environmental protection business has constantly reached new levels. As at 31 December 2017, the Group secured 268 environmental protection projects with a total investment of approximately RMB72,892,846,000, while projects that completed construction commanded a total investment of approximately RMB36,476,077,000. Projects under construction commanded a total investment of approximately RMB19,150,935,000 and projects in the preparatory stage commanded a total investment of approximately RMB17,265,834,000.

During the year under review, the environmental energy, environmental water and greentech projects generated a total revenue of HK$19,231,453,000, of which construction service revenue increased by 47% to HK$13,242,478,000 and operation service revenue increased by 45% to HK$3,975,325,000, as compared with 2016. The proportions of revenue were as follows: construction service revenue 69%, operation service revenue 21% and finance income 10%.

Major financial data relating to the three major environmental protection business sectors for 2017 are summarised in the table below:

	2017				2016			
	Environmental Energy Projects	**Environmental Water Projects**	**Greentech Projects**	**Total**	Environmental Energy Projects	Environmental Water Projects	Greentech Projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Restated)			(Restated)
Revenue								
– Construction services	**8,178,207**	**2,111,292**	**2,952,979**	**13,242,478**	5,779,429	1,133,784	2,073,986	8,987,199
– Operation services	**1,548,830**	**879,137**	**1,547,358**	**3,975,325**	997,056	821,478	914,988	2,733,522
– Finance income	**1,332,691**	**601,204**	**79,755**	**2,013,650**	1,007,704	538,775	36,966	1,583,445
	11,059,728	**3,591,633**	**4,580,092**	**19,231,453**	7,784,189	2,494,037	3,025,940	13,304,166
EBITDA	**4,190,705**	**1,187,283**	**1,542,886**	**6,920,874**	3,269,755	843,973	1,020,204	5,133,932

The Group has placed equal emphasis on generating social and economic benefits, which involves committing itself to the task of environmental protection, fulfilling its social responsibility, actively promoting energy conservation and reducing emissions in order to achieve sustainable development at corporate and social levels. During the year under review, the Group processed 11,992,000 tonnes of household waste and 113,000 tonnes of hazardous waste, 1,685,000 tonnes of agricultural waste and generated 5,976,833,000 kWh of green electricity. This output can support the annual electricity consumption needs of 4,981,000 households, and is equivalent to saving 2,391,000 tonnes of standard coal and can reduce carbon dioxide (CO_2) emissions by 5,908,000 tonnes. Meanwhile, the Group treated 1,187,615,000 m^3 of waste water, 2,694,000 m^3 of leachate produced from waste-to-energy plants and reduced COD emissions by 400,000 tonnes. Since 2005, when the Group's first environmental protection project commenced operation, it has processed an accumulated 49,159,000 tonnes of household waste and 564,000 tonnes of hazardous waste, 4,135,000 tonnes of agricultural waste and generated 19,530,175,000 kWh of green electricity, which fulfilled the annual electricity consumption needs for 16,275,000 households, and was equivalent to saving 7,812,000 tonnes of standard coal, reducing CO_2 emissions by 21,367,000 tonnes, and preventing 2,538,923,000 trees from being cut down. The Group has treated an accumulated 6,999,443,000 m^3 of waste water and 9,584,000 m^3 of leachate produced from waste-to-energy plants, and reduced COD emissions by 2,428,000 tonnes.

I. ENVIRONMENTAL ENERGY

A. Environmental Energy

As at 31 December 2017, the Group had secured 75 waste-to-energy projects, 2 methane-to-energy projects, 3 sludge treatment and disposal projects, and 6 food waste treatment projects, with a total investment of approximately RMB34,942,057,000. These projects are designed with an annual household waste processing capacity of approximately 24,108,250 tonnes, which can generate annual on-grid electricity of approximately 7,551,890,000 kWh. The annual sludge treatment capacity is approximately 73,000 tonnes, while the annual food waste treatment capacity is approximately 237,250 tonnes.

During the year under review, the Group achieved excellent results in market expansion by building on its outstanding track record, advanced technology and a strong commitment to corporate social responsibility. The Group successfully tapped into two new markets, namely Shaanxi and Liaoning Provinces during the year. In addition, the Group actively supported its business development by taking on projects with different business models, including dismantling and redevelopment projects and "dual-entrusted" projects (entrusted construction and entrusted operation). In 2017, the Group secured 14 waste-to-energy projects, 2 supplementary agreements for waste-to-energy projects' capacity expansion, 4 food waste treatment projects and 2 sludge treatment and disposal projects, commanding a total investment of RMB8,009,211,000.

The Group's market development achievements during the year were largely attributable to the Group's effort in enhancing the operational transparency of its projects. The Group has set a new benchmark for the environmental protection industry in terms of information transparency and disclosure standards. Since the implementation of the "Four Steps" environmental information disclosure plan and the launch of "Open Days" for public visits, the Group had set a good example for the entire waste-to-energy industry: A number of its waste-to-energy projects, located in areas such as Nanjing, Zhenjiang, Wujiang and Yixing in Jiangsu Province, and also Yiyang in Hunan Province, have been recognised by local governments at provincial, municipal and county levels as hubs for environmental protection education and the popularisation of environmental science, demonstration sites for the circular economy, and industrial tourist attractions, among many other recognitions.

Regarding operation management, the Group fully leveraged its experience and strengths to ensure its projects complied with discharge standards and operated in a safe and highly efficient manner. To further enhance the quality of its staff and operation efficiency, all project companies actively participated in a number of activities, such as competitions on conserving, enhancing efficiency, saving energy and controlling cost, contests on technical skills, ESHS knowledge competitions and training on environmental monitoring. As a result, the electricity generation per tonne of waste and the comprehensive auxiliary power consumption rate met their target goals. In addition, the Group has built an electronic database for its environmental energy projects, which has helped promote more centralised management and enhanced the informatisation level of its projects.

In terms of project construction, the Group steadily pushed ahead with the construction of its environmental protection projects. During the year under review, 17 waste-to-energy projects and 2 food waste treatment projects completed construction and commenced operation. Among them, Nanjing Waste-to-energy Project, an important livelihood initiative in Jiangsu Province and Nanjing City, became the Group's largest operating waste-to-energy project in terms of processing capacity; whereas Shandong Laiwu Waste-to-energy Project formed a synergetic effect and shared resources with Laiwu Food Waste Treatment Project, which commenced operation at an earlier date, creating a new and comprehensive urban solid waste treatment solution. Guangdong Dongguan Machong Waste-to-energy Project was the Group's first "dual-entrusted" project, marking a new start for the Group's business model in entrusted construction and entrusted operational cooperation. Zhejiang Hangzhou Waste-to-energy Project's successful operation after the "Zhongtai Affair" in 2014 serves as a sound example of quelling the "Not in My Backyard Effect" (NIMBY) and helping the neighborhood feel the benefits. In addition, the Group made its foray into the solid waste treatment industry in Shaanxi Province as it secured Shaanxi Fuping Waste-to-energy Project. During the year under review, the Group's 18 waste-to-energy projects (including its first overseas waste-to-energy project, Can Tho Waste-to-energy Project in Vietnam), 1 sludge treatment and disposal project and 1 food waste treatment project commenced construction.

