

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.



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April 21, 2017

The Directors
China Everbright Greentech Limited

China International Capital Corporation Hong Kong Securities Limited
CEB International Capital Corporation Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the consolidated financial information relating to China Everbright Greentech Limited (the "**Company**") and its subsidiaries (together the "**Group**") comprising the consolidated statements of financial position of the Group as at December 31, 2014, 2015 and 2016 and the statements of financial position of the Company as at December 31, 2015 and 2016 and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended December 31, 2014, 2015 and 2016 (the "**Relevant Periods**"), and a summary of significant accounting policies and other explanatory information (the "**Financial Information**"), for inclusion in the prospectus of the Company dated April 21, 2017 (the "**Prospectus**").

The Company was incorporated in the Cayman Islands on October 13, 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganization (the "**Reorganization**") as detailed in the section headed "Our History, Reorganization and Corporate Structure" in the Prospectus, the Company became the holding company of the companies now comprising the Group, details of which are set out in note 1(b) of Section B below. The Company has not carried on any business since the date of its incorporation save for the aforementioned Reorganization.

All companies now comprising the Group have adopted December 31 as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Periods and the names of the respective auditors are set out in note 1(b) of Section B. The statutory financial statements of these companies were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") or relevant accounting rules and regulations applicable to entities in the jurisdictions in which they were incorporated and/or established.

The directors of the Company have prepared the consolidated financial statements for the Relevant Periods (the “**Underlying Financial Statements**”) on the same basis as used in the preparation of the Financial Information set out in Section B below. The Underlying Financial Statements for each of the years ended December 31, 2014, 2015 and 2016 were audited by us under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”).

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of the Hong Kong Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline “Prospectuses and the Reporting Accountant” (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to December 31, 2016.

OPINION

In our opinion, the Financial Information gives, for the purpose of this report and on the basis of preparation set out in note 1(b) of Section B below, a true and fair view of the financial position of the Group as at December 31, 2014, 2015 and 2016 and the Company as at December 31, 2015 and 2016 and of the Group's financial performance and cash flows for the Relevant Periods then ended.

A CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

1 Consolidated income statements of the Group

	Section B Note	Year ended December 31,		
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Revenue	3	1,057,784	1,203,198	3,000,131
Direct costs and operating expenses		<u>(764,720)</u>	<u>(768,662)</u>	<u>(2,008,620)</u>
Gross profit		293,064	434,536	991,511
Other revenue	4	21,693	37,858	67,897
Other loss	5	(54)	(1,275)	(9,684)
Administrative expenses		<u>(63,425)</u>	<u>(101,710)</u>	<u>(197,747)</u>
Profit from operations		251,278	369,409	851,977
Finance costs	6(a)	(26,228)	(41,202)	(67,715)
Share of loss of a joint venture		<u>—</u>	<u>(461)</u>	<u>(867)</u>
Profit before taxation	6	225,050	327,746	783,395
Income tax	7(a)	<u>(25,373)</u>	<u>(56,302)</u>	<u>(153,873)</u>
Profit for the year		<u>199,677</u>	<u>271,444</u>	<u>629,522</u>
Attributable to:				
Equity shareholders of the Company		196,368	271,953	629,222
Non-controlling interests		<u>3,309</u>	<u>(509)</u>	<u>300</u>
Profit for the year		<u>199,677</u>	<u>271,444</u>	<u>629,522</u>

The accompanying notes form part of the Financial Information.

2 Consolidated statements of comprehensive income of the Group

	Section B Note	Year ended December 31,		
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Profit for the year		199,677	271,444	629,522
Other comprehensive income for the year:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
— Exchange differences on translation of financial information of subsidiaries outside Hong Kong, net of nil tax		<u>(36,620)</u>	<u>(108,403)</u>	<u>(254,550)</u>
Total comprehensive income for the year		<u>163,057</u>	<u>163,041</u>	<u>374,972</u>
Attributable to:				
Equity shareholders of the Company		159,905	164,148	375,799
Non-controlling interests		<u>3,152</u>	<u>(1,107)</u>	<u>(827)</u>
Total comprehensive income for the year		<u>163,057</u>	<u>163,041</u>	<u>374,972</u>

The accompanying notes form part of the Financial Information.

3 Consolidated statements of financial position of the Group

	Section B Note	As at December 31,		
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Non-current assets				
Property, plant and equipment	11	773,298	1,599,605	1,713,858
Interest in leasehold land held for own use under operating leases	11	12,743	117,119	120,684
		786,041	1,716,724	1,834,542
Intangible assets	12	1,358,802	1,661,629	2,975,814
Interest in a joint venture	13	—	14,361	33,651
Other receivables, deposits and prepayments	14	392,203	222,999	252,150
Gross amounts due from customers for contract work	15	151,585	334,264	761,700
Deferred tax assets	20(b)	8,615	12,314	21,127
		<u>2,697,246</u>	<u>3,962,291</u>	<u>5,878,984</u>
Current assets				
Inventories	16	21,188	32,456	46,113
Debtors, other receivables, deposits and prepayments	14	236,754	461,791	498,455
Gross amounts due from customers for contract work	15	25,415	39,518	43,804
Tax recoverable	20(a)	6,337	3,162	4,051
Pledged bank deposits	17	—	13,665	88,875
Deposits with bank		4,405	9,568	17,055
Cash and cash equivalents	17	569,142	1,044,475	886,210
		<u>863,241</u>	<u>1,604,635</u>	<u>1,584,563</u>
Current liabilities				
Bank loans	18			
— Secured		107,967	79,394	153,560
— Unsecured		9,345	—	116,705
		117,312	79,394	270,265
Creditors, other payables and accrued expenses	19	555,548	695,225	1,016,502
Current taxation	20(a)	3,110	1,020	8,013
		<u>675,970</u>	<u>775,639</u>	<u>1,294,780</u>
Net current assets		<u>187,271</u>	<u>828,996</u>	<u>289,783</u>
Total assets less current liabilities		<u>2,884,517</u>	<u>4,791,287</u>	<u>6,168,767</u>

	Section B Note	As at December 31,		
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Non-current liabilities				
Bank loans	18			
— Secured		445,048	1,077,535	1,469,830
— Unsecured		9,345	—	228,232
		454,393	1,077,535	1,698,062
Other payables	19	1,709,270	665,637	38,180
Deferred tax liabilities	20(b)	92,753	126,980	231,943
		<u>2,256,416</u>	<u>1,870,152</u>	<u>1,968,185</u>
NET ASSETS		<u>628,101</u>	<u>2,921,135</u>	<u>4,200,582</u>
CAPITAL AND RESERVES				
	22			
Share capital		—*	2	3
Other reserves		612,806	2,906,945	4,187,218
Total equity attributable to equity shareholders of the Company		612,806	2,906,947	4,187,221
Non-controlling interests		15,295	14,188	13,361
TOTAL EQUITY		<u>628,101</u>	<u>2,921,135</u>	<u>4,200,582</u>

* The balances represent amount less than HK\$1,000.

The accompanying notes form part of the Financial Information.

4 Statements of financial position of the Company

	Section B Note	As at December 31,	
		2015 HK\$'000	2016 HK\$'000
Non-current assets			
Investments in subsidiaries	1(b)	2,336,993	2,336,993
Property, plant and equipment	11	—	1,230
		<u>2,336,993</u>	<u>2,338,223</u>
Current assets			
Other receivables and prepayments	14	600,180	912,553
Cash and cash equivalents	17	—	4,210
		<u>600,180</u>	<u>916,763</u>
Current liability			
Other payables	19	—	39,513
Net current assets		<u>600,180</u>	<u>877,250</u>
Total assets less current liability		<u>2,937,173</u>	<u>3,215,473</u>
Non-current liabilities			
Bank loans — unsecured	18	—	30,000
Other payables	19	604,451	—
		<u>604,451</u>	<u>30,000</u>
NET ASSETS		<u>2,332,722</u>	<u>3,185,473</u>
CAPITAL AND RESERVES			
Share capital		2	3
Reserves		<u>2,332,720</u>	<u>3,185,470</u>
TOTAL EQUITY		<u>2,332,722</u>	<u>3,185,473</u>

The accompanying notes form part of the Financial Information.

5 Consolidated statements of changes in equity of the Group

	Attributable to equity shareholders of the Company							
	Section B Note	Share capital HK\$'000	Exchange reserve HK\$'000	Reserve fund HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at January 1, 2014		—*	65,909	28,558	358,434	452,901	2,873	455,774
Changes in equity for the year ended December 31, 2014:								
Profit for the year		—	—	—	196,368	196,368	3,309	199,677
Other comprehensive income		—	(36,463)	—	—	(36,463)	(157)	(36,620)
Total comprehensive income		—	(36,463)	—	196,368	159,905	3,152	163,057
Transfer to reserve fund		—	—	13,841	(13,841)	—	—	—
Capital contributions received by a non-wholly owned subsidiary from a non-controlling shareholder		—	—	—	—	—	9,270	9,270
Balance at December 31, 2014		—*	29,446	42,399	540,961	612,806	15,295	628,101

Attributable to equity shareholders of the Company

	Section B Note	Share capital HK\$'000	Share premium HK\$'000	Exchange reserve HK\$'000	Reserve fund HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at January 1, 2015		—*	—	29,446	42,399	540,961	612,806	15,295	628,101
Changes in equity for the year ended December 31, 2015:									
Profit for the year		—	—	—	—	271,953	271,953	(509)	271,444
Other comprehensive income		—	—	(107,805)	—	—	(107,805)	(598)	(108,403)
Total comprehensive income		—	—	(107,805)	—	271,953	164,148	(1,107)	163,041
Arising from Reorganization	22(c)	2	2,336,991	—	—	—	2,336,993	—	2,336,993
Transfer to reserve fund		—	—	—	32,051	(32,051)	—	—	—
Dividends declared	22(b)	—	—	—	—	(207,000)	(207,000)	—	(207,000)
Balance at December 31, 2015		<u>2</u>	<u>2,336,991</u>	<u>(78,359)</u>	<u>74,450</u>	<u>573,863</u>	<u>2,906,947</u>	<u>14,188</u>	<u>2,921,135</u>
Balance at January 1, 2016		<u>2</u>	<u>2,336,991</u>	<u>(78,359)</u>	<u>74,450</u>	<u>573,863</u>	<u>2,906,947</u>	<u>14,188</u>	<u>2,921,135</u>
Changes in equity for the year ended December 31, 2016:									
Profit for the year		—	—	—	—	629,222	629,222	300	629,522
Other comprehensive income		—	—	(253,423)	—	—	(253,423)	(1,127)	(254,550)
Total comprehensive income		—	—	(253,423)	—	629,222	375,799	(827)	374,972
Issue of ordinary shares	22(c)	1	904,474	—	—	—	904,475	—	904,475
Transfer to reserve fund		—	—	—	10,007	(10,007)	—	—	—
Balance at December 31, 2016		<u>3</u>	<u>3,241,465</u>	<u>(331,782)</u>	<u>84,457</u>	<u>1,193,078</u>	<u>4,187,221</u>	<u>13,361</u>	<u>4,200,582</u>

* The balances represent amount less than HK\$1,000.

The accompanying notes form part of the Financial Information.

6 Consolidated cash flow statements of the Group

	Section B Note	Year ended December 31,		
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Operating activities				
Profit before taxation		225,050	327,746	783,395
Adjustments for:				
Depreciation	6(c)	31,432	39,868	85,600
Amortization of intangible assets	6(c)	23,132	32,484	41,668
Amortization of interest in leasehold land held for own use under operating leases	6(c)	588	549	4,239
Finance costs	6(a)	26,228	41,202	67,715
Interest income	4	(3,229)	(7,105)	(5,615)
Net loss on disposal of property, plant and equipment	5	54	1,275	9,684
Share of loss of a joint venture		—	461	867
Effect of foreign exchange rates changes		10,000	2,869	(13,959)
Changes in working capital:				
Increase in inventories		(3,099)	(12,117)	(15,808)
Increase in debtors, other receivables, deposits and prepayments		(22,340)	(395,698)	(129,022)
Decrease/(increase) in gross amounts due from customers for contract work		25,415	(203,878)	(456,489)
(Decrease)/increase in creditors, other payables and accrued expenses		(9,016)	155,610	161,663
Cash generated from/(used in) operations		304,215	(16,734)	533,938
Interest received		3,229	7,105	5,615
People's Republic of China ("PRC") income tax refunded/(paid)		6,079	(20,241)	(39,098)
Net cash generated from/(used in) operating activities		313,523	(29,870)	500,455
Investing activities				
Payment for purchase of property, plant and equipment and interest in leasehold land held for own use under operating leases		(198,648)	(546,390)	(323,913)
Payment for additions of intangible assets		(483,417)	(546,695)	(1,263,335)
Payment for capital contribution to a joint venture		—	(14,822)	(20,928)
Increase in non-current portion of prepayments		(237,533)	(68,475)	(1,335)
(Increase)/decrease in amounts due from fellow subsidiaries		(99,680)	98,712	—
Net cash acquired from/(paid for) acquisition of a subsidiary	24	4,775	(20,054)	—
Proceeds from disposal of property, plant and equipment		8	3,348	—
Increase in deposits with bank		(4,329)	(5,340)	(8,121)
Net cash used in investing activities		(1,018,824)	(1,099,716)	(1,617,632)

	Section B Note	Year ended December 31,		
		2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Financing activities				
Proceeds from new bank loans		276,936	760,063	1,104,606
Repayment of bank loans		(139,427)	(135,373)	(175,799)
Increase in pledged bank deposits		—	(13,665)	(76,113)
Decrease/(increase) in amounts due from fellow subsidiaries		5,368	(15,512)	12,332
Increase/(decrease) in amounts due to fellow subsidiaries		415,612	89,541	(83,436)
Increase in amount due to immediate holding company		—	604,451	300,024
Increase/(decrease) in amounts due to/from intermediate holding company (net)		422,475	558,365	(119)
Capital contributions received by a non-wholly owned subsidiary from a non-controlling shareholder		9,270	—	—
Payment for listing expenses		—	(1,090)	(11,383)
Interest paid		(26,228)	(50,508)	(73,508)
Dividend paid to equity shareholders		—	(172,188)	—
Net cash generated from financing activities		<u>964,006</u>	<u>1,624,084</u>	<u>996,604</u>
Net increase/(decrease) in cash and cash equivalents		258,705	494,498	(120,573)
Cash and cash equivalents at the beginning of the year		318,433	569,142	1,044,475
Effect of foreign exchange rates changes		<u>(7,996)</u>	<u>(19,165)</u>	<u>(37,692)</u>
Cash and cash equivalents at the end of the year	17	<u>569,142</u>	<u>1,044,475</u>	<u>886,210</u>

Major non-cash transactions

- (a) During the year ended December 31, 2015, 299 new ordinary shares were issued by the Company in connection with the Reorganization (see note 22(c)).
- (b) During the year ended December 31, 2015, dividends of HK\$207,000,000 were declared (see note 22(b)), among which HK\$172,188,000 was paid and HK\$34,812,000 was settled through the current accounts with fellow subsidiaries.
- (c) During the year ended December 31, 2016, 100 new ordinary shares were issued by the Company for setting-off the amount due to immediate holding company of HK\$904,475,000 (see note 22(c)).

