



中滔環保

Annual Report | 2017
年度報告

CT Environmental Group Limited 中滔環保集團有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1363

ABOUT US

關於我們

CT Environmental Group Limited (the “Company”, together with its subsidiaries, the “Group”) is a professional environmental plan and solution provider which offers one-stop centralized and customized environmental protection services. The Group is substantially engaged in services in the whole chain, inclusive of industrial wastewater treatment, industrial water supply, general and industrial solid waste treatment and hazardous waste disposal and treatment, urban and domestic waste detoxification, and environmental inspection. The Group’s service packages cover all processes from the planning, construction, operation to the maintenance of the environmental protection facilities.

中滔環保集團有限公司（「本公司」，連同其附屬公司，「本集團」）是專業的環保解決方案提供商，為客戶提供一站式、一體化、量身訂造的綜合環保服務。集團主營業務為工業廢水集中處理、工業供水、一般及工業固體廢物處理和危險廢物集中處置處理、城鄉生活垃圾無害化處理、環境檢測全產業鏈服務。服務內容涵蓋環保設施的規劃、建設、營運及維護全過程。



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Company Profile and Corporate Information

公司簡介及公司資料

EXECUTIVE DIRECTORS

Mr. Tsui Cham To (*Chairman*)
Mr. Xu Zhencheng (*Chief Executive Officer*)
(appointed on 24 August 2017)
Mr. Gu Yaokun
Mr. Xu Shubiao
Mr. Xu Juwen

NON-EXECUTIVE DIRECTORS

Mr. Yang Chunlin (to be appointed on 3 April 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Suen To Wai
(appointed on 14 February 2018)
Mr. Zhang Lu Fu
(appointed on 16 January 2018)
Mr. Liu Yung Chau

COMPANY SECRETARY

Mr. Sit Hon Wing
(appointed on 22 September 2017)

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111 Cayman Islands

AUDITOR

KPMG
Certified Public Accountants

PRINCIPAL PLACE OF BUSINESS

China
55/F, World Trade Centre
148 Xingang East Road
Haizhu District
Guangzhou China

Hong Kong
Room 804, 8/F
Empire Centre
68 Mody Road
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL BANKERS

Asia Development Bank
Bank of China
Far Eastern International Bank
Industrial and Commercial Bank of China
China Construction Bank

執行董事

徐湛滔先生 (*主席*)
許振成先生 (*首席執行官*)
(於二零一七年八月二十四日獲委任)
古耀坤先生
徐樹標先生
徐炬文先生

非執行董事

楊春林先生
(將於二零一八年四月三日獲委任)

獨立非執行董事

孫多偉先生
(於二零一八年二月十四日獲委任)
張魯夫先生
(於二零一八年一月十六日獲委任)
廖榕就先生

公司秘書

薛漢榮先生
(於二零一七年九月二十二日獲委任)

註冊辦事處

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111 Cayman Islands

核數師

畢馬威會計師事務所
執業會計師

主要營業地點

中國地區
中國廣州市海珠區
新港東路148號
環球貿易中心55樓

香港地區

香港
九龍尖沙咀
麼地道68號
帝國中心
8樓804室

主要往來銀行

亞洲開發銀行
中國銀行
遠東國際商業銀行
中國工商銀行
中國建設銀行

A photograph of a water treatment plant. In the foreground, a long, central concrete pipe runs through a large rectangular basin filled with blue water. The pipe has several blue-handled valves along its length. The water surface shows some ripples and bubbles. In the background, there are concrete structures and a lush green landscape with mountains under a clear sky.

CHAIRMAN'S STATEMENT 主席報告書

Chairman's Statement 主席報告書

Dear Shareholders,

On behalf of the board of directors (the “Board”) of CT Environmental Group Limited (the “Company”, together with its subsidiaries, the “Group”), I am pleased to present you with a brief review of the business and financial position of the Group in 2017 as well as the outlook for the industry.

The report of the 19th National Congress of the CPC explicitly proposed a grandiose agenda of “Accelerating the reform on the ecological civilisation systems for the development of beautiful China” that incorporating the establishment of ecological civilisation into a millennium plan on sustainable development of the Chinese nation. The Chinese government launched various policies and measures to support the environmental protection industry and further clarified the main responsibilities of environmental protection with stringent enforcement of laws and regulations in respect of environmental protection. These all in turn helped facilitate and strengthened the market demand for the core business of the Group as a third-party pollution treatment provider.

In 2017, benefitted from our management excellence and the hardworking operation teams sparing no effort, the Group progressively implemented the development plans formulated at the beginning of the year and realised sustainable business development with fruitful results. The profit attributable to the equity shareholders of the Company reached HKD682.5 million, representing an increase of approximately 12.7% as compared to the corresponding period last year. The Board resolved to declare a final dividend of HKD0.95 cents per share and a special dividend of HKD1.98 cents per share.