As at 31 December 2017, the Group had 43 operating waste-to-energy projects with a designed daily household waste processing capacity of 39,100 tonnes, and had 19 waste-to-energy projects under construction, representing a designed daily household waste processing capacity of 14,400 tonnes. In addition, the Group had 13 waste-to-energy projects in the preparatory stage with a designed daily household waste processing capacity of 12,550 tonnes.

During the year under review, the Group's environmental energy projects processed a total of 11,743,000 tonnes of household waste, an increase of 31% when compared with 2016. All projects generated a total 3,432,697,000 kWh of on-grid electricity, an increase of 39% when compared with 2016. Environmental energy projects contributed an EBITDA of HK$4,190,705,000, an increase of 28% when compared with 2016. Environmental energy projects contributed a net profit attributable to the Group of HK$2,697,881,000, an increase of 29% when compared with the previous year. The increase in profit was mainly attributable to the significant increase in construction service revenue during the year under review, as well as the increase in operation service revenue, which was boosted by continuing increases in the total processing volume of operating projects.

Major operating and financial data of the environmental energy projects in 2017 is summarised in the table below:

	2017	2016 (Restated)
Environmental energy projects		
Waste processing volume *(tonne)*	**11,743,000**	8,933,000
On-grid electricity *(MWh)*	**3,432,697**	2,473,110
EBITDA *(HK$'000)*	**4,190,705**	3,269,755

B. Environmental Protection Industrial Parks

During the year under review, the Group continued to uphold the philosophy of "Integrated Planning, Logical Arrangements, Efficient Land Utilisation and Centralised Handling", and followed its principle of "Implementing Projects with One Success Followed by Another" to advance the planning and construction of environmental protection industrial parks. It also strived to build the parks into modern environmental protection industrial parks, as well as transformed them into bases for promoting industrial tourism and environmental protection education.

As at 31 December 2017, the Group has built 12 environmental protection industrial parks featured with the Chinese characteristics. These industrial parks are located in Suzhou, Changzhou, Suqian, Zhenjiang New District, Yixing, Lianyungang Xuwei New District, Nanjing and Xinyi of Jiangsu Province, Weifang of Shandong Province, Ganzhou of Jiangxi Province, as well as Lankao County and Ruzhou City of Henan Province. In the future, the Group will adhere to its core value and principle of "Producing Quality Projects and Building a Quality Brand", and further advance the designs, operation and management of its environmental protection industrial parks.

II. ENVIRONMENTAL WATER

As at 31 December 2017, the Group had a 74.85% stake in Everbright Water, which is listed on the Mainboard of SGX. It has 76 municipal waste water treatment projects, 3 industrial waste water treatment projects, 1 sponge city construction project, 1 river-basin ecological restoration project, 2 water environment management projects, 1 water supply project, 5 reusable water projects, 2 waste water source heat pump projects, 2 sludge treatment and disposal projects, 87 kilometers of pipeline network and 10 pump stations, commanding a total investment of approximately RMB16,700,500,000. The projects are designed to have an annual waste water treatment capacity of approximately 1,551,250,000 m^3, provide an annual reusable water volume of 29,784,000 m^3. The waste water source heat pump projects are built to offer heating and cooling services to an area of 295,000 m^2. The water supply project has a designed daily water supply capacity of 370,000 m^3.

In 2017, the Chinese government focused on water environment management and introduced policies relevant to the treatment of black and odorous water bodies, sponge city constructions and the promotion of the PPP model, which helped to continuously create good opportunities and broad room for the development of China's environmental water services industry. During the year under review, based on its existing business locations, Everbright Water developed its businesses according to different levels and importance to continuously expand into new geographic and business areas by proactively utilising the advantages of various resources to achieve significant business progress. Everbright Water secured 14 new projects, with a total investment of approximately RMB6,080,950,000, which increased its market share in existing business locations, further enhancing its regional competitive advantages during the year. Everbright Water also got its first ever project in Guangxi Zhuang Autonomous Region and Hubei Province respectively. In terms of business development, Everbright Water further focused on the comprehensive restoration of river-basin areas, and showed determination to enhance its innovative capabilities within technology and promote the stable development of its new businesses, including integrated water environment restoration, sponge city construction, sludge harmless treatment, urban-rural water supply, among others, forging ahead towards establishing benchmark projects for water environment management.

As for technology R&D, during the year under review, Everbright Water upheld the ethos of "Technology Leads Development", and further increased its investment in technology R&D. Many research projects under Everbright Water's Water Environment Research Centre have made considerable progress. Key technological breakthroughs and accomplishments included those relating to biological deodorisation systems, low-temperature sludge drying, ozone catalytic oxidation, biological aerated filters and rainwater treatment systems, among others. As for collaborations with institutions and research institutes, Everbright Water formed partnerships with universities and research institutes such as Tsinghua University and Nanyang Technological University in Singapore, as well as with corporate partners. This helped to tackle difficult technological problems, and resulted in the implementation of water environmental technology, closely coordinating business development and creating new development engines.

As for project construction, during the year under review, Everbright Water strived to make progress, with 11 new projects under construction and 14 projects completed construction, of which 10 have commenced operation. In addition, during the year under review, 8 waste water treatment projects effected tariff hikes within the range of 8% to 86%. In order to guarantee the quality and efficiency of project constructions, Everbright Water amended a couple of corporate policies and regulations during the year under review, establishing several professional technology teams to enhance project construction proficiency.

As for project operation, during the year under review, Everbright Water adjusted its management structure, fully implemented the ESHS management system, enhanced the standardised management system and launched the pilot programs of its "Wise Water" operational management system. These measures improved Everbright Water's project operational proficiency, promoting an informationised, integrated and intelligent operation management system that focuses on water environmental services.

In order to optimise the funding and financing structure, during the year under review, Everbright Water explored and implemented new approaches to obtaining investment capital. With approval from SSE and the CSRC, Everbright Water issued Panda Bonds in China of up to RMB2.5 billion in aggregate principal amount. In the second half of the year, Everbright Water issued its first tranche of Panda Bonds with a principal amount of RMB1 billion, bearing a coupon rate of 4.55% for a five-year maturity, which will provide support for Everbright Water's stable development. In addition, Everbright Water also replaced its short-term debt with long-term debt and further lowered its financing costs.

As at 31 December 2017, Everbright Water had 65 household waste water projects in operation, 3 industrial waste water treatment projects in operation, and 5 household waste water projects that had completed construction, with a total designed daily waste water treatment capacity of 3,835,000 m^3. In addition, Everbright Water had a number of projects under construction, including 4 household waste water treatment projects, 4 water environment management projects, and 1 water supply project.

During the year under review, the environmental water projects treated 1,187,615,000 m^3 of waste water (2016: 1,148,279,000 m^3). Environmental water projects contributed an EBITDA of HK$1,187,283,000, an increase of 41% when compared with the same period in 2016. Environmental water projects contributed a net profit attributable to the Group of HK$397,434,000, an increase of 46% when compared with 2016. The increase was mainly due to the significant growth in revenue driven by continual expansion of the business.