The accompanying notes form part of the Financial Information.

B NOTES TO THE FINANCIAL INFORMATION**1 Significant accounting policies***(a) Statement of compliance*

The Financial Information set out in this report has been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKAS**”) and Interpretations issued by the HKICPA. Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The HKICPA has issued a number of new and revised HKFRSs. For the purpose of preparing this Financial Information, the Group has adopted all applicable new and revised HKFRSs to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in note 29.

The Financial Information also complies with the applicable disclosure provisions of the Hong Kong Listing Rules.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

(b) Basis of preparation and presentation

The Company was incorporated in the Cayman Islands on October 13, 2015. Pursuant to the Reorganization in preparation for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Company became the holding company of companies now comprising the Group. The companies that took part in the Reorganization were controlled by China Everbright International Limited (“**CEIL**”, the intermediate holding company listed on the Stock Exchange) prior to and after the Reorganization. The control is not transitional and, consequently, there was a continuation of the risks and benefits to CEIL. Therefore, the Reorganization is considered as a business combination of entities under common control. The Financial Information has been prepared using the merger basis of accounting as if the companies now comprising the Group have been consolidated at the beginning of the Relevant Periods unless the combining companies first came under common control at a later date. The assets and liabilities of the combining companies are consolidated using the existing book values from CEIL’s perspective.

The consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group as set out in Section A include the consolidated results of operations of the companies now comprising the Group for the Relevant Periods (or where the companies were incorporated, established or acquired at a date later than January 1, 2014, for the period from the date of incorporation,

establishment or acquisition to December 31, 2016) as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at December 31, 2014, 2015 and 2016 as set out in Section A have been prepared to present the state of affairs of the Group as at the respective dates as if the Reorganization had occurred at the beginning of the Relevant Periods.

All material intra-group balances, transactions and cash flows have been eliminated in preparing the Financial Information.

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory auditors	Financial period ended December 31,
			Direct	Indirect			
CEG Corporate Services Limited	Hong Kong March 10, 2016	HK\$100	—	100%	Provision of corporate services	Note (c)	Note (c)
CEG Plasma Technology Investment Limited	Hong Kong March 13, 2017	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
China Everbright Alternative Energy Holdings Limited	Hong Kong November 24, 2010	HK\$141,722,210	—	100%	Investment holding	KPMG	2014 & 2015
China Everbright Biomass Energy Investment Limited	Hong Kong January 14, 2010	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
China Everbright Clean Energy Investment Limited	Hong Kong December 8, 2010	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
China Everbright Environmental Repairing Investment Limited	Hong Kong March 13, 2017	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
China Everbright Environmental Solid Waste Treatment Holdings Limited	Hong Kong June 11, 2007	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
China Everbright Greentech Management Limited	Hong Kong December 9, 2015	HK\$100	—	100%	Provision of management services	Note (c)	Note (c)
China Everbright Greentech R&D Holdings Limited	Hong Kong December 8, 2016	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
China Everbright Urban and Rural Integrated Investment Limited	British Virgin Islands ("BVI") July 14, 2015	US\$200	—	100%	Investment holding	Note (b)	Note (b)

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
EB Greentech Biomass Energy (Jing Men) Holdings Limited	Hong Kong September 14, 2016	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Biomass Energy (Puyang) Holdings Limited	Hong Kong January 3, 2017	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Biomass Energy (Tianjin) Holdings Limited	Hong Kong September 30, 2016	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Biomass (Yingtian) Holdings Limited	Hong Kong January 26, 2017	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Environmental Solid Waste treatment (Chuzhou) Holdings Limited	Hong Kong January 11, 2017	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Environmental Solid Waste Treatment (Linyi) Holdings Limited	Hong Kong July 11, 2016	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Environmental Solid Waste Treatment (Nanjing) Holdings Limited	Hong Kong July 11, 2016	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Environmental Solid Waste Treatment (Suzhou) Holdings Limited	Hong Kong April 8, 2016	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Greentech Solid Waste Treatment (Zhenjiang) Holdings Limited	Hong Kong May 16, 2016	HK\$100	—	100%	Investment holding	Note (c)	Note (c)

APPENDIX I

ACCOUNTANTS' REPORT

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
EB Hazardous Waste Holdings Limited	BVI November 2, 2015	US\$100	—	100%	Investment holding	Note (b)	Note (b)
EB Renewable Energy and Hazardous Waste Investment Limited	BVI October 23, 2015	US\$300	100%	—	Investment holding	Note (b)	Note (b)
EB Renewable Energy Holdings Limited	BVI July 22, 2015	US\$200	—	100%	Investment holding	Note (b)	Note (b)
EB Renewable Energy Management Limited	BVI September 23, 2015	US\$100	—	100%	Investment holding	Note (b)	Note (b)
EB Urban and Rural Renewable Energy (Chuzhou) Holdings Limited	Hong Kong November 17, 2015	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Deyang) Holdings Limited	Hong Kong August 5, 2015	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Huai'an) Holdings Limited	Hong Kong February 2, 2016	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Lianyungang) Holdings Limited	Hong Kong March 8, 2011	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
EB Urban and Rural Renewable Energy (Nanjing) Holdings Limited	Hong Kong November 17, 2015	HK\$100	—	100%	Investment holding	Note (c)	Note (c)

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory auditors	Financial period ended December 31,
			Direct	Indirect			
EB Urban and Rural Renewable Energy (Shangqiu) Holdings Limited	Hong Kong November 17, 2016	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Suzhou) Holdings Limited	Hong Kong August 5, 2015	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
Everbright Alternative Energy (Suzhou) Holdings Limited	Hong Kong March 3, 2010	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Biomass Energy (Bengbu) Holdings Limited	Hong Kong March 8, 2011	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Biomass Energy (Chaohu) Holdings Limited	Hong Kong April 1, 2011	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Biomass Energy (Chuzhou) Holdings Limited	Hong Kong January 25, 2010	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Biomass Energy (Huaian) Holdings Limited	Hong Kong May 30, 2014	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Biomass Energy (Liu'an) Holdings Limited	Hong Kong March 29, 2016	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
Everbright Biomass Energy (Nantong) Holdings Limited	Hong Kong December 17, 2014	HK\$100	—	100%	Investment holding	KPMG	2015
Everbright Biomass Energy (Suqian) Holdings Limited	Hong Kong December 8, 2010	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Clean Energy (Anqing) Holdings Limited	Hong Kong March 3, 2010	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory auditors	Financial period ended December 31,
			Direct	Indirect			
Everbright Clean Energy (Changzhou) Holdings Limited	Hong Kong June 13, 2011	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Clean Energy (Germany) Holdings Limited	Hong Kong February 22, 2011	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Clean Energy (Germany) Investment Limited	BVI February 15, 2011	US\$1	—	100%	Investment holding	Note (b)	Note (b)
Everbright Clean Energy (Nanjing) Holdings Limited	Hong Kong August 4, 2015	HK\$100	—	100%	Investment holding	Note (c)	Note (c)
Everbright Clean Energy (Suqian) Holdings Limited	Hong Kong June 3, 2010	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Clean Energy (Xinzhou) Holdings Limited	Hong Kong January 14, 2014	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Clean Energy (Zhenjiang) Holdings Limited	Hong Kong June 3, 2010	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Environmental Energy (Anhui Suzhou) Holdings Limited	Hong Kong May 28, 2014	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Solid Waste Treatment (Changzhou) Holdings Limited	Hong Kong October 8, 2014	HK\$100	—	100%	Investment holding	KPMG	2015
Everbright Solid Waste Treatment (Lianyungang) Holdings Limited	Hong Kong February 19, 2014	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Solid Waste Treatment (Shouguang) Holdings Limited	Hong Kong February 19, 2014	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Solid Waste Treatment (Xuzhou) Holdings Limited	Hong Kong June 30, 2014	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Solid Waste Treatment (Yancheng) Holdings Limited	Hong Kong February 19, 2014	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
Everbright Solid Waste Treatment (Zibo) Holdings Limited	Hong Kong February 19, 2014	HK\$100	—	100%	Investment holding	KPMG	2014 & 2015
EB Greentech Biological Technology (Xinyi) Limited* 光大綠色環保生物科技(新沂)有限公司	PRC January 22, 2017	RMB12,500,000	—	100%	Production of biomass fuel	Note (c)	Note (c)
EB Urban and Rural Biomass Energy (Nanjing) Limited# (光大城鄉生物能源(南京)有限公司) (note (d) and note (e))	PRC March 9, 2016	RMB27,000,000	—	90%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Note (c)	Note (c)

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
EB Urban and Rural Renewable Energy (Fengyang) Company Limited* (光大城市鄉再生能源(鳳陽)有限公司) (note (d) and note (e))	PRC December 23, 2015	RMB54,200,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Guanyun) Company Limited* (光大城市鄉再生能源(灌雲)有限公司) (note (d) and note (e))	PRC August 12, 2014	RMB82,120,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Lianyungang Henxin Joint Accountants Co., Ltd. (連雲港恒信聯合會計師事務所)	2014 & 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
EB Urban and Rural Renewable Energy (Huai'an) Limited* 光大城市鄉再生能源(淮安)有限公司 (note (d) & note (e))	PRC November 18, 2016	RMB5,000,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Mianzhu) Limited* (光大城市鄉再生能源(綿竹)有限公司) (note (d) and note (e))	PRC October 15, 2015	RMB143,335,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Sichuan Huaxin (Group) CPA Firm (四川華信(集團)會計師事務所)	2015
EB Urban and Rural Renewable Energy (Xiao County) Limited* (光大城市鄉再生能源(蕭縣)有限公司) (note (d) and note (e))	PRC September 30, 2015	RMB156,440,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Shan Dong He Hua United Certified Public Accountants (山東荷華聯合會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
EB Urban and Rural Renewable Energy (Xiayi) Limited* 光大城鄉再生能源(夏邑)有限公司 (note (d) & note (e))	PRC December 22, 2016	RMB14,000,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Note (c)	Note (c)
EB Urban and Rural Renewable Energy (Zhongjiang) Limited* 光大城鄉再生能源(中江)有限公司	PRC January 20, 2017	RMB5,000,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Note (c)	Note (c)

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Alternative Energy (Dangshan) Company Limited* (光大新能源(陽山)有限公司) (note (e))	PRC May 6, 2010	HK\$125,800,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Shan Dong He Hua United Certified Public Accountants (山東荷華聯合會計師事務所)	2014
Everbright Biomass Energy (Chuzhou) Company Limited* (光大生物能源(滁州)有限公司) (note (e))	PRC April 17, 2015	RMB106,670,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
						Chuzhou Henlixin Certified Public Accountants (滁州恆立信會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Biomass Energy (Dingyuan) Company Limited* (光大生物能源(定遠)有限公司) (note (e))	PRC November 12, 2014	HK\$131,480,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Biomass Energy (Guixi) Limited* 光大生物能源(貴溪)有限公司	PRC February 21, 2017	RMB5,000,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Note (c)	Note (c)
Everbright Biomass Energy (Hanshan) Company Limited* (光大生物能源(含山)有限公司) (note (e))	PRC August 18, 2011	HK\$127,000,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Maanshan Success Certified Public Accountants (馬鞍山成功會計師事務所)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Biomass Energy (Huaiyuan) Company Limited* (光大生物能源(懷遠)有限公司)	PRC November 14, 2014	HK\$139,500,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Biomass Energy (Liu'an) Company Limited* (光大生物能源(六安)有限公司) (note (e))	PRC May 5, 2016	RMB31,436,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Note (c)	Note (c)
Everbright Biomass Energy (Lingbi) Company Limited* (光大生物能源(靈璧)有限公司) (note (e))	PRC November 28, 2014	RMB106,666,700	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Shan Dong He Hua United Certified Public Accountants (山東荷華聯合會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Biomass Energy (Rudong) Company Limited* (光大生物能源(如東)有限公司)	PRC February 2, 2015	RMB36,000,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Huaian Tiansheng Certified Public Accountants (淮安天盛會計師事務所)	2015
Everbright Biomass Energy (Rugao) Company Limited* (光大生物能源(如皋)有限公司)	PRC August 5, 2015	RMB106,667,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Huaian Tiansheng Certified Public Accountants (淮安天盛會計師事務所)	2015
Everbright Biomass Energy (Shayang) Limited* (光大生物能源(沙洋)有限公司)	PRC January 3, 2017	RMB5,000,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Note (c)	Note (c)