Major operating and financial data relating to the Group's environmental water projects during 2017 are summarised in the table below:

	2017	2016
Environmental water projects		
Waste water treatment volume *('000 m^3)*	**1,187,615**	1,148,279
EBITDA *(HK$'000)*	**1,187,283**	843,973

III. GREENTECH

As at 31 December 2017, Everbright Greentech, in which the Group has a 69.70% stake and is listed on the Main Board of HKEx, has 82 projects, including 44 integrated biomass utilisation projects, 29 hazardous waste treatment projects, 7 solar energy projects and 2 wind power projects, commanding a total investment of approximately RMB19,758,163,000. The aggregate annual designed processing capacity of biomass raw materials was approximately 8,449,800 tonnes; the annual designed household waste processing capacity was approximately 2,281,250 tonnes; the annual designed hazardous waste processing capacity was approximately 674,150 tonnes; the annual designed on-grid electricity generation was approximately 6,535,629,000 kWh; and the annual designed heat supply was approximately 1,752,000 tonnes.

Everbright Greentech successfully completed its spin-off and was listed on the Main Board of HKEx on 8 May 2017. It was widely recognised by the capital market within a few months following its spin-off, with it being included in the Hang Seng Composite Index, Hang Seng Stock Connect Hong Kong Index and MSCI China Shares Small Cap Index. In terms of business development, Everbright Greentech closely follows the country's policies and plans, including China's "Ecological Civilisation" and "13th Five-Year Plan". Riding on the opportunities arising from environmental protection policies, such as the "13th Bioenergy Development Five Year Plan" and the "Clean Soil Action Plan", and by relying on innovation advancement, including the introduction of new technologies and manufacturing processes, Everbright Greentech initiated an innovative model that provides integrated treatment of agricultural and household waste, which encouraged the steady development of its projects. In addition, Everbright Greentech became one of the founders of China Biomass Energy Association within the year, demonstrating its growing position and influence in the industry.

In terms of market expansion, Everbright Greentech hit a new record in terms of the number of new projects in 2017, securing 19 projects and signing 1 supplementary agreement for an urban-rural integration project's capacity expansion, with a total investment of approximately RMB5,473,136,000. Everbright Greentech further strengthened its market position in existing project locations, including Jiangsu, Anhui, Henan, Hubei and Shandong Provinces. As it continued to develop existing business areas, Everbright Greentech achieved another breakthrough by securing a rigid structure waste landfill project for its hazardous waste treatment business segment.

In terms of project construction, Everbright Greentech has made steady progress during the year under review, with 12 projects completed construction, of which 8 projects commenced operation. Among these projects, Anhui Lingbi Integrated Biomass and Waste-to-energy Projects commenced operation within the year. By sharing resources such as the main plant, the power grid system, the water supply and drainage system, the cooling system, the central control system and the management team, the projects were able to maximise the environmental service output and enhance the overall investment return and competitiveness, providing a valuable experience for other projects of the same type. During the year under review, Everbright Greentech had 9 projects which commenced construction, including 7 integrated biomass utilisation projects and 2 hazardous waste treatment projects. The annual designed total processing capacities of biomass materials, household waste and hazardous waste will increase by 1,050,000, 620,500 and 23,000 tonnes respectively following the commenced operation of these projects. In addition, there were 35 projects in the preparatory stage, including 18 integrated biomass utilisation projects (with an annual designed biomass processing capacity of approximately 3,430,000 tonnes, an annual designed household waste processing capacity of approximately 894,250, and the annual on-grid electricity of 2,672,382,000 kWh) and 17 hazardous waste treatment projects (with an annual designed processing capacity of 480,170 tonnes).

During the year under review, the Group's greentech projects provided a total on-grid electricity of 1,667,503,000 kWh, an increase of 87% compared with 2016. Greentech projects contributed an EBITDA of HK$1,542,886,000, an increase of 51% compared with 2016. Greentech projects contributed a net profit attributable to the Group of HK$785,918,000, an increase of 19% compared with 2016. The increase in profit was mainly due to the significant increase in both the construction service revenue and the operation service revenue compared with 2016.

Major operating and financial data of the greentech projects in 2017 are summarised in the table below:

	2017	2016
Greentech projects		
Waste processing volume *(tonnes)*	**249,000**	74,000
Biomass raw materials processing volume *(tonnes)*	**1,685,000**	728,000
Hazardous waste processing volume *(tonnes)*	**113,000**	98,000
On-grid electricity *(MWh)*	**1,667,503**	891,407
EBITDA *(HK$'000)*	**1,542,886**	1,020,204

IV. ENVIROTECH

In 2017, the Group witnessed the transformation and development of its envirotech business sector. By adhering to its principle of driving development with technology and innovation, the Group's envirotech business sector was fully committed to enhancing its core technological competencies and scientific technologies as it entered a new phase of development, seeking to transform the Group from a traditional company into a modern high-tech enterprise.

During the year under review, the envirotech complex in Nanjing was fully put into use and successfully developed into a R&D platform for the Group. Operating as a center for R&D, design, technology management and international communications, and as a display of technological achievements, the complex serves to centralise the management of two institutes, three research facilities and one center. The two institutes comprise a research institute and a design institute, while the three research facilities are the Environmental Energy Research Institute, the Environmental Water Research Institute and the Greentech Research Institute. Together with the Analysis and Testing Center, the envirotech complex makes a major contribution to research efficiency and acts as the Group's R&D hub.

During the year, the Group became a founding member of WTERT-Asia, with an aim to push for the advancement of waste-to-energy technology and management models in Asia Pacific, and organised its Inaugural Meeting. Through the meeting's and WTERT-Asia's professional communications platforms, the Group has been able to share the virtues of its advanced technology and successful experience in relation to waste-to-energy with its peers, as well as to promote the long-term development of the waste-to-energy sector in countries in Asia-Pacific region and along the "Belt and Road" route. The Group has also benefited from the establishment of WTERT-Asia to enhance its technical knowledge and its R&D and management teams' advanced ideas, nurturing a capable talent pool with an international vision.

During the year under review, the envirotech business sector launched a number of R&D projects and made significant progress in certain researches. Specifically, the standard prototype unit of the Group's self-developed 850 tonnes/day grate furnace was manufactured to meet technical standards and became ready for mass production. The standard prototype unit of the reciprocating water-cooled biomass grate furnace was designed, manufactured for trial and passed the cold test. The plasma melting system for hazardous ash treatment fulfilled the criteria for production. The optimised auto combustion control ("ACC") system for grate furnaces met its design targets and has been deployed in the Group's projects. A new corrosion-proof technology was developed to be used in the water-cooled walls and super-heaters of boilers with high parameters. In addition, waste incineration projects with high parameters were able to meet systematic operation standards. With regards to environmental water, the design and manufacturing process of low-temperature sludge drying prototype units was completed and proved to be effective during operation.

The Group continues to strengthen its collaboration with higher education and research institutions to enhance its holistic competitiveness. During the year, the Group reinforced its strategic partnership with Zhejiang University through the official co-founding of the "National Engineering Lab of Waste Incineration and Equipment", through which the two sides cooperated on ultra-low flue gas emissions from waste incineration and optimisation of the computational fluid dynamics ("CFD") of biomass grate furnaces. Apart from this, the Group also strengthened its partnerships with renowned local and overseas academic institutions and scientific research institutes, including Tsinghua University, Tongji University and Nanyang Technological University in Singapore.

During the year under review, the Group was granted 9 software copyright licenses and 91 patents, of which 9 were invention patents and 82 were utility invention patents.

V. EQUIPMENT MANUFACTURING

The equipment manufacturing sector was split as an independent business sector in 2017. During the year under review, the Group transformed the equipment manufacturing sector into a more energetic and competitive brand called "Intelligent Manufacturing by Everbright International" by redeveloping its marketing structure, enhancing its engineering design capabilities, adjusting its service models and improving its supply chain management.

The Group has currently established an integrated waste-to-energy system with a full set of intellectual property rights, covering grate furnaces, gas purification systems, leachate treatment systems and automatic control systems. The Group launched a series of cutting-edge products that demonstrate its technological strengths in environmental protection equipment manufacturing in China, which shows that it not only commands a top-tier position in the domestic environmental protection industry, but has also successfully strengthened its influence in the industry abroad.

During the year under review, the Group has witnessed a remarkable growth in its R&D, manufacturing, sales, technical consultation and after-sales services of environmental protection equipment. In 2017, the Group completed the production of and commissioned 44 sets of grate furnaces, 28 sets of flue gas purification systems and 28 sets of leachate treatment systems in tandem with the construction progress of the Group's projects. In terms of external sales, through securing new customers and building good relationships with existing customers, the Group secured contracts with a total contract value of approximately RMB816 million and sold 60 entire sets of equipment, consisting of 35 sets of grate furnaces, 17 sets of flue gas purification systems and 8 sets of leachate treatment systems.

The opportunities presented by China's "Belt and Road" initiative, and favorable policies relating to high-end equipment manufacturing, have provided support for the Group's core and self-developed equipment to become the environmental protection equipment of choice in the industry, facilitating the Group to raise the profile and reputation of the "Intelligent Manufacturing by Everbright International" brand.

VI. INTERNATIONAL BUSINESS

In the spirit of the Chinese government's "Belt and Road" initiative, during the year under review, the Group established its international business as an independent business sector. This laid a solid foundation from which it can further expand and grow in the overseas market.

Leveraging its advantages in investment, operation, management, technology and equipment, as well as through its understanding of the needs and goals for environmental protection, the local investment environment and growth potential of different markets, the Group embraced a more open attitude towards its market development strategies. In order to achieve win-win results overseas, the Group sought collaborations across a wider-range of areas, and took full advantage of its partnerships and network. Under the guidance of the national development strategy, during the year under review, the Group engaged in a series of fruitful activities along the "Belt and Road" route, in areas such as Southeast Asia, South Asia, Central and Eastern Europe as well as the Middle East. This helped the Group accumulate invaluable overseas market development experience and achieve substantial progress, while empowering it to introduce its self-developed equipment, technology and operating management experience abroad.

During the second half of 2016, the Group completed the acquisition of Novago sp. z o.o. ("Novago"), a leading solid waste treatment company in Poland. As the Group's first overseas acquisition project, the acquisition of Novago was not only beneficial for the Group in terms of the experience in conducting a foreign M&A transaction and implementing post-acquisition management, but also supported the development of the Group's international team. 2017 marked the first full financial year since the acquisition of Novago. After going through a period of integration during the year, Novago successfully seized upon the synergies with the Group's businesses, and was selected as one of the top ten "Belt and Road" PPP demonstration projects by the National Development and Reform Commission. During the year under review, Novago's revenue was HK$455,017,000 and it contributed an EBITDA of HK$146,944,000. Looking forward, the Group will continue to leverage existing strengths in mechanical and biological treatment ("MBT") and market development capabilities to extend its value chain and promote the application of the Group's advanced technical experience in environmental protection, renewable energy and equipment manufacturing in the environmental protection sector of Central and Eastern Europe.

In addition, the Group's first overseas waste-to-energy project, Can Tho Waste-to-energy Project in Vietnam, commenced construction during the year under review. Supported by various government departments, partners and local residents in Can Tho, the Group has shown a high-level of professionalism in the way it pushed forward preparations for the Can Tho Project, strictly following Vietnamese laws and regulations, and completed all the preliminary procedures within only half a year. The project is expected to complete construction and commence operation in 2018, becoming Vietnam's first high-standard household waste-to-energy project.

BUSINESS PROSPECTS

At the half-way point of the 13th Five-year Plan, China further emphasised and deepened its commitment to environmental management by implementing various policies on ecological and environmental management and protection, reinforcing its environmental protection surveillance activities. This will help the country to steadily move forward with a vision to build a "Beautiful China". At the beginning of 2018, many new national policies on environmental protection were implemented, which further upgraded the standardisation and systemisation of environmental protection measures, and activated development opportunities for relevant industries.

In the new year, the Group will proactively respond to the country's call for "lucid waters and lush mountains to be treated as invaluable assets", and will follow the country's "Belt and Road" initiatives. As a leader and pioneer in China's environmental protection industry, the Group leverages talent, science and technology, upholds its "Technology Leads Development" ethos as its main development theme, and continues to implement its strategy of "Expanding from Coastal Areas to Inland Cities, from Cities to Rural Areas, and from Domestic to Overseas Markets". As a devoted player, the Group will further enhance the existing market and proactively expand into new regions, further optimising its six major business sectors' development trajectories, simultaneously promoting their developments. Meanwhile, the Group will proactively look for new business opportunities in areas such as atmospheric monitoring and the "Smart Environment".

The environmental energy sector will build upon its leading status in the domestic market, and make use of its advantages and experience in technology, management, and market development. Meanwhile, it will explore development opportunities overseas. The environmental water sector will grasp opportunities arising from government policies, seeking breakthroughs in technology R&D in order to enhance its core technological capabilities, which will boost the constant growth of its business. The greentech sector will maintain its focus on innovation and pursuing organic growth, seizing upon opportunities presented by policies and industry trends to further drive its business development forward. The envirotech sector will make use of its efficiency as a platform for technology R&D, providing first-class technical support to the Group's other business sectors. The equipment manufacturing sector will follow its "in-house research and development, technology imports, collaborations with institutions and research institutes" path to further improve effectiveness, cost control, and promote sales growth both domestically and overseas. The international business sector will closely follow the country's overseas development strategies, such as the "Belt and Road" initiative, to develop overseas business experience, and continuously seek good opportunities to export self-developed equipment, technologies and operational management services overseas.