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Biomass Energy (Suqian) Company Limited* (光大生物能源(宿遷)有限公司) (note (e))	PRC July 31, 2014	RMB75,600,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
Everbright Biomass Energy (Tianjin Jixian) Limited* 光大生物能源(天津薊縣)有限公司	PRC December 1, 2016	RMB5,350,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Biomass Energy (Xuyi) Company Limited* (光大生物能源(盱眙)有限公司) (note (e))	PRC June 16, 2014	USD16,500,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Huaian Tiansheng Certified Public Accountants (淮安天盛會計師事務所)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Biomass Fuel (Guanyun) Company Limited* (光大生物燃料(灌雲)有限公司)	PRC September 12, 2014	RMB2,500,000	—	100%	Procurement, processing and supply of biomass fuel	Lianyungang Henxin Joint Accountants Co., Ltd. (連雲港恒信聯合會計師事務所)	2014 & 2015
Everbright Biomass Fuel (Suqian) Company Limited* (光大生物燃料(宿遷)有限公司)	PRC September 2, 2014	RMB3,063,000	—	100%	Procurement, processing and supply of biomass fuel	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
Everbright Biomass Fuel (Xuyi) Company Limited* (光大生物燃料(盱眙)有限公司)	PRC September 11, 2014	RMB2,500,000	—	100%	Procurement, processing and supply of biomass fuel	Suqian GongXing Certified Public Accountants Co., Ltd. (宿遷公興會計師事務所有限公司)	2015
Everbright Biomass Fuel (Xuyi) Company Limited* (光大生物燃料(盱眙)有限公司)	PRC September 11, 2014	RMB2,500,000	—	100%	Procurement, processing and supply of biomass fuel	Huaian Tiansheng Certified Public Accountants (淮安天盛會計師事務所)	2014 & 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Environmental Energy (Dangshan) Company Limited* (光大環保能源(楊山)有限公司) (note (d))	PRC July 9, 2014	RMB83,340,000	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Shan Dong He Hua United Certified Public Accountants (山東荷華聯合會計師事務所)	2014
Everbright Environmental Energy (Lingbi) Company Limited* (光大環保能源(靈璧)有限公司) (note (d))	PRC December 22, 2014	RMB83,333,300	—	100%	Design, construction, operation and maintenance of integrated biomass and waste-to-energy project	Shan Dong He Hua United Certified Public Accountants (山東荷華聯合會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Environmental Protection Hazardous Waste Treatment (Linshu) Company Limited* (光大綠色環保危廢處置(臨沭)有限公司)	PRC November 16, 2016	RMB13,080,000	—	100%	Design, construction, operation and maintenance of hazardous waste incineration project	Note (c)	Note (c)
Everbright Environmental Protection Hazardous Waste Treatment (Zibo) Company Limited* (光大環保危廢處置(濰博)有限公司)	PRC October 17, 2013	RMB52,940,000	—	100%	Design, construction, operation and maintenance of hazardous waste incineration projects	Zibo Kexin Certified Public Accountants Limited (濰博科信有限責任會計師事務所)	2014
Everbright Environmental Protection (Lianyungang) Solid Waste Treatment Company Limited* (光大環保(連雲港)固廢處置有限公司)	PRC October 23, 2012	HK\$69,570,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Environmental Protection (Lianyungang) Solid Waste Treatment Company Limited* (光大環保(連雲港)固廢處置有限公司)	PRC October 23, 2012	HK\$69,570,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Lianyungang Henxin Joint Accountants Co., Ltd. (連雲港恒信聯合會計師事務所)	2014
Everbright Environmental Protection (Lianyungang) Solid Waste Treatment Company Limited* (光大環保(連雲港)固廢處置有限公司)	PRC October 23, 2012	HK\$69,570,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Environmental Protection (Lianyungang) Waste Disposal Company Limited* (光大環保(連雲港)廢棄物處理有限公司) (note (a))	PRC November 1, 2002	USD8,600,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Lianyungang Henxin Joint Accountants Co., Ltd. (連雲港恒信聯合會計師事務所)	2014
Everbright Environmental Protection Solid Waste Treatment (Xinyi) Company Limited* (光大環保固廢處置(新沂)有限公司) (note (f))	PRC September 21, 2014	HK\$49,960,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Xinyi Zhengtai Certified Public Accountants Co., Ltd. (新沂市正泰會計師事務所有限公司)	2014
						Jiangsu Huaihai Certified Public Accountants Co., Ltd. (江蘇淮海會計師事務所有限公司)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Environmental Protection (Suqian) Solid Waste Treatment Company Limited* (光大環保(宿遷)固廢處置有限公司) (note (g))	PRC March 14, 2011	HK\$47,200,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
Everbright Environmental Protection (Suzhou) Solid Waste Treatment Company Limited* (光大環保(蘇州)固廢處置有限公司) (note (g))	PRC September 26, 2006	USD4,865,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
						Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Environmental Protection (Yancheng) Solid Waste Treatment Company Limited# (光大環保(鹽城)固廢處置有限公司) (note (f))	PRC June 28, 2013	USD15,000,000	—	90%	Design, construction, operation and maintenance of hazardous waste landfill project	The Yancheng Youxin Certified Public Accountants Firm Co., Ltd. (鹽城友信會計師事務所有限公司)	2014
Everbright Greentech Management (Shenzhen) Company Limited* (光大綠色環保管理(深圳)有限公司)	PRC December 24, 2015	HK\$5,000,000	—	100%	Provision of management services	Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
Everbright Photovoltaic Energy (Changzhou) Company Limited* (光大光伏能源(常州)有限公司)	PRC July 29, 2011	RMB32,500,000	—	100%	Design, construction and operation of solar energy project	Changzhou ZengZeRenHe Certified Public Accountants Co., Ltd. (常州正則人和會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Photovoltaic Energy (Huaining) Company Limited* (光大光伏能源(懷寧)有限公司)	PRC May 12, 2010	HK\$29,000,000	—	100%	Design, construction and operation of solar energy project	Anqing Jinweixin Certified Public Accountants (安慶金惟信會計師事務所)	2014
Everbright Photovoltaic Energy (Suqian) Company Limited* (光大光伏能源(宿遷)有限公司)	PRC September 7, 2010	RMB80,740,000	—	100%	Design, construction and operation of solar energy project	Ruihua Certified Public Accountants (瑞華會計師事務所)	2014
Everbright Photovoltaic Energy (Zhenjiang) Company Limited* (光大光伏能源(鎮江)有限公司)	PRC September 7, 2010	RMB122,090,000	—	100%	Design, construction and operation of solar energy project	Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015
						Jiangsu Huaxing Certified Public Accountants Co., Ltd. (江蘇華星會計師事務所有限公司)	2014
						Ruihua Certified Public Accountants (瑞華會計師事務所)	2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Everbright Pyroelectric Energy (Liuan) Company Limited* (光大生物熱電(六安)有限公司) (note (e))	PRC May 5, 2016	RMB39,500,000	—	100%	Design, construction, operation and maintenance of biomass direct combustion project	Note (c)	Note (c)
Everbright Solid Waste Landfill (Xinyi) Holdings Limited* (光大綠色環保固體廢物填埋(新沂)有限公司)	PRC October 10, 2016	RMB59,460,000	—	100%	Design, construction, operation and maintenance of hazardous waste landfill project	Note (c)	Note (c)
Everbright Wind Power (Ningwu) Company Limited* (光大風電(寧武)有限公司)	PRC April 15, 2014	RMB258,360,000	—	100%	Design, construction, operation and maintenance of wind power projects	Ningwu Fenyuan Certified Public Accountants (寧武汾源會計師事務所)	2014 2015

Name of company	Place and date of incorporation/ establishment	Issued and paid up capital	Proportion of ownership interest		Principal activity	Statutory financial statements	
			Direct	Indirect		Statutory auditors	Financial period ended December 31,
Hanshan Everbright Biomass Fuel Company Limited* (含山光大生物燃料有限公司)	PRC December 3, 2014	RMB2,000,000	—	100%	Procurement, processing and supply of biomass fuel	Anhui Jingcheng Certified Public Accountants (安徽竟成會計師事務所)	2015
Hanshan Everbright Photovoltaic Energy Company Limited* (含山光大光伏發電有限公司)	PRC December 3, 2014	RMB3,000,000	—	100%	Design, construction and operation of solar energy project	Anhui Jingcheng Certified Public Accountants (安徽竟成會計師事務所)	2015
Everbright Solarpark Schönewalde Ltd. & Co. KG	Germany June 27, 2011	€1,000	—	100%	Design, construction and operation of solar energy project	Note (b)	Note (b)

* Registered under the laws of the PRC as foreign investment enterprise.

Registered under the laws of the PRC as sino-foreign co-operation joint ventures.

Notes:

- (a) The subsidiary was acquired on January 15, 2014 (see note 24).
- (b) No audited financial statements have been prepared for these subsidiaries as they were not subject to statutory audit requirements under the rules and regulations in the jurisdiction of incorporation.
- (c) No audited financial statements have been prepared for these subsidiaries as they were newly incorporated/established in 2015, 2016 or 2017.
- (d) These subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the “grantors”). Pursuant to the service concession arrangements, the Group was granted rights to construct, operate and maintain integrated biomass and waste-to-energy projects in the PRC for a period not less than 30 years. The grantors guarantee the Group will receive minimum annual payments in connection with the arrangements. During the operating period, the Group will be responsible to maintain the integrated biomass and waste-to-energy projects in good condition.

The service concession arrangements do not contain renewal options. Both the grantor and the Group have the rights to terminate the agreements in the event of a material breach of the terms of the agreements.

Revenue relates to the construction services provided in constructing the integrated biomass and waste-to-energy projects is recognized as “Gross amounts due from customers for contract work” in the Financial Information.

- (e) These subsidiaries of the Group entered into service concession arrangements with the grantors. Pursuant to the service concession arrangements, the Group was granted rights to construct, operate and maintain biomass direct combustion projects in the PRC for a period not less than 30 years. The service fees are based on the extent of services rendered and are subject to the approvals from the relevant local government authorities. During the operating period, the Group will be responsible to maintain the biomass direct combustion projects in good condition.

The service concession arrangements do not contain renewal options. Both the grantor and the Group have the rights to terminate the agreements in the event of a material breach of the terms of the agreements.

Operating rights of the biomass direct combustion projects are recognized as “Intangible assets” in the Financial Information.

- (f) These subsidiaries of the Group entered into service concession arrangements with the grantors. Pursuant to the service concession arrangements, the Group was granted rights to construct, operate and maintain hazardous waste landfill projects in the PRC for a period of 20 to 30 years. The Group has the obligation to maintain the hazardous waste landfill projects in good condition. The service fees are based on the extent of services rendered and are subject to the approvals from the relevant local government authorities. Upon expiry of the concession periods, the hazardous waste landfill projects and related facilities will be transferred to the local government authorities.

The service concession arrangements do not contain renewal options. Both the grantor and the Group have the rights to terminate the agreements in the event of a material breach of the terms of the agreements.

Operating rights of the hazardous waste landfill projects are recognized as “Intangible assets” in the Financial Information.

- (g) These subsidiaries of the Group entered into service concession arrangements with the grantors. Pursuant to the service concession arrangements, the Group was granted rights to construct, operate and maintain hazardous waste landfill projects in the PRC for a period of 25 to 30 years. The Group has the obligation to maintain the hazardous waste landfill projects in good condition. The grantors guarantee the Group will receive minimum annual payments in connection with the arrangements. Upon expiry of the concession periods, the hazardous waste landfill projects and related facilities will be transferred to the local government authorities.

The service concession arrangements do not contain renewal options. Both the grantor and the Group have the rights to terminate the agreements in the event of a material breach of the terms of the agreements.

Revenue relates to the construction services provided in constructing the hazardous waste landfill projects is recognized as “Gross amounts due from customers for contract work” in the Financial Information.

(c) *Basis of measurement*

The Financial Information is prepared in Hong Kong dollars (“HK\$”), rounded to the nearest thousand. It is prepared on the historical cost basis.

(d) *Use of estimates and judgments*

The preparation of Financial Information in conformity with HKFRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made by management in the application of HKFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 2.

(e) *Subsidiaries and non-controlling interests*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(n) or (o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

(f) Joint ventures

A joint venture is an arrangement whereby the Group and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in a joint venture is accounted for in the Financial Information under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the joint venture's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the joint venture's net assets and any impairment loss relating to the investment (see notes 1(j)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the joint venture and any impairment losses for the year are recognized in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the joint venture's other comprehensive income is recognized in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the joint venture.