Meanwhile, the Group will continue uphold its core value of "An Enterprise is not only the Creator of Wealth, but also the Safeguard of Environmental and Social Responsibility". Relying on its influence and power in the environmental protection industry, the Group will practice what it preaches by being a corporate citizen that fulfills its promise to relevant regions and stakeholders, such as the environment and communities.

Looking ahead, the Group will seize opportunities arising from the country's efforts to boost ecological conservation and continuously devote itself to the environmental protection industry. The Group will continuously strive for stable growth by fully promoting the sustainable development at corporate and social levels. The Group will also uphold the concept of "Taking Quality as the Top Mission and Keeping Efficiency as the Priority with Support by Scale", achieving growth in both scale and efficiency. We will continue to pursue our development in a market-oriented, international and professional manner. We will strive to further enhance our business strengths, seek to diversify our businesses, extend our business chain, increase R&D investment, recruit talent worldwide, and optimise our business model, in order to build up a world-class enterprise that focuses on ecological and environmental protection in five years, enhance long-term value for our investors and shareholders. We will also endeavor to contribute to the sustainable development of China and the world. The management of the Group firmly believe that by leveraging the strong capabilities and resources of our parent company, China Everbright Group Ltd., together with the recognition and support from the society, the Group will be able to grasp opportunities in 2018, and ride the tide to sail forward to its new glorious future!

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

In 2017, the Group's consolidated revenue amounted to HK$20,043,116,000, an increase of 43% over HK$13,971,204,000 in 2016. The increase in revenue was mainly attributable to the construction of a number of sizable projects bringing higher construction service revenue and rise in operating service revenue as a result of continuous increment of operating capacity. Consolidated gross profit was HK$7,132,515,000, an increase of 34% over HK$5,309,566,000 in 2016. The Group's consolidated gross margin slightly decreased by 2 percentage points to 36% as compared with last year mainly due to the increase in the proportion of construction service revenue which has a lower gross margin. The EBITDA amounted to HK$6,863,209,000, an increase of 36% over HK$5,051,261,000 in 2016. Profit attributable to equity shareholders of the Company for 2017 was HK$3,509,990,000, 26% more than HK$2,784,863,000 as compared to last year. Basic earnings per share for 2017 were HK78.30 cents, HK16.18 cents more than the HK62.12 cents in last year.

FINANCIAL POSITION

As at 31 December 2017, the Group's total assets approximately amounted to HK$73,123,192,000 with net assets amounting to HK$28,643,538,000. Net asset value per share attributable to equity holders of the Company was HK$5.031 per share, representing an increase of 30% as compared to HK$3.879 per share as at the end of 2016. As at 31 December 2017, gearing ratio (total liabilities over total assets) of the Group was 61%, an increase of 1 percentage point as compared with that of 60% as at the end of 2016.

FINANCIAL RESOURCES

The Group adopts a prudent approach on cash and financial management to ensure proper risk control and low cost of funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 31 December 2017, the Group had cash and bank balances of HK$10,838,364,000, representing an increase of HK$3,800,767,000 as compared to HK$7,037,597,000 at the end of 2016. Most of the Group's cash and bank balance, representing approximately 98%, was denominated in Hong Kong dollars and Renminbi.

BORROWINGS

The Group is dedicated to enhancing the ways of financing and improving banking facilities to reserve funding to support the development of the environmental protection business. As at 31 December 2017, the Group had outstanding borrowings of HK$31,454,003,000, representing an increase of HK$9,838,354,000 as compared to HK$21,615,649,000 at the end of 2016. The borrowings included secured interest-bearing borrowings of HK$14,396,266,000 and unsecured interest-bearing borrowings of HK$17,057,737,000. The borrowings are mainly denominated in Renminbi, representing approximately 52% of the total, and the remainder is denominated in Hong Kong dollars, US dollars and Polish zloty. Most of the borrowings are at floating rates. As at 31 December 2017, the Group had banking facilities of HK$44,520,082,000, of which HK$14,289,707,000 have not been utilised. The banking facilities are of 1 to 21 years terms.

FOREIGN EXCHANGE RISKS

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

PLEDGE OF ASSETS

Certain banking facilities of the Group were secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plants and equipment, and prepaid land lease payments and the equity interests of certain subsidiaries of the Company. As at 31 December 2017, the aggregate net book value of assets and equity interests in subsidiaries pledged amounted to approximately HK$25,968,288,000.

COMMITMENTS

As at 31 December 2017, the Group had purchase commitments of HK$3,963,361,000 outstanding in connection with the construction contracts.

CONTINGENT LIABILITIES

As at 31 December 2017, the Company granted financial guarantees to four subsidiaries. The Board does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2017 for the provision of the guarantees was HK$1,702,634,000.

INTERNAL MANAGEMENT

The Group adheres to its management principle of "People-oriented, Pragmatism, Creativity and Systematic Management" and is committed to building a comprehensive risk management culture. The Group develops the risk management model of "Integration of Policy, Procedure and System with Risk-oriented" to strengthen management and control risk more comprehensively. During the year under review, the Group issued various management rules including Risk Management Policy, Risk Management Practice Handbook, Risk Management Practice Guidance for the year of 2017. Meanwhile, the Group has arranged the inspection of risk management key tasks and activated the evaluation of internal control. All these aim at strengthening the overall risk management and increase the risk management capability. With the combined efforts of the Risk Management Advisory Committee for investment projects, the Engineering and Technology Management Committee, the Budget Approval Management Committee, the Tender Management Committee and ESHS Management Committee, the Group has formulated strict regulations on investment in, and the construction and operation of, environmental protection projects to enhance the overall risk management.

During the year under review, the Group held management meetings on a monthly basis to review the investment proposals of newly developed projects in the PRC and overseas as well as all projects under construction and operation. In addition, the Company's Internal Audit Department conducted internal audits and ensured the strict enforcement of various management systems to enhance internal management standards. Since the beginning of this year, the Group has been continuing to focus on carrying out projects which are currently under construction or in the preparatory stage, and went through formalities to ensure that all projects meet their legal obligations during construction and operation.

During the year under review, the Group has organised various safety evaluations and a series of activities during the safety production month to ensure all the projects under construction and in operation have complied with the safety related policies. With a commitment to maintaining safe and stable operations in compliance with discharge standards, and with the goal of ensuring no major safety and environmental accidents, the Group encouraged the project companies to compete with each other on conserving, enhancing efficiency, saving energy and controlling costs. Meanwhile, the Group has organised the contests on technical skills between different districts as well. The comprehensive auxiliary power consumption rates of waste-to-energy projects, integrated biomass utilisation projects and solar energy projects, as well as the unit operating cost of waste water treatment projects, continued to decline, contributing to an improvement in project efficiency.