Unrealized profits and losses resulting from transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in that joint venture, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former joint venture at the date when joint control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(j)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(w)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, from 20 to 50 years after the date of completion.
- Plant and machinery 5 to 25 years
- Leasehold improvements 10 years or over the remaining term of the lease, if shorter
- Furniture and fixtures 5 to 10 years
- Motor vehicles, electronic equipment and others 3 to 12 years

No depreciation is provided in respect of construction in progress.

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Intangible assets

Intangible assets represent operating rights of certain service concession arrangements. The intangible assets are stated at cost less accumulated amortization and impairment losses (see note 1(j)(ii)).

Amortization of intangible assets is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets are amortized from the date they are available for use and their estimated useful lives are as follows:

— Biomass project operating rights	30 years
— Hazardous waste treatment project operating rights	20 to 30 years

Both the period and method of amortization are reviewed annually.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except that land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made.

The cost of acquiring land held under an operating lease is amortized on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

(j) *Impairment of assets*

(i) Impairment of receivables

Current and non-current receivables that are stated at cost or amortized cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganization; and
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized,

the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of debtors included within debtors, other receivables, deposits and prepayments, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets; and
- interest in a joint venture.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(k) Inventories

Inventories, mainly comprise biomass fuel, spare parts and consumables used in the repairs and maintenance, are carried at cost less provision for obsolescence (if any). Cost is calculated using the weighted average cost formula. When inventories are consumed, the carrying amount of those inventories is recognized as an expense in profit or loss.

(l) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 1(t)(i). When the outcome of a construction contract can be estimated reliably, contract costs are recognized as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognized as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognized profit less recognized losses and progress billings, and are presented in the consolidated statement of financial position as the "Gross amounts due from customers for contract work" (as an asset) or the "Gross amounts due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Debtors, other receivables, deposits and prepayments".

(m) Debtors, other receivables, deposits and prepayments

Debtors, other receivables, deposits and prepayments are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(j)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Creditors, other payables and accrued expenses

Creditors, other payables and accrued expenses are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with note 1(s)(i), creditors, other payables and accrued expenses are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(r) *Income tax*

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

(s) *Financial guarantees issued, provisions and contingent liabilities*

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognized as deferred income within creditors, other payables and accrued expenses. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm’s length transaction for similar services, when such information

is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with note 1(s)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in creditors, other payables and accrued expenses in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) Other provisions and contingent liabilities

Provisions are recognized for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) Revenue from construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognized in profit or loss in proportion to the stage of completion of the contract based on the latest available information.

The stage of completion is assessed by reference to surveyors of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

(ii) Revenue from service concession arrangement

Revenue relating to construction services under a service concession arrangement is recognized based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognizing revenue from construction contracts (see note 1(t)(i)). Operation or service revenue is recognized in the period in which services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

(iii) Revenue from operation services

Revenue from operation services are recognized when the related services are rendered.

(iv) Finance income

Finance income is recognized as it accrues using the effective interest method.

(v) Government grants

Government grants are recognized in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognized as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognized initially as deferred income and amortized to profit or loss on a straight-line basis over the useful life of the asset.

(u) Repairs and maintenance

Expenditures on major overhaul, repair and maintenance are charged to profit or loss as incurred.

(v) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Consolidated statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income under "Exchange differences on translation of financial information of subsidiaries outside Hong Kong, net of nil tax" and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

(w) Borrowing costs

Borrowings costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(y) *Segment reporting*

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Accounting judgments and estimates

(a) *Critical accounting judgments in applying the Group's accounting policies*

In the process of applying the Group's accounting policies, management has made the following accounting judgments:

Service concession arrangements

The Group entered into Build-Operate-Transfer ("BOT") and Build-Operate-Own ("BOO") arrangements in respect of its projects.

The Group concluded that all the BOT arrangements and certain BOO arrangements are service concession arrangements under HK(IFRIC) 12, because the local government controls and regulates the services that the Group must provide with the infrastructure at a pre-determined service charge. In respect of BOT arrangements, upon expiry of concession right agreement, the infrastructure has to be transferred to the local government at nil consideration. Infrastructure for BOO arrangements is used in the service concession arrangements for its entire or substantial useful life.

(b) *Sources of estimation uncertainty*

Note 23 contains information about the assumptions and their risk factors relating to valuation of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Construction contracts

As explained in policy notes 1(l) and 1(t)(i), revenue and profit recognition on an incomplete project is dependent on estimating the final outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached, the "Gross amounts due from customers for contract work" as disclosed in note 15 will not include profit which the Group may eventually realize from the work to date. In addition, actual outcomes in terms of revenue or costs may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognized in future years as an adjustment to the amounts recorded to date.

(ii) Impairment losses for bad and doubtful debts

The Group estimates impairment losses for bad and doubtful debts resulting from the inability of the customers to make the required payments. The Group bases the estimates

on the ageing of the receivables, customer credit-worthiness, and historical write-off experience. If the financial conditions of customers were to deteriorate, actual write-offs would be higher than estimated.

(iii) Other impairment losses

If circumstances indicate that the carrying values of property, plant and equipment, interest in leasehold land held for own use under operating leases, intangible assets, interest in a joint venture and other financial assets may not be recoverable, these assets may be considered impaired, and an impairment loss may be recognized in accordance with HKAS 36, *Impairment of assets*. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to estimate precisely fair values because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgment relating to revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

(iv) Income taxes

Determining income tax provisions involves judgment on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognized for temporary deductible differences. As those deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized, management's judgment is required to assess the probability of future taxable profits. Management reassess these estimates at the end of each reporting period. Additional deferred tax assets are recognized if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

3 Revenue and segment reporting

(a) *Revenue*

The principal activities of the Group are construction, biomass project operation (biomass direct combustion projects and integrated biomass and waste-to-energy projects), hazardous waste treatment

project operation (hazardous waste landfill projects and hazardous waste incineration projects) and solar and wind energy project operation (solar energy projects and wind power projects).

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

	<u>Year ended December 31,</u>		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from biomass project construction services	312,994	590,941	1,963,575
Revenue from hazardous waste treatment project construction services	357,748	44,269	84,991
Revenue from biomass project operation services	219,647	348,989	459,840
Revenue from hazardous waste treatment project operation services	81,545	107,587	240,033
Revenue from solar and wind energy project operation services	72,052	92,684	215,115
Finance income	13,798	18,728	36,577
	<u>1,057,784</u>	<u>1,203,198</u>	<u>3,000,131</u>

For the years ended December 31, 2014, 2015 and 2016, the Group has transactions with four, four and three local government authorities in the PRC which individually exceeded 10% of the Group's revenues respectively. The revenue from these PRC local government authorities during the years ended December 31, 2014, 2015 and 2016 amounted to HK\$892,169,000, HK\$859,861,000, and HK\$1,274,764,000 respectively.

The aggregated revenues from construction services, operation services and finance income derived from local government authorities in the PRC amounted to HK\$986,943,000, HK\$1,088,901,000 and HK\$2,766,634,000 respectively for each of the years ended December 31, 2014, 2015 and 2016. The revenues arose from all the three business segments as set out in note 3(b). Details of concentrations of credit risk arising from these customers are set out in note 23(a).

(b) Segment reporting

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

Biomass project construction and operation: this segment engages in the construction and operation of biomass direct combustion projects and integrated biomass and waste-to-energy projects to generate revenue from construction services, revenue from operation services as well as finance income.

Hazardous waste treatment project construction and operation: this segment engages in the construction and operation of hazardous waste landfill projects and hazardous waste incineration projects to generate revenue from construction services, revenue from operation services as well as finance income.

Solar and wind energy project construction and operation: this segment engages in the construction and operation of solar energy projects and wind power projects to generate revenue from operation services.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible assets, intangible assets, interest in a joint venture, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets. Segment liabilities include current taxation, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segments and borrowings managed directly by the segments, with the exception of intercompany payables and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

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

In addition to receiving segment information concerning EBITDA, management is provided with segment information concerning revenue, interest expense from borrowings managed directly by the segments, depreciation and amortization and additions to non-current segment assets used by the segments in their operations.

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

	Biomass project construction and operation			Hazardous waste treatment project construction and operation			Solar and wind energy project construction and operation			Total		
	Year ended December 31,			Year ended December 31,			Year ended December 31,			Year ended December 31,		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	532,641	946,320	2,449,253	453,091	164,194	335,763	72,052	92,684	215,115	1,057,784	1,203,198	3,000,131
Reportable segment profit (EBITDA)	153,068	300,613	666,684	92,142	82,156	188,799	63,113	77,693	198,805	308,323	460,462	1,054,288
Interest income from bank deposits	767	3,310	4,434	765	1,791	392	846	940	81	2,378	6,041	4,907
Finance costs	15,819	26,060	32,485	2,655	4,079	9,574	7,754	11,063	25,556	26,228	41,202	67,615
Depreciation and amortization	24,832	35,139	44,011	4,722	5,186	17,847	25,598	32,576	69,549	55,152	72,901	131,407
Additions to property, plant and equipment, interest in leasehold land held for own use under operating leases, intangible assets and non-current portion of prepayments	345,368	584,267	1,804,880	497,354	113,851	117,992	347,230	688,403	8,557	1,189,952	1,386,521	1,931,429
Additions to non-current portion of other receivables and deposits and gross amounts due from customers for contract work	—	240,509	532,990	13,798	12,338	18,779	—	—	—	13,798	252,847	551,769
	As at December 31,			As at December 31,			As at December 31,			As at December 31,		
	2014	2015	2016	2014	2015	2016	2014	2015	2016	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Reportable segment assets	1,373,641	2,429,742	4,573,051	1,057,533	989,031	1,131,190	1,029,559	1,669,764	1,500,870	3,460,733	5,088,537	7,205,111
Reportable segment liabilities	673,188	873,932	2,016,403	321,292	280,905	440,509	267,410	877,367	709,485	1,261,890	2,032,204	3,166,397

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

	<u>Year ended December 31,</u>		
	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue			
Reportable segment revenue and consolidated revenue	<u>1,057,784</u>	<u>1,203,198</u>	<u>3,000,131</u>
Profit			
Reportable segment profit derived from the Group's external customers	308,323	460,462	1,054,288
Depreciation and amortization	(55,152)	(72,901)	(131,507)
Finance costs	(26,228)	(41,202)	(67,715)
Unallocated head office and corporate income	488	22	866
Unallocated head office and corporate expenses	<u>(2,381)</u>	<u>(18,635)</u>	<u>(72,537)</u>
Consolidated profit before taxation	<u>225,050</u>	<u>327,746</u>	<u>783,395</u>
	<u>As at December 31,</u>		
	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Assets			
Reportable segment assets	3,460,733	5,088,537	7,205,111
Unallocated head office and corporate assets	<u>99,754</u>	<u>478,389</u>	<u>258,436</u>
Consolidated total assets	<u>3,560,487</u>	<u>5,566,926</u>	<u>7,463,547</u>
Liabilities			
Reportable segment liabilities	1,261,890	2,032,204	3,166,397
Unallocated head office and corporate liabilities	<u>1,670,496</u>	<u>613,587</u>	<u>96,568</u>
Consolidated total liabilities	<u>2,932,386</u>	<u>2,645,791</u>	<u>3,262,965</u>

(iii) Geographic information

The following table sets out information about the geographical location of (a) the Group's revenue from external customers, (b) the Group's property, plant and equipment, interest in leasehold land held for own use under operating leases and intangible assets and (c) the Group's non-current portion of other receivables, deposits and prepayments and non-current portion of gross amounts due from customers for contract work. The geographical location of customers is based on the location at which the services were provided. The geographical location of the assets is based on the physical location of the asset, in the case of property, plant and equipment and interest in leasehold land held for own use under operating leases, and the location of the operation to which they are allocated, in the case of other receivables, deposits and prepayments, intangible assets and gross amounts due from customers for contract work.

	<u>Year ended December 31,</u>		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue from external customers			
PRC	1,050,338	1,196,696	2,994,136
Germany	<u>7,446</u>	<u>6,502</u>	<u>5,995</u>
	<u>1,057,784</u>	<u>1,203,198</u>	<u>3,000,131</u>
	<u>As at December 31,</u>		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment, interest in leasehold land held for own use under operating leases and intangible assets			
PRC	2,086,629	3,329,415	4,766,542
Germany	<u>58,214</u>	<u>48,938</u>	<u>43,814</u>
	<u>2,144,843</u>	<u>3,378,353</u>	<u>4,810,356</u>
Non-current portion of other receivables, deposits and prepayments and gross amounts due from customers for contract work			
PRC	<u>543,788</u>	<u>557,263</u>	<u>1,013,850</u>

4 Other revenue

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest income	3,229	7,105	5,615
Government grant*	1,737	5,444	15,750
Value-added tax refund**	15,282	23,209	42,249
Others	<u>1,445</u>	<u>2,100</u>	<u>4,283</u>
	<u>21,693</u>	<u>37,858</u>	<u>67,897</u>

* Government grant of HK\$3,425,000 and HK\$14,019,000 was granted during the year ended December 31, 2015 and 2016 respectively to subsidize a biomass project of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grant in the future. The remaining amounts represent amortization of deferred income as set out in note 19.