HUMAN RESOURCES

Human Resources are the key strategy of corporate development which requires appropriate personnel to execute this core strategy. The Group highly values its human resources and puts great emphasis on staff training. It believes that realising the full potential of its employees is crucial to its long-term growth. The Group continued to improve its human resources through internal training as well as local, overseas, and on-campus recruitment. During the year under review, to cope with its development, the Group continued to enhance the ESHS management system, risk management system by organising training on Risk Management Tool Usage, Performance Appraisal System, Corporate Large Database Usage and there are over 300 finance staff to attend the annual finance training. All these have been enhanced the overall quality of our staff. To facilitate the integration of newly recruited staff, the Group held the 18th to 21th execution trainings for more than 1,300 participants. A total of 43 management and senior technical staff have completed the Tsinghua University CEO Course (the 6th session) in August 2017; and 7th session of the course, which was joined by 56 participants, already started in October 2017. To ensure that employees' development meets the objectives of the Group's sustainable development of the business, the Group continued to enrich its management level talent pool across its six major business sectors. There are over 550 management who will be the main and new power to support the future development of the Group. Through competition and selection processes, new project leaders and department heads were selected, staff members were highly motivated, and the sessions allowed those who have passion and vision to grow and unleash their potential in the right job positions.

As at 31 December 2017, the Group had approximately 8,000 employees. Employees within the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from a discretionary performance bonus, the Group also provides other benefits such as medical insurance and a mandatory provident fund scheme to employees in Hong Kong.

PRINCIPAL RISKS AND UNCERTAINTIES

During the year under review, the Group continuously implemented relevant work of the risk management system. It formulated the "Everbright International Risk Management Operation Manual" according to the requirements of "Everbright International Risk Management System". It also adequately identified and assessed the principal risks faced during the year, which included construction project management risk, overseas market risk, recruitment risk, not-in-my-backyard risk, policy changing risk, accounts receivable risk, financing management risk, ESHS risk, competitive advantage risk and staffing risk. Based on the results of risk assessment, the Group formulated and implemented effective control measures, resulting in the downward trend in the risk level of most of the principal risks. However, due to external uncontrollable factors and multiplicity of risk, the risk level of overseas market risk and accounts receivable risk remained unchanged while the risk level of policy changing risk was on the rise.

No	Risk	Effectiveness of control measures	Change in Risk Level
1	Construction project management risk	Effective	↓
2	Overseas market risk	Partially effective	↔
3	Recruitment risk	Effective	↓
4	Not-in-my-backyard risk	Effective	↓
5	Policy changing risk	Partially effective	↑
6	Accounts receivable risk	Effective	↔
7	Financing management risk	Effective	↓
8	ESHS risk	Effective	↓
9	Competitive advantage risk	Effective	↓
10	Staffing risk	Effective	↓

Construction project management risk: The recent spate of construction site accidents in the PRC highlighted the construction project management risk. The risk of safety incidents might be arisen from the failure of supervision and project management, unqualified contractors and negligence of site management staff. The Group's existing rules and regulations for project construction are comprehensive and in compliance with actual management requirements. Duties of the supervising unit and the vetting procedures for on-site workers are discharged effectively. Special skilled workers need to pass strict qualification examinations. According to the characteristics of different construction stages, the Group set up effective assessment mechanisms of progress to ensure the reasonable progress of construction works. In respect of construction in progress, the Group will carry out routine safety and environmental inspections and audits so as to timely identify potential problems and assign the responsibility to the person in charge. The current control measures are adequate and effective. Such risk is in targeted control with its risk level on a downward trend.

Overseas market risk: Overseas business is easily affected by the instability of the local politics and policies. Considering the Group's overseas business continuously develops, and business development expands further and deeper, the Group may face such risk and the increasing difficulty in developing overseas markets. Through professional consultants, the Group has a better understanding on the political, economic, legal and business environment, and industry background of target areas. The Group has compiled "Guideline on supervision and operation of overseas investment projects", "Guideline on financial supervision of overseas investment projects" and "Policy on management of interest rate and exchange rate risks", etc. which facilitate the implementation of proper procedures and compliance for overseas business, as well as strengthening the supervision and management of interest rate and exchange rate risks. Besides the Group tends to select local enterprises or international organisations with strength and good reputation as long-term cooperation partners to jointly develop overseas markets and facilitate the sharing of risks and resources. The existing control measures are partially effective. Due to the ever-changing nature of overseas market and the unexpected traits of risks, the risk level remained unchanged.

Recruitment risk: As the Group is under rapid development, the demand for talent is increasing. Given the inadequate supply of experienced workers in the market, as well as the restrictions on salary or workplace (e.g. remote areas, overseas), the Group might find it difficult to recruit staff. The Group enhances recruitment efficiency and expands recruitment channels through professional recruitment agencies, while increasing campus recruitment through cooperation with reputable universities to recruit talent. To cope with the demand of our business development, we will formulate "Guidance book on human resources management" or "Guidance book on recruitment" on the business sector level to enhance the recruitment strategy. The existing control measures are adequate and effective. Such risk is in targeted control with its risk level on the downward trend.

Not-in-my-backyard risk: With the enhancement of environmental awareness and safety awareness, the public's misunderstanding over the construction of waste-to-energy projects and waste water treatment projects are increasing, which is likely to affect the Group's development. In the location of its projects, the Group keeps close communication with local government and surrounding community, enhances its corporate promotion, promotes environmental protection awareness and environmental standard compliance positively, adheres to opening-up to the public and clears up public misunderstanding over environmental protection projects through personal experience. Meanwhile, the Group strictly complies with the requirements of the Ministry of Environmental Protection ("MEP") on waste-to-energy projects by "Installing CEMS (continuous emission monitoring system), real time displaying pollutant emission and operating data and on-line connection the CEMS with the MEP", as well as the Company's requirements on information disclosure, which ensures stable operation and emissions in compliance with discharge standards. The existing control measures are adequate and effective. Such risk is in targeted control with its risk level on the downward trend.

Policy changing risk: Environmental policy tends to be tight and strict and governments have been setting more stringent requirements on pollutant emissions, resulting in increasing operating costs. Meanwhile, future adjustments to industry policy might present challenges to the stability of the Group's operation. The Group always controls the pollutants emission in compliance with Euro 2010 standard. It keeps communicating with the national/industry standard authorities and industry associations, pays particular attention to the formulation and promulgation of relevant laws and regulations, policies and standards, and actively participates in the formulation and revision of national standards and technical specifications. At the same time, the Group updates relevant management policies and standards in accordance with latest laws and regulations, in order that each technology and environmental protection index meets the requirements of national standards and industry standards. The existing control measures are partially effective. Due to the uncontrollability of risk and the intensifying industry competition, the risk level was on the rise.

Accounts receivable risk: If the government's or client's ability to settle service charge is affected due to financial difficulties, or if the new waste-to-energy and biomass power generation projects in operation cannot get the national subsidy timely because they are out of the subsidy list, the Group's accounts receivable may increase. The Group established the "management and assessment methods on accounts receivable" to analyze the overall status of accounts receivable. According to this, the Group set receivable recovery objectives and set up plans to ensure the reasonableness of credit period and the effective operation of recovery mechanism. It delegated accounts receivable recovery work to the management of regional centers and project companies. At the same time, each project company had an officer to follow up and update the status of the approval of the seventh batch of national subsidy, and liquidity management and interim capital arrangements will be made accordingly. For non-government customers, credit investigation will be further enhanced by reviewing customer's financial status, operating capacity and credit history. The existing control measures are adequate and effective. Due to the increasing number of new operating projects and the cyclical nature of policy implementation, the risk level remained unchanged.

Financing management risk: Since banks are facing tight liquidity, the Group may not be able to obtain loans from banks after finalization of project funding proposals or interest may not be charged at contractual rate. Through monthly finance report and the weekly meeting for funds allocation, the Group enhances the management and control of funding activities. The annual funding target will be set at project level based on the funding requirement of each project, with a view to matching the project funding work with project progress. The Group will estimate projects' financing gap in the next phase or in the long term (in 3 months) and will make funding arrangements accordingly. In addition, the Group continuously explores in compliance with the cooperation model with financial institutions to improve the efficiency of project funding approval and loan granting. The Group and China Development Bank has entered into the "strategic cooperation agreement on green financial support for the construction of ecological environment" in relation to a comprehensive credit facility not exceeding RMB20 billion. The existing control measures are adequate and effective. Such risk is in targeted control with the risk on the decline trend.

ESHS risk: At present, the government adopts "Zero Tolerance" for corporate's environmental and safety non-compliances. The Group's operating projects are running smoothly. As more and more projects are put into operation, there is a risk that the workers may be less skilled ones who may not be able to identify equipment deficiencies or potential problems immediately, which may lead to the risk of environmental and safety incidents. The Group enhances the pertinence of ESHS management system, and promotes the integration of ESHS management and daily operation. It includes ESHS management system as one of the major tasks for the year, and makes the management of all project companies to attach importance to the work of ESHS. The Group will enhance and optimise the deployment of on-site safety and environment engineering staff according to the actual situation of each project, and will safeguard the infrastructure of ESHS management system. During the year, the Group continued to construct ESHS demonstration projects, and carried out ESHS inspection on operating projects. The Group will identify and tackle potential problems in relation to ESHS periodically with a view to achieving close-loop management of potential problems. The existing control measures are adequate and effective. Such risk is in targeted control with the risk on the decline trend.

Competitive advantage risk: The support of government policy and the steadily development of PPP model attracted a substantial influx of capital and competitors into the environmental industry leading to the rapid change of business model. Under such circumstances, the Group will face intensifying competitions in the industry. Leveraging on its extensive practical experience, the Group actively promotes the PPP cooperation between the government and social capital, and promotes the formulation and development of the PPP standard, which expands the Group's influence in the PPP field. The Group regularly collects market information of the industry and makes comprehensive analysis of its competitors, market situation, market investment, national policy, industry development, front edge technology and organisation management. Besides, the Group adheres to follow the guidance of science and technology, optimises the layout of scientific and technological development, and has formed its scientific research and development branch which consists of two institutes, three research facilities and one center. Through the formulation of a three-year plan, the Group determined the research and development direction and the key areas, and the scientific research and development works have been progressing steadily. The existing control measures are adequate and effective. Such risk is in targeted control with the risk level on the decline trend.

Staffing risk: The training of key staff, management and technical personnel is a cyclical process. With more and more new projects put into operation, the existing management staff and engineers may be redeployed to new project companies, which will result in continual dilution of human resources leading to increasing difficulty in realising the rational deployment of manpower through internal transfer. The Group implements the "regulations of reserve talent", strengthens the cultivation of reserve talents of the Group, and further enriches and improves the reserve talent pool. Following the management system and procedures provided in the "management regulations for assessing and recruiting professional and technical staff", the Group improves the matching degree between the position demand and staff ability through such processes as workforce planning, recruitment, selection, hiring, evaluation and deployment. Besides the Group continually enhances the training and development of staff. It refines training schedule and focus and improves staff training efficiency. The existing control measures are adequate and effective. Such risk is in targeted control with the risk level on the decline trend.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group established an environmental and social management system in accordance with Asian Development Bank's Safeguard Policy Statement and other internationally recognised practices, which defines concrete procedures to ensure the environmental and social impacts of our operating activities conform to the requirements of the relevant policy system.

The operating and environmental performance of the Group's projects strictly adheres to relevant standards and the requirements of their respective Environmental Impact Assessment Report. The Group also takes into consideration the expectations of the neighboring communities. The key regulations and standards that are highly relevant to the Group's business include the Environmental Protection Law of the PRC, Production Safety Law of the PRC, Labor Law of the PRC; Standard for Pollution Control on the Municipal Solid Waste Incineration (GB18485-2014) and Directive 2010/75/EU and its relevant Annexes/ Amendments (for environmental energy projects), Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011) (for biomass power generation projects of greentech), as well as Discharge Standard of Pollutant for Municipal Wastewater Treatment Plant (GB18918-2002) (for environmental water projects), etc. No breach of these regulations and relevant environmental protection standards that has significant loss and impact to the Group was recorded in 2017.

The Group continued promoting the ESHS management system, realising the organic integration of the management system and practical operation, achieving standardisation of daily ESHS management, and placing equal emphasis on ESHS process management and final performance management. Through the issuance of the annual ESHS management guidance, the ESHS performance management was enhanced and the periodical ESHS reporting mechanism was further improved. In order to effectively promote the communication among project companies, based on the existing ESHS demonstration projects, the Group carried out activities such as forums for project heads, ESHS skills contest, ESHS knowledge contest, which helped project companies absorb good experiences and practices and strengthen the ESHS management capacity of the managers. Following the Group's first disclosure of its operating projects' emission standards and environmental management information in 2015, all of the operating waste-to-energy projects took the lead in the domestic market to disclose on the large screens of the project areas and the official website of the Group the hourly average level of gas emissions, starting from 1 January 2017, and also took the lead in setting the first weekend of each month as the "Open Day", making a new leap forward again in information transparency and disclosure, setting a new benchmark for the environmental protection industry. At the same time, all the operating waste-to-energy projects have met the requirements of MEP that all waste-to-energy projects in China need to install CEMS (continuous emission monitoring system), real time displaying pollutant emission and operating data and on-line connection with the CEMS with MEP.

CORPORATE GOVERNANCE

The Group strives to maintain a high standard of corporate governance as it believes good corporate governance practices are increasingly important for maintaining and promoting the confidence of the Shareholders. They are crucial for the development of the Group's business and protection of the Shareholders' interests. The Group upholds the management principle of "People-oriented, Pragmatism, Creativity and Systematic Management", and through a set of rules and regulations, has continuously strengthened internal control and risk management. Furthermore, by full and timely public disclosure of information, the Group has maintained transparency and accountability which also enhanced its corporate values. The Board meets regularly and has currently 5 Board committees, namely, Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee and Disclosure Committee. For project risk management, the Group has set up a Risk Management Advisory Committee to monitor and assess risks regularly, boost related management standards and evaluate investment projects. Regarding project technological risk management, the Group has in place an Engineering and Technology Management Committee which is responsible for assessing the technologies used in different investment projects. For project financial control, the Group insists on stringent budget management, and has set up a Budget Approval Management Committee that focuses on monitoring construction budgets. In addition, the Company has also set up Internal Audit Department and Risk Management Department to perform internal audits and risk control functions respectively to bolster the Group's management standards.