** The Group was entitled to PRC value-added tax refund of HK\$15,282,000, HK\$23,209,000 and HK\$42,249,000 during the years ended December 31, 2014, 2015 and 2016 respectively. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

5 Other loss

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net loss on disposal of property, plant and equipment	<u>54</u>	<u>1,275</u>	<u>9,684</u>

6 Profit before taxation

Profit before taxation is arrived at after charging:

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Finance costs			
Interest on bank loans and other borrowings	23,637	41,357	72,518
Interest on amount due to fellow subsidiary	<u>2,591</u>	<u>9,151</u>	<u>990</u>
	26,228	50,508	73,508
Less: interest expense capitalized into construction in progress*	<u>—</u>	<u>(9,306)</u>	<u>(5,793)</u>
	<u>26,228</u>	<u>41,202</u>	<u>67,715</u>

* The borrowing costs have been capitalized at a rate of 5.00% to 6.35% and 4.56% to 4.90% per annum during the years ended December 31, 2015 and 2016 respectively.

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(b) Staff costs			
Contributions to defined contribution retirement plan	2,885	4,832	11,174
Salaries, wages and other benefits	<u>38,370</u>	<u>63,602</u>	<u>93,485</u>
	<u>41,255</u>	<u>68,434</u>	<u>104,659</u>
(c) Other items			
Amortization			
— interest in leasehold land held for own use under operating leases	588	549	4,239
— intangible assets	23,132	32,484	41,668
Depreciation	31,432	39,868	85,600
Net foreign exchange loss	3,990	9,728	12,653
Auditors' remuneration			
— audit services	326	1,851	2,133
— other services	127	148	102
Operating lease charges: minimum lease payments			
— hire of premises	628	714	3,892
Listing expenses	<u>—</u>	<u>3,948</u>	<u>36,297</u>

7 Income tax in the consolidated income statements

(a) Taxation in the consolidated income statements represents:

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax — Hong Kong Profits Tax			
Provision for the year	—	—	—
Current tax — PRC Income Tax			
Provision for the year	11,084	21,767	44,874
(Over)/under-provision in respect of prior years	<u>(13,714)</u>	<u>(441)</u>	<u>328</u>
	(2,630)	21,326	45,202
Deferred tax			
Origination and reversal of temporary differences	<u>28,003</u>	<u>34,976</u>	<u>108,671</u>
	<u>25,373</u>	<u>56,302</u>	<u>153,873</u>

No provision for Hong Kong Profits Tax has been made in the Financial Information for the years ended December 31, 2014, 2015 and 2016 as the Group's operations in Hong Kong did not earn any income subject to Hong Kong Profits Tax.

Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the Relevant Periods, certain PRC subsidiaries are subject to tax at 50% of the standard tax rates or fully exempt from income tax under the relevant tax rules and regulations.

The over-provision in respect of prior years of HK\$13,714,000 during the year ended December 31, 2014 represents a tax refund received by the Group in respect of an approval obtained in 2014 for tax concession of a solid waste landfill project, whereas the relevant amount of tax was paid and provided for in prior years.

(b) *Reconciliation between tax expense and accounting profit at applicable tax rates:*

	<u>Year ended December 31,</u>		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	<u>225,050</u>	<u>327,746</u>	<u>783,395</u>
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	58,198	91,308	200,899
Tax effect of non-deductible expenses	8,963	9,487	13,914
Tax effect of non-taxable income	(2,530)	(1,177)	(3,187)
Tax effect of profits entitled to tax concession in the PRC	(28,054)	(39,136)	(64,608)
Tax effect of withholding tax on undistributed profits of PRC subsidiaries	2,510	(3,739)	6,527
(Over)/under-provision in respect of prior years	<u>(13,714)</u>	<u>(441)</u>	<u>328</u>
Actual tax expense	<u>25,373</u>	<u>56,302</u>	<u>153,873</u>

8 Directors' remuneration

The directors' remuneration for each of the years ended December 31, 2014, 2015 and 2016 is as follows:

Year ended December 31, 2014

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive directors					
Qian Xiaodong	—	—	—	—	—
Yang Zhiqiang	—	—	—	—	—
Wang Yungang	—	—	—	—	—
Non-executive directors					
Chen Xiaoping	—	—	—	—	—
Hu Yanguo	—	—	—	—	—
Tang Xianqing	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Year ended December 31, 2015

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors					
Qian Xiaodong	—	—	—	—	—
Yang Zhiqiang	—	—	—	—	—
Wang Yungang	—	—	—	—	—
Non-executive directors					
Chen Xiaoping	—	—	—	—	—
Hu Yanguo	—	—	—	—	—
Tang Xianqing	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Year ended December 31, 2016

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors					
Qian Xiaodong	—	1,560	1,650	56	3,266
Yang Zhiqiang	—	1,170	950	117	2,237
Wang Yungang	—	1,097	936	38	2,071
Non-executive directors					
Chen Xiaoping	—	—	—	—	—
Hu Yanguo	—	—	—	—	—
Tang Xianqing	—	—	—	—	—
	<u>—</u>	<u>3,827</u>	<u>3,536</u>	<u>211</u>	<u>7,574</u>

All the executive directors received remuneration from a subsidiary of CEIL during the years ended December 31, 2014 and 2015 in respect of their services to CEIL and its subsidiaries (the "CEIL Group"). The amounts paid by the fellow subsidiary were not specifically allocated between their services to the Group and the CEIL Group, respectively, as there is no arrangement to recharge the Group such expenses and it is not meaningful to perform a retrospective allocation of the services rendered by the executive directors to the various group companies within the Group and CEIL Group.

During the Relevant Periods, there was no amount paid or payable by the Group to the directors or any of the five highest paid individuals as set out in note 9 below as an inducement to join or upon joining the Group or as compensation for loss of office. And, there was no arrangement under which a director has waived or agreed to waive any remuneration during the Relevant Periods.

9 Individuals with highest emoluments

Of the five individuals with the highest emoluments, three (for the years ended December 31, 2014 and 2015: nil) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the other two (for the years ended December 31, 2014 and 2015: five) individuals are as follows:

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other emoluments	1,327	1,251	2,153
Discretionary bonuses	629	807	1,178
Retirement scheme contributions	163	195	159
	<u>2,119</u>	<u>2,253</u>	<u>3,490</u>

The emoluments of the two (for the years ended December 31, 2014 and 2015: five) individuals with the highest emoluments are within the following band:

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<i>Number of individual</i>	<i>Number of individual</i>	<i>Number of individual</i>
HK\$Nil - HK\$1,000,000	5	5	—
HK\$1,500,001 - HK\$2,000,000	<u>—</u>	<u>—</u>	<u>2</u>

10 Earnings per share

Earnings per share information is not presented as its inclusion for the purpose of this report is not considered meaningful due to the Reorganization and the preparation of the results of the Group for the Relevant Periods on the basis as disclosed in note 1(b) of Section B.

11 Property, plant and equipment and interest in leasehold land held for own use under operating leases

The Group

	Buildings HK\$'000	Plant and machinery HK\$'000	Leasehold improvements, furniture and fixtures HK\$'000	Motor vehicles, electronic equipment and others HK\$'000	Construction in progress HK\$'000	Sub-total HK\$'000	Interest in leasehold land held for own use under operating leases HK\$'000	Total HK\$'000
Cost:								
At January 1, 2014	42,313	570,822	2,121	16,419	—	631,675	12,637	644,312
Exchange adjustments	(1,874)	(21,933)	(97)	(503)	(2,350)	(26,757)	(722)	(27,479)
Additions	—	—	—	—	—	—	—	—
— through acquisition of subsidiary	15,820	6,826	1,178	485	—	24,309	2,481	26,790
— others	—	775	1,287	6,219	231,107	239,388	—	239,388
Disposals	—	—	(255)	(374)	—	(629)	—	(629)
At December 31, 2014	56,259	556,490	4,234	22,246	228,757	867,986	14,396	882,382
At January 1, 2015	56,259	556,490	4,234	22,246	228,757	867,986	14,396	882,382
Exchange adjustments	(8,723)	(48,211)	(397)	(1,169)	(8,743)	(67,243)	(4,150)	(71,393)
Additions	—	13,327	7,494	10,064	901,378	932,263	108,955	1,041,218
Disposals	—	(5,205)	(30)	(923)	—	(6,158)	—	(6,158)
Transferred from construction in progress	198,701	716,658	—	—	(915,359)	—	—	—
At December 31, 2015	246,237	1,233,059	11,301	30,218	206,033	1,726,848	119,201	1,846,049
At January 1, 2016	246,237	1,233,059	11,301	30,218	206,033	1,726,848	119,201	1,846,049
Exchange adjustments	(25,602)	(96,234)	(975)	(3,174)	(8,445)	(134,430)	(8,339)	(142,769)
Additions	4,544	15,851	4,424	27,591	279,754	332,164	39,690	371,854
Disposals	(355)	(9,673)	(1,767)	(474)	(3,160)	(15,429)	—	(15,429)
Transferred from construction in progress	192,485	208,768	—	—	(401,253)	—	—	—
Transfer out for service concession arrangements	—	—	—	—	—	—	(23,861)	(23,861)
At December 31, 2016	417,309	1,351,771	12,983	54,161	72,929	1,909,153	126,691	2,035,844

	Buildings HK\$'000	Plant and machinery HK\$'000	Leasehold improvements, furniture and fixtures HK\$'000	Motor vehicles, electronic equipment and others HK\$'000	Construction in progress HK\$'000	Sub-total HK\$'000	Interest in leasehold land held for own use under operating leases HK\$'000	Total HK\$'000
Accumulated depreciation and amortization:								
At January 1, 2014	4,903	54,931	1,099	5,734	—	66,667	1,159	67,826
Exchange adjustments	(156)	(2,486)	(33)	(169)	—	(2,844)	(94)	(2,938)
Charge for the year	2,939	24,410	1,008	3,075	—	31,432	588	32,020
Written back on disposal	—	—	(255)	(312)	—	(567)	—	(567)
At December 31, 2014	7,686	76,855	1,819	8,328	—	94,688	1,653	96,341
At January 1, 2015	7,686	76,855	1,819	8,328	—	94,688	1,653	96,341
Exchange adjustments	(451)	(4,685)	(211)	(431)	—	(5,778)	(120)	(5,898)
Charge for the year	4,663	29,404	1,865	3,936	—	39,868	549	40,417
Written back on disposal	—	(759)	—	(776)	—	(1,535)	—	(1,535)
At December 31, 2015	11,898	100,815	3,473	11,057	—	127,243	2,082	129,325
At January 1, 2016	11,898	100,815	3,473	11,057	—	127,243	2,082	129,325
Exchange adjustments	(1,430)	(9,024)	(242)	(1,107)	—	(11,803)	(314)	(12,117)
Charge for the year	14,222	62,649	1,265	7,464	—	85,600	4,239	89,839
Written back on disposal	(56)	(4,435)	(1,016)	(238)	—	(5,745)	—	(5,745)
At December 31, 2016	24,634	150,005	3,480	17,176	—	195,295	6,007	201,302

	Buildings HK\$'000	Plant and machinery HK\$'000	Leasehold improvements, furniture and fixtures HK\$'000	Motor vehicles, electronic equipment and others HK\$'000	Construction in progress HK\$'000	Sub-total HK\$'000	Interest in leasehold land held for own use under operating leases HK\$'000	Total HK\$'000
At December 31, 2014	48,573	479,635	2,415	13,918	228,757	773,298	12,743	786,041
At December 31, 2015	234,339	1,132,244	7,828	19,161	206,033	1,599,605	117,119	1,716,724
At December 31, 2016	392,675	1,201,766	9,503	36,985	72,929	1,713,858	120,684	1,834,542

Net book value:

At December 31, 2014

At December 31, 2015

At December 31, 2016

The analysis of net book value of properties is as follows:

	<u>As at December 31,</u>		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>In the PRC</i>			
Medium-term leases	<u>61,316</u>	<u>351,458</u>	<u>513,359</u>
Representing:			
Buildings	48,573	234,339	392,675
Interest in leasehold land held for own use under operating leases	<u>12,743</u>	<u>117,119</u>	<u>120,684</u>
	<u>61,316</u>	<u>351,458</u>	<u>513,359</u>
The Company			
		Motor vehicles, electronic equipment and others	
		<i>HK\$'000</i>	
Cost:			
At January 1, 2016			—
Additions			<u>1,293</u>
At December 31, 2016			<u>1,293</u>
Accumulated depreciation:			
At January 1, 2016			—
Charge for the year			<u>(63)</u>
At December 31, 2016			<u>(63)</u>
Net book value:			
At December 31, 2016			<u>1,230</u>

12 Intangible assets

The Group

	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost:			
At January 1, 2014	692,062	83,130	775,192
Exchange adjustments	(20,986)	(5,776)	(26,762)
Additions	<u>312,994</u>	<u>357,748</u>	<u>670,742</u>
At December 31, 2014	<u>984,070</u>	<u>435,102</u>	<u>1,419,172</u>
Accumulated amortization:			
At January 1, 2014	38,463	—	38,463
Exchange adjustments	(1,225)	—	(1,225)
Charge for the year	<u>23,132</u>	<u>—</u>	<u>23,132</u>
At December 31, 2014	<u>60,370</u>	<u>—</u>	<u>60,370</u>
Net book value:			
At December 31, 2014	<u>923,700</u>	<u>435,102</u>	<u>1,358,802</u>

	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost:			
At January 1, 2015	984,070	435,102	1,419,172
Exchange adjustments	(50,396)	(18,801)	(69,197)
Additions	<u>356,821</u>	<u>44,269</u>	<u>401,090</u>
At December 31, 2015	<u>1,290,495</u>	<u>460,570</u>	<u>1,751,065</u>
Accumulated amortization:			
At January 1, 2015	60,370	—	60,370
Exchange adjustments	(3,418)	—	(3,418)
Charge for the year	<u>32,484</u>	<u>—</u>	<u>32,484</u>
At December 31, 2015	<u>89,436</u>	<u>—</u>	<u>89,436</u>
Net book value:			
At December 31, 2015	<u>1,201,059</u>	<u>460,570</u>	<u>1,661,629</u>

	Biomass project operating rights	Hazardous waste treatment project operating rights	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost:			
At January 1, 2016	1,290,495	460,570	1,751,065
Exchange adjustments	(151,501)	(34,001)	(185,502)
Additions	<u>1,456,593</u>	<u>76,950</u>	<u>1,533,543</u>
At December 31, 2016	<u>2,595,587</u>	<u>503,519</u>	<u>3,099,106</u>
Accumulated amortization:			
At January 1, 2016	89,436	—	89,436
Exchange adjustments	(7,563)	(249)	(7,812)
Charge for the year	<u>36,171</u>	<u>5,497</u>	<u>41,668</u>
At December 31, 2016	<u>118,044</u>	<u>5,248</u>	<u>123,292</u>
Net book value:			
At December 31, 2016	<u>2,477,543</u>	<u>498,271</u>	<u>2,975,814</u>

The amortization of the intangible assets is included in "Direct costs and operating expenses" in the consolidated income statements. There was no amortization during the Relevant Periods for certain hazardous waste treatment project operating rights as the Group has not yet obtained all necessary licenses for the relevant projects and therefore, the operating rights have not yet been available for use.

As at December 31, 2014, 2015 and 2016, there were certain projects that had not commenced operation, the amounts of the project operating rights of these projects were HK\$435,103,000, HK\$806,447,000 and HK\$894,899,000 respectively. The recoverable amount of each of these operating rights was determined based on value-in-use calculations, i.e. the present value of the future cash flows expected to be derived from the projects. The cash flow projections are based on the most recent respective financial budgets approved by the senior management covering a budget period of five years. The financial budgets are prepared based on the service agreements governing the relevant projects. Cash flows beyond the budget period are extrapolated using an estimated inflation rate of 2% which does not exceed the average long-term growth rates for the industry in which the projects operate. Discount rates of 13.5% to 14.3% have been adopted for the value-in-use calculations during the Relevant Periods. The discount rates used are the pre-tax rates that reflect the current market assessments of the time value of money and the specific risks relating to the relevant operating rights. No impairment is considered necessary during the Relevant Periods.

13 Interest in a joint venture

	<u>The Group</u>		
	<u>As at December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	<u>—</u>	<u>14,361</u>	<u>33,651</u>

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the Financial Information, are as follows:

Name of joint venture	Form of business structure	Place of establishment and operation	Proportion of ownership interest			Principal Activity
			Group's effective interest	held by the Company	held by a subsidiary	
Everbright SITA Solid Waste Treatment (Changzhou) Limited ("SITA (Changzhou)")	Established	PRC	50%	—	50%	Design, construction, operation and maintenance of hazardous waste landfill project (note)

Note: The Group made capital contributions of HK\$14,822,000 and HK\$20,928,000 to SITA (Changzhou) during the years ended December 31, 2015 and 2016 respectively. The Group has joint control over SITA (Changzhou)'s management, including participation in the financial and operating policy decisions, pursuant to the Articles of Association of SITA (Changzhou). Accordingly, SITA (Changzhou) is classified as a joint venture of the Group.

SITA (Changzhou) was established by the Group with SITA Asia Pacific Limited in the PRC, the other investor to this joint venture, to enhance harmless disposal ability of hazardous waste of Changzhou City.

SITA (Changzhou), the only joint venture in which the Group participates, is an unlisted corporate entity whose quoted market price is not available.

Summarized financial information of SITA Changzhou, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the Financial Information, are disclosed below:

	SITA	
	(Changzhou)	
	As at	As at
	December 31,	December 31,
	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross amounts of the SITA (Changzhou)'s		
Current assets	12,303	13,853
Non-current assets	17,826	53,930
Current liabilities	(1,407)	(481)
Equity	28,722	67,302
Included in the above assets and liabilities:		
Cash and cash equivalents	11,554	11,649
Reconciled to the Group's interest in SITA (Changzhou)		
Gross amounts of SITA (Changzhou)'s net assets	28,722	67,302
Group's effective interest	50%	50%
Group's share of SITA (Changzhou)'s net assets	<u>14,361</u>	<u>33,651</u>
Carrying amount in the Financial Information	<u><u>14,361</u></u>	<u><u>33,651</u></u>

14 Debtors, other receivables, deposits and prepayments

	The Group			The Company	
	As at December 31,			As at December 31,	
	2014	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Debtors	71,169	198,433	268,788	—	—
Other receivables, deposits and prepayments					
— finance income receivables	39,748	48,593	71,059	—	—
— prepayment for constructions	249,427	236,149	141,318	—	—
— prepayment for operations	5,232	8,380	19,858	—	—
— value-added tax receivables	51,180	166,809	211,992	—	—
— others	24,480	11,472	35,959	1,090	15,004
	<u>370,067</u>	<u>471,403</u>	<u>480,186</u>	<u>1,090</u>	<u>15,004</u>
Amounts due from fellow subsidiaries	102,253	14,954	1,631	—	—
Amounts due from subsidiaries	—	—	—	599,090	897,549
Amount due from intermediate holding company	85,468	—	—	—	—
	<u>628,957</u>	<u>684,790</u>	<u>750,605</u>	<u>600,180</u>	<u>912,553</u>
Less: Non-current portion					
Other receivables, deposits and prepayments					
— finance income receivables	(33,102)	(40,428)	(62,881)	—	—
— prepayment for constructions	(237,533)	(68,499)	(17,083)	—	—
— value-added tax receivables	(36,100)	(114,072)	(172,186)	—	—
	<u>(306,735)</u>	<u>(222,999)</u>	<u>(252,150)</u>	<u>—</u>	<u>—</u>
Amount due from intermediate holding company	(85,468)	—	—	—	—
	<u>(392,203)</u>	<u>(222,999)</u>	<u>(252,150)</u>	<u>—</u>	<u>—</u>
Current portion	<u>236,754</u>	<u>461,791</u>	<u>498,455</u>	<u>600,180</u>	<u>912,553</u>

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

	The Group		
	As at December 31,		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Current	57,389	93,758	181,306
Within 1 month past due	4,095	37,019	26,826
More than 1 month but within 3 months past due	5,509	3,780	391
More than 3 months but within 6 months past due	1,392	24,345	26,006
More than 6 months but within 12 months past due	669	35,260	32,850
More than 12 months past due	2,115	4,271	1,409
Amounts past due	<u>13,780</u>	<u>104,675</u>	<u>87,482</u>
	<u>71,169</u>	<u>198,433</u>	<u>268,788</u>

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

	The Group		
	As at December 31,		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	46,599	57,617	126,364
More than 1 month but within 2 months	9,511	17,988	27,868
More than 2 months but within 4 months	8,046	32,855	42,188
More than 4 months but within 7 months	4,229	36,533	19,095
More than 7 months but within 13 months	457	34,029	46,786
More than 13 months	<u>2,327</u>	<u>19,411</u>	<u>6,487</u>
	<u>71,169</u>	<u>198,433</u>	<u>268,788</u>

Debtors are due within 30 to 90 days from the date of billing. Further details on the Group's credit policy are set out in note 23(a).

There was no recent history of default in respect of the Group's debtors. Since most of the debtors are local government authorities in the PRC and based on past experience, management believes that no impairment allowance is necessary in respect of the past due balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances. No impairment loss was recognized by the Group at December 31, 2014, 2015 and 2016.

Other receivables, deposits and prepayments include balances totaling HK\$39,748,000, HK\$48,593,000 and HK\$71,059,000 as at December 31, 2014, 2015 and 2016 respectively, which bear interest at rates ranging from 5.15% to 6.91% per annum and relate to the BOT and certain BOO arrangements of the Group. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT and BOO arrangements. No impairment loss was recognized by the Group at December 31, 2014, 2015 and 2016.

The amounts due from fellow subsidiaries are unsecured, interest free and recoverable on demand, except for an amount of HK\$99,680,000 as at December 31, 2014 which bears interest at 5.6% per annum and was fully settled during the year ended December 31, 2015.

The amount due from intermediate holding company as at December 31, 2014 was unsecured, interest free and not expected to be settled within twelve months from the end of the reporting period. The amount was fully settled during the year ended December 31, 2015.

All of the amounts due from fellow subsidiaries will be settled prior to the Listing.

The amounts due from subsidiaries of the Company as at December 31, 2015 and 2016 were unsecured, interest free and recoverable on demand.

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

15 Gross amounts due from customers for contract work

	The Group		
	As at December 31,		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract costs incurred plus recognized profits less anticipated losses	286,053	501,524	960,144
Less: Progress billings	(109,053)	(127,742)	(154,640)
Net contract work	<u>177,000</u>	<u>373,782</u>	<u>805,504</u>
Representing:			
Gross amounts due from customers for contract work			
— Non-current	151,585	334,264	761,700
— Current	<u>25,415</u>	<u>39,518</u>	<u>43,804</u>
	<u>177,000</u>	<u>373,782</u>	<u>805,504</u>

“Gross amounts due from customers for contract work” represent revenue from construction under BOT arrangements and certain BOO arrangements and bear interest at rates ranging from 5.15% to 6.91% per annum as at December 31, 2014, 2015 and 2016. As at December 31, 2014, 2015 and 2016, HK\$177,000,000, HK\$146,844,000 and HK\$379,500,000 relates to BOT arrangements and certain BOO arrangements with operation commenced respectively. The amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the arrangements.

16 Inventories

(a) *Inventories in the consolidated statements of financial position comprise:*

	The Group		
	As at		
	December 31,		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials and operating supplies	<u>21,188</u>	<u>32,456</u>	<u>46,113</u>

- (b) *The analysis of amount of inventories recognized as an expense and included in profit or loss is as follows:*

	<u>The Group</u>		
	Year ended		
	<u>December 31,</u>		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Carrying amount of inventories consumed	<u>119,892</u>	<u>186,137</u>	<u>269,495</u>

17 Cash and cash equivalents and pledged bank deposits

Cash and cash equivalents comprise:

	<u>The Group</u>			<u>The Company</u>
	As at			As at
	<u>December 31,</u>			<u>December 31,</u>
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deposits with banks	10,081	87,378	56,093	—
Cash at bank and in hand	<u>559,061</u>	<u>957,097</u>	<u>830,117</u>	<u>4,210</u>
	<u>569,142</u>	<u>1,044,475</u>	<u>886,210</u>	<u>4,210</u>

Included in "Cash and cash equivalents" and "Pledged bank deposits" are the following deposits placed with a related party bank:

	<u>The Group</u>		
	As at		
	<u>December 31,</u>		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Deposits with related party bank	<u>56,810</u>	<u>50,995</u>	<u>55,877</u>

	<u>The Group</u>		
	Year ended		
	<u>December 31,</u>		
	2014	2015	2016
	HK\$'000	HK\$'000	HK\$'000
Interest income from related party bank	<u>128</u>	<u>182</u>	<u>298</u>

18 Bank loans

(a) *The bank loans were repayable as follows:*

	<u>The Group</u>			<u>The Company</u>
	As at			As at
	December 31,			December 31,
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year or on demand	117,312	79,394	270,265	—
After 1 year but within 2 years	94,547	105,586	210,421	—
After 2 years but within 5 years	210,788	382,973	723,869	30,000
After 5 years	149,058	588,976	763,772	—
	<u>454,393</u>	<u>1,077,535</u>	<u>1,698,062</u>	<u>30,000</u>
	<u>571,705</u>	<u>1,156,929</u>	<u>1,968,327</u>	<u>30,000</u>

(b) *The bank loans were secured as follows:*

	<u>The Group</u>			<u>The Company</u>
	As at			As at
	December 31,			December 31,
	2014	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans				
— secured	553,015	1,156,929	1,623,390	—
— unsecured	18,690	—	344,937	30,000
	<u>571,705</u>	<u>1,156,929</u>	<u>1,968,327</u>	<u>30,000</u>

Certain banking facilities of the Group are secured by certain revenue and receivables in connection with the Group's service concession arrangements, mortgages on property, plant and equipment and interest in leasehold land held for own use under operating leases of the Group. Such banking facilities, amounting to HK\$1,055,800,000, HK\$1,496,626,000 and HK\$3,800,471,000 as at December 31, 2014, 2015 and 2016 were utilized to the extent of HK\$553,015,000, HK\$1,156,929,000 and HK\$1,623,390,000 respectively. Among the secured banking facilities, HK\$621,155,000 are guaranteed by the intermediate holding company and were utilized to the extent of HK\$155,750,000 as at December 31, 2014. All the guarantees granted by the intermediate holding company were released during the year ended December 31, 2015.

The unsecured banking facilities of HK\$18,690,000 and HK\$1,598,308,000 as at December 31, 2014 and 2016 were utilized to the extent of HK\$18,690,000 and HK\$344,937,000 respectively. The

Group had no unsecured banking facilities as at December 31, 2015. Among the unsecured banking facilities, HK\$223,360,000 were guaranteed by the Company as at December 31, 2016, none of which was utilized.

All of the non-current bank loans are carried at amortized costs. None of the non-current bank loans is expected to be settled within one year.