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

The Company complied with the CG Code for the year ended 31 December 2017, except that a non-executive director of the Company was not appointed for a specific term. This constitutes a deviation from the code provision A.4.1 of the CG Code which requires that all the non-executive directors should be appointed for a specific term. The Board believes that the current arrangement will enable the Company to have a greater flexibility to organise the composition of the Board to serve the needs of the Group. Pursuant to the Company's Articles of Association, subject to the manner of retirement by rotation of directors of the Company (the "Directors") as from time to time prescribed under the Listing Rules, and notwithstanding any contractual or other terms on which any Director may be appointed or engaged, at each annual general meeting, one third of the Directors for the time being (or, if their number is not a multiple of 3, the number nearest to but not less than one third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at least once every 3 years.

Audit Committee

The Audit Committee, currently comprising all 3 independent non-executive Directors, namely Mr. Mar Selwyn (Chairman), Mr. Fan Yan Hok, Philip and Mr. Zhai Haitao, is primarily responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing the risk management and internal control systems, internal and external audit and such other financial and accounting matters of the Group, etc. The terms of reference of the Audit Committee are available on the websites of the Company and HKEx.

Under its terms of reference, the Audit Committee is required to oversee the relationship between the Company and its external auditors. During the year under review, the Audit Committee reviewed with the management and Ernst & Young, the external auditors of the Company, including but not limited to the accounting principles and practices adopted by the Group, significant audit matters such as significant accounting estimates and judgmental areas, and discussed the Group's risk management and internal control systems and financial reporting matters, including review of the annual results for the year ended 31 December 2016, the interim results for the six months ended 30 June 2017 and reports from Internal Audit Department and Risk Management Department of the Company.

Risk Management Committee

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

During the year under review, the Group carried out risk assessment and analysis to identify the changes in the annual risk and initiated the internal control assessment to ensure the effectiveness of the internal control management. The Risk Management Committee reviewed the establishment of a risk management system of the Group, list of risk factors and risk evaluation criteria, 2017 risk management work plan, 2017 major risk identification and control, internal control construction and evaluation.

Nomination Committee

The Nomination Committee currently comprises Mr. Cai Yunge (Chairman), the Chairman of the Board, Mr. Wang Tianyi, the Chief Executive Officer, and all 3 independent non-executive Directors, namely, Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn and Mr. Zhai Haitao. Its primary responsibilities include but not limited to reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board, reviewing and reporting the Board diversity to the Board, assessing the independence of the independent non-executive Directors, making recommendations to the Board on appointment or re-appointment or re-designation of Directors and assessing the qualifications and competencies of the candidates, so as to ensure that all nominations are fair and transparent. The terms of reference of the Nomination Committee are available on the websites of the Company and HKEx.

During the year under review, the Nomination Committee reviewed the change of Directors and the composition of the Board committees, reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board, assessed the independence of all the independent non-executive Directors, and discussed and made recommendation to the Board on the re-election of the retiring Directors at the forthcoming 2018 annual general meeting of the Company, etc.

Remuneration Committee

The Remuneration Committee currently comprises Mr. Zhai Haitao (Chairman), an independent non-executive Director, Mr. Cai Yunge, the Chairman of the Board, and 2 other independent non-executive Directors, namely, Mr. Fan Yan Hok, Philip and Mr. Mar Selwyn. The terms of reference of the Remuneration Committee, which are available on the websites of the Company and HKEx, set out the duties of the Remuneration Committee, including but not limited to determining, with delegated responsibilities by the Board, the remuneration packages of the individual executive Directors and senior management.

During the year under review, the Remuneration Committee enforced the policy for the remuneration of the executive Directors, assessed performance of the executive Directors and reviewed the remuneration package of the executive Directors (including the newly appointed executive Directors) and the senior management of the Company.

Disclosure Committee

The Disclosure Committee currently comprises Mr. Wang Tianyi (Chairman), the Chief Executive Officer, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer, as well as 3 members of the Management Decision Committee, namely, Mr. Hu Yanguo, Mr. Qian Xiaodong and Mr. An Xuesong, and the Company Secretary, Ms. Poon Yuen Ling. The Board has delegated the day-to-day execution of its continuous disclosure obligations to the Disclosure Committee to ensure the compliance of the Company with its disclosure obligations. The terms of reference of the Disclosure Committee had been established in writing.

During the year under review, the Disclosure Committee held meetings to discuss and consider whether to make recommendation to the Board for publication of positive profit alert announcement of the Company in respect of the financial performance of the Group.

Management Committee

The Management Committee, which was cancelled on 15 August 2017, comprised Mr. Chen Xiaoping (Chairman), the then Chief Executive Officer, Mr. Wang Tianyi, the then General Manager, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer, Mr. Cai Shuguang, the then executive Director as well as Mr. Hu Yanguo, Mr. An Xuesong and Mr. Qian Xiaodong who are chief executive officers of environmental energy, environmental water and greentech business sectors respectively. The Management Committee was responsible for the management of daily business operations, formulating and implementing annual work tasks and medium-term development plans for the Group, etc. The Management Committee was the decision-making body for day-to-day business activities and made collective decisions on major matters relating to the Group's daily business operations, management and personnel matters, etc. The terms of reference of the Management Committee had been established in writing.

On 15 August 2017, the Board resolved to cancel the Management Committee, and its work and duties are immediately performed by the Chief Executive Officer and the newly established Management Decision Committee chaired by him.

During the year under review and prior to the cancellation of the Management Committee, the Management Committee held regular meetings. The Management Committee reviewed and discussed, including but not limited to, the Group's investment proposals on new projects, changes in senior management personnel, performance appraisals, and status of financial budget execution and the major works done and progress of each business sector, as well as yearly R&D topics, etc.

Model Code for Securities Transactions by Directors

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

Final Dividend

The Board has proposed to pay a final dividend of HK12.0 cents per share (2016: HK13.0 cents per share) to the Shareholders whose names appear on the register of members of the Company on Monday, 28 May 2018. Subject to approval by the Shareholders of the final dividend at the forthcoming annual general meeting of the Company, dividend cheques will be dispatched to the Shareholders on or around Friday, 22 June 2018.

Annual General Meeting

The annual general meeting of the Company is expected to be held on Wednesday, 16 May 2018 and the notice of the annual general meeting will be published and dispatched in the manner as required by the Listing Rules.

Closure of Register of Members

The register of members of the Company will be closed from Friday, 11 May 2018 to Wednesday, 16 May 2018, both days inclusive, on which no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting, all transfer documents must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Thursday, 10 May 2018.

The register of members of the Company will also be closed from Thursday, 24 May 2018 to Monday, 28 May 2018, both days inclusive, on which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 23 May 2018.

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

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.ebchinaintl.com/en/investors/announce.php) and HKEx (www.hkexnews.hk). The 2017 annual report containing all the information required by the Listing Rules will be published on the websites of the Company and HKEx and dispatched to the Shareholders in due course.

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

Hong Kong, 5 March 2018

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