Banking facilities of HK\$800,373,000, HK\$409,416,000 and HK\$2,008,175,000 as at December 31, 2014, 2015 and 2016 respectively are subject to the fulfillment of covenants relating to certain of the Group's financial ratios. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. As at December 31, 2014, 2015 and 2016, such facilities were utilized to the extent of HK\$334,965,000, HK\$243,745,000 and HK\$581,479,000 respectively. The Group regularly monitors its compliance with these covenants. As at December 31, 2014, 2015 and 2016, none of the covenants relating to drawn down facilities had been breached. Further details of the Group's management of liquidity risk are set out in note 23(b).

19 Creditors, other payables and accrued expenses

	The Group			The Company	
	As at December 31,			As at	As at
	2014	2015	2016	December 31,	December 31,
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Creditors					
— third parties	180,139	234,444	529,659	—	—
— fellow subsidiaries	107,068	24,077	6,200	—	—
	<u>287,207</u>	<u>258,521</u>	<u>535,859</u>	—	—
Other payables and accrued expenses	101,283	360,936	471,543	—	38,502
Deferred income — government grants	33,703	45,771	47,280	—	—
Amounts due to intermediate holding company	1,197,744	119	—	—	—
Amount due to immediate holding company	—	604,451	—	604,451	—
Amounts due to fellow subsidiaries	644,881	91,064	—	—	—
Amounts due to subsidiaries	—	—	—	—	1,011
	<u>2,264,818</u>	<u>1,360,862</u>	<u>1,054,682</u>	<u>604,451</u>	<u>39,513</u>
Less: Non-current portion					
— Amounts due to intermediate holding company	(1,178,111)	—	—	—	—
— Amount due to immediate holding company	—	(604,451)	—	(604,451)	—
— Amounts due to fellow subsidiaries	(499,164)	(17,821)	—	—	—
— Deferred income — government grants	(31,995)	(43,365)	(38,180)	—	—
	<u>(1,709,270)</u>	<u>(665,637)</u>	<u>(38,180)</u>	<u>(604,451)</u>	<u>—</u>
Current portion	<u>555,548</u>	<u>695,225</u>	<u>1,016,502</u>	<u>—</u>	<u>39,513</u>

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

	The Group		
	As at December 31,		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Due within 1 month or on demand	118,924	46,586	63,977
Due after 1 month but within 3 months	2,543	13,557	13,394
Due after 3 months but within 6 months	801	173	843
Due after 6 months	<u>164,939</u>	<u>198,205</u>	<u>457,645</u>
	<u>287,207</u>	<u>258,521</u>	<u>535,859</u>

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

	The Group		
	As at December 31,		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 6 months	256,960	251,789	519,015
More than 6 months	<u>30,247</u>	<u>6,732</u>	<u>16,844</u>
	<u>287,207</u>	<u>258,521</u>	<u>535,859</u>

Creditors totaling HK\$274,438,000, HK\$223,630,000 and HK\$518,029,000 as at December 31, 2014, 2015 and 2016 respectively represent construction payables for the Group's BOT and certain BOO arrangements.

Creditors due to fellow subsidiaries are unsecured, interest free and repayable in accordance with the contract terms.

The amounts due to intermediate holding company are unsecured, interest free and have no fixed terms of repayment, except for the amounts of HK\$1,178,111,000 as at December 31, 2014 which the intermediate holding company agreed not to seek repayment within twelve months from the end of the reporting period.

The amount due to immediate holding company as at December 31, 2015 was unsecured, interest free and had no fixed terms of repayment but the immediate holding company agreed not to seek repayment within twelve months from the end of the reporting period.

The amounts due to fellow subsidiaries are unsecured and further analysis is as follows:

	<u>The Group</u>		
	<u>As at</u>		
	<u>December 31,</u>		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest free			
— due within 1 year or on demand	85,439	34,945	—
— due after 1 year (note)	460,136	—	—
Interest bearing (at rates ranging from 4.35% to 6.35% per annum)			
— due within 1 year	60,278	38,298	—
— due after 1 year	39,028	17,821	—
	<u>644,881</u>	<u>91,064</u>	<u>—</u>

Note: The amounts have no fixed terms of repayment but the intermediate holding company agreed not to seek repayment within twelve months from the end of the reporting period.

Deferred income represents government grants received to subsidize the construction of property, plant and equipment for the Group and is accounted for in accordance with the accounting policy set out in note 1(t)(v). HK\$1,737,000, HK\$2,019,000, HK\$1,731,000 were credited to the consolidated income statements during the years ended December 31, 2014, 2015 and 2016 respectively. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants.

20 Income tax in the consolidated statements of financial position

(a) *Current taxation in the consolidated statements of financial position represents:*

	<u>The Group</u>		
	<u>As at</u>		
	<u>December 31,</u>		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision for PRC income tax for the year	11,084	21,767	44,874
Provisional tax paid	(14,311)	(23,909)	(40,912)
	<u>(3,227)</u>	<u>(2,142)</u>	<u>3,962</u>
Represented by:			
Tax recoverable	(6,337)	(3,162)	(4,051)
Tax payable	3,110	1,020	8,013
	<u>(3,227)</u>	<u>(2,142)</u>	<u>3,962</u>

(b) Deferred tax assets and liabilities recognized:

The components of deferred tax (assets)/liabilities recognized in the consolidated statements of financial position and the movements during the Relevant Periods are as follows:

The Group

	Temporary differences on assets recognized under HK(IFRIC)12 HK\$'000	Undistributed profits of subsidiaries HK\$'000	Others HK\$'000	Total HK\$'000
At January 1, 2014	47,962	9,945	—	57,907
Exchange adjustments	(1,490)	(282)	—	(1,772)
Charged to profit or loss	<u>25,493</u>	<u>2,510</u>	<u>—</u>	<u>28,003</u>
At December 31, 2014	<u>71,965</u>	<u>12,173</u>	<u>—</u>	<u>84,138</u>
At January 1, 2015	71,965	12,173	—	84,138
Exchange adjustments	(4,076)	(372)	—	(4,448)
Charged/(credited) to profit or loss	<u>38,715</u>	<u>(3,739)</u>	<u>—</u>	<u>34,976</u>
At December 31, 2015	<u>106,604</u>	<u>8,062</u>	<u>—</u>	<u>114,666</u>
At January 1, 2016	106,604	8,062	—	114,666
Exchange adjustments	(11,986)	(830)	295	(12,521)
Charged/(credited) to profit or loss	<u>108,660</u>	<u>6,527</u>	<u>(6,516)</u>	<u>108,671</u>
At December 31, 2016	<u>203,278</u>	<u>13,759</u>	<u>(6,221)</u>	<u>210,816</u>
			As at December 31,	
			2014	2015
			<i>HK\$'000</i>	<i>HK\$'000</i>
			2016	2016
			<i>HK\$'000</i>	<i>HK\$'000</i>
Net deferred tax assets recognized in the consolidated statements of financial position		(8,615)	(12,314)	(21,127)
Net deferred tax liabilities recognized in the consolidated statements of financial position		<u>92,753</u>	<u>126,980</u>	<u>231,943</u>
		<u>84,138</u>	<u>114,666</u>	<u>210,816</u>

21 Equity-settled share-based transactions

Pursuant to the share option scheme of the Company's intermediate holding company, CEIL, certain directors of the Company were eligible to participate in the scheme to acquire shares of the intermediate holding company. The share option scheme was expired on May 26, 2013.

No employee benefit cost or obligation is recognized in the Financial Information in respect of the share options as they were granted in respect of services provided to other fellow group companies.

22 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of movements in components of equity of the Company during the Relevant Periods are set out below:

	Note	Share capital HK\$'000	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at October 13, 2015 (date of incorporation)		—	—	—	—
Arising from Reorganization	22(c)	2	2,336,991	—	2,336,993
Total comprehensive income for the period		—	—	(4,271)	(4,271)
Balance at December 31, 2015		<u>2</u>	<u>2,336,991</u>	<u>(4,271)</u>	<u>2,332,722</u>
Balance at January 1, 2016		2	2,336,991	(4,271)	2,332,722
Issue of ordinary shares	22(c)	1	904,474	—	904,475
Total comprehensive income for the year		—	—	(51,724)	(51,724)
Balance at December 31, 2016		<u>3</u>	<u>3,241,465</u>	<u>(55,995)</u>	<u>3,185,473</u>

(b) Dividends

On November 17, 2015, China Everbright Environmental Solid Waste Treatment Holdings Limited declared dividends of HK\$207,000,000 to its then immediate holding company. The rate of dividend and the number of shares ranking for dividends are not presented as such information is not meaningful having regard to the basis of preparation of the Financial Information as disclosed in note 1(b) of Section B.

(c) Share capital

The Company was incorporated on October 13, 2015 with an authorized share capital of 50,000 ordinary shares of US\$1 each. On the same date 1 ordinary share of US\$1 was allotted and credited as issued at par. In connection with the Reorganization, the Company was contributed investments in China Everbright Alternative Energy Holdings Limited, China Everbright Environmental Solid Waste Treatment Holdings Limited and Everbright Environmental Energy (Anhui Suzhou) Holdings Limited

and intercompany receivables with carrying amounts totaling HK\$2,336,993,000 in exchange of the 299 new ordinary shares issued during the year ended December 31, 2015. Accordingly, the excess of HK\$2,336,991,000 over the nominal value of the issued shares of HK\$2,000 was credited to share premium.

In April 2016, 100 new ordinary shares were allotted and issued to the immediate holding company at consideration for setting-off against the Company's amounts due to the immediate holding company of HK\$904,475,000, of which HK\$1,000 was credited to share capital and the remaining balance was credited to the share premium account.

The share capital of the Group as at December 31, 2014 represents the combined share capital of China Everbright Alternative Energy Holdings Limited, China Everbright Environmental Solid Waste Treatment Holdings Limited and Everbright Environmental Energy (Anhui Suzhou) Holdings Limited, while share capital of the Group and the Company as at December 31, 2015 and 2016 represents the issued share capital of the Company.

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the fund in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial information of subsidiaries with functional currency other than Hong Kong dollar. The reserve is dealt with in accordance with the accounting policy set out in note 1(v).

(iii) Reserve fund

Statutory reserve — wholly foreign-owned enterprises

Subsidiaries of the Group in the PRC, which are wholly foreign-owned enterprises, follow the accounting principles and relevant financial regulations of the PRC applicable to wholly foreign-owned enterprises ("PRC GAAP — WFOE"), in the preparation of its accounting records and financial statements. Pursuant to the accounting regulations for business enterprises (企業會計制度[財會(2000)25號]), the subsidiaries are required to

appropriate 10% of the profit arrived at in accordance with PRC GAAP — WFOE for each year to a statutory reserve. The profit arrived at must be used initially to set off against any accumulated losses. The appropriations to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to equity owners. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends, but may be used to set off losses or be converted into paid-in capital.

(e) Distributability of reserves

The aggregate amount of reserves available for distribution to equity shareholders of the Company as at December 31, 2015 and 2016 amounted to HK\$2,332,720,000 and HK\$3,185,470,000 respectively.

(f) Capital management

The Group's primary objectives when managing capital are to maintain a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and make adjustments to it, in light of changes in economic conditions. The Group reviews the capital structure on a regular basis and considers the cost of capital and the associated risks. Based on recommendations of the board of directors, the Group will balance its overall capital structure through adjusting the amount of dividends paid to shareholders, new shares issues or new debt financing.

The Group monitors capital with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there were adequate working capital to service its debt obligation. The Group's gearing ratio, being the Group's total liabilities over its total assets, as at December 31, 2014, 2015 and 2016 was 82%, 48% and 44% respectively.

Except for the banking facilities which require the fulfillment of covenants relating to certain of the Group's financial ratios as disclosed in note 18 to the Financial Information, the Group does not subject to externally imposed capital requirements.

23 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) *Credit risk*

Management has a credit policy in place and the exposures to credit risks are monitored on an ongoing basis. Debts are usually due within 30 to 90 days from the date of billing.

At December 31, 2014, 2015 and 2016, "Debtors, other receivables, deposits and prepayments" and "Gross amounts due from customers for contract work" of the Group amounted to HK\$805,957,000, HK\$1,058,572,000 and HK\$1,556,109,000 respectively, of which HK\$Nil, HK\$132,664,000 and HK\$238,313,000 were due from the largest customer and HK\$52,446,000, HK\$365,796,000 and HK\$365,103,000 were due from the five largest customers in aggregate of the Group respectively. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position. Since the parties to BOT and BOO arrangements are mainly local government authorities in the PRC, the Group considers the credit risk is low.

The Group does not provide any guarantees which would expose the Group to credit risk. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from "Debtors, other receivables, deposits and prepayments" as well as "Gross amounts due from customers for contract work" are set out in notes 14 and 15 respectively.

(b) *Liquidity risk*

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

The Group

	As at December 31, 2014					
	Carrying amount HK\$'000	Total contractual cash flow HK\$'000	Within 1 year or on demand		More than 1 year but within 2 years but more than 5 years	
			1 year or on demand HK\$'000	2 years HK\$'000	2 years HK\$'000	5 years HK\$'000
Bank loans	571,705	695,955	149,309	120,020	257,078	169,548
Creditors, other payables and accrued expenses*	2,231,115	2,240,980	560,068	1,661,168	19,744	—
	<u>2,802,820</u>	<u>2,936,935</u>	<u>709,377</u>	<u>1,781,188</u>	<u>276,822</u>	<u>169,548</u>

	As at December 31, 2015					
	Carrying amount HK\$'000	Total contractual cash flow HK\$'000	Within 1 year or on demand		More than 1 year but within 2 years but more than 5 years	
			1 year or on demand HK\$'000	2 years HK\$'000	2 years HK\$'000	5 years HK\$'000
Bank loans	1,156,929	1,491,436	134,168	156,589	501,263	699,416
Creditors, other payables and accrued expenses*	1,315,091	1,319,020	695,616	623,404	—	—
	<u>2,472,020</u>	<u>2,810,456</u>	<u>829,784</u>	<u>779,993</u>	<u>501,263</u>	<u>699,416</u>

* The balances excluded deferred income — government grants.

		As at December 31, 2016				
		Total contractual	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years
	Carrying amount	undiscounted cash flow	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans	1,968,327	2,420,764	362,723	290,569	901,646	865,826
Creditors, other payables and accrued expenses*	1,007,402	1,007,402	1,007,402	—	—	—
	2,975,729	3,428,166	1,370,125	290,569	901,646	865,826
<hr/>						
		As at December 31, 2016				
		Total contractual	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years
	Carrying amount	undiscounted cash flow	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank loans	30,000	32,472	824	824	30,824	—
Other payables	39,513	39,513	39,513	—	—	—
	69,513	71,985	40,337	824	30,824	—

* The balances excluded deferred income — government grants.

The Company

(c) Interest rate risk

The Group's interest rate risk arises primarily from the Group's cash and cash equivalents, bank deposits, bank loans and balances with group companies. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's net borrowings (being interest-bearing financial liabilities less bank deposits, cash and cash equivalents and interest-bearing financial receivables) at the end of the reporting period.

	The Group				The Company	
	As at December 31,		As at December 31,		As at December 31,	
	2014	2015	2016	2016	2016	2016
	Effective interest rate	Effective interest rate	Effective interest rate	Effective interest rate	Effective interest rate	Effective interest rate
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net fixed rate (deposits)/borrowings:						
Bank loans	4.70%	4.70%	4.70%	—	—	—
Amounts due to fellow subsidiaries	6.15% - 6.35%	6.35%	17,821	—	—	—
Less: Deposits with bank	3.30% - 4.25%	2.00% - 2.05%	(9,568)	1.30%	(17,055)	—
Cash and cash equivalents	1.62% - 2.86%	1.35% - 2.05%	(87,378)	1.10% - 1.54%	(56,093)	—
Amounts due from fellow subsidiaries	5.60%	—	—	—	—	—
	29,174	(52,812)	(73,148)			
Net variable rate borrowings/(deposits):						
Bank loans	4.24% - 6.77%	4.25% - 4.90%	1,130,616	2.75% - 4.90%	1,968,327	2.75%
Amounts due to fellow subsidiaries	6.00%	4.35%	38,298	—	—	—
Less: Cash and cash equivalents	0.01% - 0.50%	0.01% - 0.35%	(957,097)	0.01% - 0.35%	(830,117)	0.01%
Pledged bank deposits	—	0.35%	(13,665)	0.01% - 0.35%	(88,875)	—
	(31,390)	198,152	1,049,335		25,790	
Total net (deposits)/borrowings	(2,216)	145,340	976,187		25,790	

(ii) Sensitivity analysis

At December 31, 2014, 2015 and 2016, it is estimated that a general increase/decrease of one percent in interest rates, with all other variables held constant, would decrease/increase the Group's profit before taxation by approximately HK\$1,453,000 and HK\$9,762,000 at December 31, 2015 and 2016 respectively and increase/decrease the Group's profit before taxation by approximately HK\$22,000 at December 31, 2014.

The sensitivity analysis above indicates the instantaneous change in the Group's profit before taxation that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit before taxation is estimated as an annualized impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis throughout the Relevant Periods.

(d) *Currency risk*

(i) Exposure to currency risk

The Group is exposed to currency risk primarily from bank loans, cash and cash equivalents, receivables and payables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Hong Kong dollars, Renminbi, United States dollars and Euros.

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognized assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rate at the reporting period end date. Differences resulting from the translation of the Financial Information of foreign operations into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in Hong Kong dollars)											
	As at December 31,											
	2014			2015			2016					
Hong Kong dollars	Renminbi HK\$'000	United States dollars HK\$'000	Euros HK\$'000	Hong Kong dollars HK\$'000	Renminbi HK\$'000	United States dollars HK\$'000	Euros HK\$'000	Hong Kong dollars HK\$'000	Renminbi HK\$'000	United States dollars HK\$'000	Euros HK\$'000	United States dollars HK\$'000
Cash and cash equivalents	55,420	9,219	22,889	850	45,861	34,319	482	761	616	89,373	20,425	8,168
Amounts due from/(to) group companies (net)	—	209,768	(48,346)	17,955	—	135,608	—	64,960	—	542	—	58,173
Bank loans	(73,305)	—	—	(66,150)	—	—	—	—	—	—	—	—
Other payables	—	(19,517)	—	—	—	—	—	—	—	(55)	—	—
	<u>(17,885)</u>	<u>199,470</u>	<u>(25,457)</u>	<u>18,805</u>	<u>(20,289)</u>	<u>169,927</u>	<u>482</u>	<u>65,721</u>	<u>616</u>	<u>89,860</u>	<u>20,425</u>	<u>66,341</u>

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit before tax that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies. The impact of foreign exchange rate fluctuations with respect to the assets and liabilities denominated in United States dollars is insignificant as Hong Kong dollars is pegged to the United States dollars.

	As at December 31,					
	2014		2015		2016	
	Increase/ (decrease) in foreign exchange rates	Effect on profit before tax HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit before tax HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit before tax HK\$'000
Hong Kong dollars	10%	(1,788)	10%	(2,029)	10%	62
	(10%)	1,788	(10%)	2,029	(10%)	(62)
Renminbi	10%	19,947	10%	16,993	10%	8,986
	(10%)	(19,947)	(10%)	(16,993)	(10%)	(8,986)
United States dollars	10%	2,248	10%	—	10%	2,042
	(10%)	(2,248)	(10%)	—	(10%)	(2,042)
Euros	10%	1,881	10%	6,572	10%	6,634
	(10%)	(1,881)	(10%)	(6,572)	(10%)	(6,634)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit before tax measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including intercompany payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis throughout the Relevant Periods.

(e) Fair value measurement

The fair values of cash and cash equivalents, debtors, bank deposits, current portion of other receivables, deposits and prepayments and creditors, other payables and accrued expenses are not materially different from their carrying amounts because of the immediate or short term maturity of

these financial instruments. The carrying amounts of non-current portion of other receivables and deposits, gross amounts due from customers for contract work and interest-bearing borrowings approximate their fair values.

The fair values of the above financial assets and liabilities are determined based on the discounted cash flow approach. The estimated cash flows are based on the management's best estimates and the discount rate is market-related rate for a similar instrument at the end of the reporting period.

As set out in notes 14 and 19, the Group had amounts due from/to group companies which are interest-free, it is not considered practicable to estimate the fair values of the amounts because the cost of obtaining discount and borrowing rates for comparable borrowings would be excessive.

24 Acquisition of subsidiary

On January 15, 2014, the Group acquired from an independent third party 100% equity interest in Suzukigumi Hazardous Waste Treatment Limited ("Suzukigumi") at a consideration of RMB26,040,000 (equivalent to approximately HK\$33,302,000). Suzukigumi becomes a wholly-owned subsidiary of the Group during the year ended December 31, 2014 and was renamed to Everbright Environmental Protection (Lianyungang) Waste Disposal Company Limited following the completion of the transaction.

The net assets acquired arising from the transaction are as follows:

	Fair value on date of acquisition <i>HK\$'000</i>
Property, plant and equipment	24,309
Interest in leasehold land held for own use under operating leases	2,481
Inventories	12
Debtors, other receivables, deposits and prepayments	1,824
Cash and cash equivalents	4,775
Creditors, other payables and accrued expenses	<u>(99)</u>
Total identifiable net assets at fair value	<u><u>33,302</u></u>

	<u>Year ended December 31,</u>			Total
	2013	2014	2015	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash consideration paid	13,248	—	20,054	33,302
Cash acquired	—	(4,775)	—	(4,775)
Net cash outflow/(inflow)	<u>13,248</u>	<u>(4,775)</u>	<u>20,054</u>	<u>28,527</u>

Since the acquisition, Everbright Environmental Protection (Lianyungang) Waste Disposal Company Limited contributed HK\$5,976,000 to the Group's turnover and loss of HK\$11,427,000 to the consolidated profit for the year ended December 31, 2014.

There was no material change to the Group's revenue or profit for the year ended December 31, 2014 had the acquisition taken place at the beginning of that year.

25 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in the Financial Information, the Group entered into the following material related party transactions.

- (a) The Group entered into the following related party transactions with fellow subsidiaries:

	<u>Year ended</u>		
	<u>December 31,</u>		
	2014	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Construction management and consultancy fee expenses	154,832	—	—
Purchase of machinery	—	36,005	32,091
Interest expenses	2,591	9,151	990
Interest income	799	1,042	—
Management fee expenses	7,023	—	—
Rental expenses	—	—	<u>3,557</u>

- (b) The Group paid key management personnel compensation, including amounts paid to the Company's directors as disclosed in note 8 and certain of the highest paid employees as disclosed in note 9, as follows:

	<u>Year ended December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other short-term employee benefits	4,428	5,775	21,077
Retirement scheme contributions	<u>314</u>	<u>443</u>	<u>1,323</u>
	<u>4,742</u>	<u>6,218</u>	<u>22,400</u>

Total remuneration is included in "Staff costs" (see note 6(b)).

- (c) Applicability of the Hong Kong Listing Rules relating to connected transactions

The related party transactions disclosed in note 25(a) above constitute connected transactions as defined in Chapter 14A of the Hong Kong Listing Rules.

26 Commitments

- (a) At December 31, 2014, 2015 and 2016, the Group had outstanding purchase commitments in connection with the Group's construction contracts not provided for in the Financial Information of HK\$559,426,000, HK\$585,867,000 and HK\$1,386,986,000 respectively.
- (b) The total future minimum lease payments under non-cancellable operating leases of the Group are payable as follows:

	<u>As at December 31,</u>		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 year	132	1,777	4,719
After 1 year but within 5 years	266	3,936	7,115
After 5 years	<u>—</u>	<u>4,699</u>	<u>8,456</u>
	<u>398</u>	<u>10,412</u>	<u>20,290</u>

The Group leases a number of properties and land under operating leases. The leases typically run for an initial period of one to twenty-nine years. None of these leases includes contingent rentals.

- (c) At December 31, 2015 and 2016, the Group had outstanding capital commitment relating to the capital contribution to a joint venture not provided for in the Financial Information of HK\$43,782,000 and HK\$22,207,000 respectively.

27 Pledge of assets

The aggregate net book value of assets and equity interests in subsidiaries pledged amounted to HK\$1,337,910,000, HK\$2,809,361,000 and HK\$4,059,218,000 as at December 31, 2014, 2015 and 2016 respectively in connection with the secured bank loans as set out in note 18.

28 Immediate and ultimate controlling party

The directors consider the immediate parent and ultimate controlling party of the Group to be China Everbright Green Holdings Limited and China Investment Corporation, which are incorporated in the British Virgin Islands and the PRC respectively. The intermediate holding company, CEIL, produces financial statements available for public use.

29 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to the date of issue of the Financial Information, the HKICPA has issued a few amendments and new standards which are not yet effective for the Relevant Periods and which have not been adopted in the Financial Information. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 7, <i>Statement of cash flows: Disclosure initiative</i>	January 1, 2017
Amendments to HKAS 12, <i>Income taxes: Recognition of deferred tax assets for unrealized losses</i>	January 1, 2017
HKFRS 9, <i>Financial instruments</i>	January 1, 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	January 1, 2018
HKFRS 16, <i>Leases</i>	January 1, 2019

The Group does not plan to early adopt the above amendments or new standards. The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. Based on the assessment so far, the adoption of these amendments or new standards is unlikely to have a significant impact on the Group's results of operations and financial position. However, the Group has not completed its assessment of their full impact on the Group and will continue the assessment. Further details are discussed as follows:

HKFRS 9 *Financial Instruments*

HKFRS 9 replaces the existing guidance in HKAS 39 *Financial instruments: Recognition and measurement*. HKFRS 9 includes revised guidance on the classification and measurement of financial

instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from HKAS 39.

Based on the assessment so far, the Group considers that the initial application of HKFRS 9 will not have a significant impact on the Group's results of operations and financial position.

HKFRS 15 *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including HKAS 18 *Revenue*, HKAS 11 *Construction contracts* and HK(IFRIC) 13 *Customer Loyalty Programs*. It also includes guidance on when to capitalize costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

Based on the assessment so far, the Group considers that the initial application of HKFRS 15 will not have a significant impact on the Group's results of operations and financial position.

HKFRS 16 *Leases*

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognize and measure a lease liability at the present value of the minimum future lease payments and will recognize a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognize interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognizing rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognized on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for a number of properties which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 26, at December 31, 2016 the Group's future minimum lease payments under non-cancellable operating leases amount to HK\$20,290,000 for properties and land under operating leases, the majority of which is payable either between 1 and 5 years after the reporting date or in more than 5 years. Some of these amounts may therefore need to be recognized as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to

determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to December 31, 2016. No dividend or distribution has been declared or made by any companies comprising the Group in respect of any period subsequent to December 31, 2016.

Yours faithfully,

KPMG

Certified Public Accountants

Hong Kong