尊敬的列位股東：

本人謹代表中滔環保集團有限公司（「本公司」，連同其附屬公司，「本集團」）董事會（「董事會」）向閣下提呈本集團於2017年的業務及財務概要以及行業未來展望。

中共「十九大」報告明確提出「加快生態文明體制改革，建設美麗中國」的宏偉藍圖，將建設生態文明納入中華民族永續發展的千年大計。中國政府推出多項扶持環保產業的政策和措施，並進一步明確環境保護主體責任、嚴格環保法律法規的執行力度，助推和強化市場對本集團作為第三方污染治理企業核心業務的需求。

2017年，得益於我們優秀的管理及運營團隊不遺餘力的辛勤工作，本集團穩步貫徹年初制定的發展計劃，實現業務持續發展並取得良好業績。本公司權益持有人應佔溢利達到682.5百萬元港元，較去年同期增長約12.7%。董事會決議宣派每股0.95港仙之末期股息及每股1.98港仙之特別股息。

The year 2017 was the foundation and strategies for the Group to embrace the development in the new era. To better ride the trends at home and abroad towards such development, the Group was unambiguously in pursuit of the primary goal of facilitating the establishment of the “beautiful China” by leveraging its own business status and development plans. Guided by the innovative philosophy of supply-side structural reform on environmental protection, we are dedicated to formulating strategies for sustainable development with aims to enhance comprehensive carry capacity of ecology and support economy and society with emphasis on the following five major aspects: First, water treatment – entails improving water environment to support the sustainable development of water consuming industries. Second, solid waste (including sludge) disposal and treatment – entails supporting the sustainable development of industries which produce solid waste through improvement of soil. Third, hazardous waste disposal and treatment – entails supporting the sustainable development of industries which produce hazardous waste through control of environmental risks. Fourth, pollution control engineering – entails supporting the development of local economy and community through improvement of local environment quality. Fifth, energy-efficient industry – entails supporting the sustainable development of energy consuming industries through atmosphere improvement.

Under the guidance of the abovementioned strategic concepts, the Group continuously developed and implemented new projects during the year, while constantly consolidated and reinforced the business cutting-edges of existing projects amid effective exploration for new business sectors. A number of landmark events were completed during the year:

2017年是本集團為迎接新時代發展奠基的戰略元年。為更好地融入國內乃至世界的發展潮流，結合自身業務情況和發展規劃，本集團明確了圍繞推動建設「美麗中國」為核心目標，以環境供給側結構性改革創新理念為指導，致力於提高生態環境綜合承載力、支撐經濟社會可持續發展的戰略，具體推進以下5個重點範疇：一是水處理，以改善水環境支撐耗水實業持續發展；二是污泥等固體廢物處理處置，以改善土壤環境支撐產固廢實業持續發展；三是危險廢物處理處置，以控制環境風險支撐產危廢實業持續發展；四是治污工程，以改善區域環境質量支撐區域經濟社會發展；五是高效能源產業，以改善大氣環境支撐耗能實業持續發展。

在上述戰略思想的指導下，本集團於年內持續開發建設新項目，不斷鞏固和強化原有項目的業務優勢，並在開拓全新業務領域方面做出有效探索，於年內完成了多個標誌性事件：

Chairman's Statement 主席報告書

Firstly, in terms of new construction projects, the Group carried out plans, designs, and constructions according to the innovative concepts of supply-side structural reform on environmental protection. The Yulin (Fumian) Energy-Saving Environmental Industrial Park Project (the “Fumian Project”) Phase I and Guangdong Longtao Recycling Economic Industrial Park Project (the “Longtao Project”) (with a waste-to-energy plant and a multi-purpose landfill), which are the flagship projects and benchmark industrial parks of the Group with utmost importance, were successively constructed during the year and commenced operation. Such projects will bring significant economic benefits to the Group and will be conducive to promote the environmental protection concepts of the Group to different regions.

Secondly, with regard to project operation, the Group entered into a series of new contracts with new and existing customers or won biddings for new projects through tenders. The new contracts and projects represent solid evidence demonstrating the business capability and operation standard of the Group have gained unanimous recognition from the local governments and our customers.

Furthermore, regarding the development of new business sectors, the Group enthusiastically explored the unexplored, including wastewater treatment for pharmaceutical industry as well as the black and smelly river remediation engineering such as river dredging and maintenance.

首先，新建設項目方面，依據環境供給側結構性改革創新理念規劃、設計和建設，作為本集團極為重要的旗艦項目和標桿園區的玉林（福綿）節能環保產業園項目（「福綿項目」）一期及廣東龍滔循環經濟產業園項目（「龍滔項目」）（包括資源熱力電廠及多用途垃圾填埋場）已於年內先後建成並投產，上述項目將為本集團帶來顯著的經濟收益，並有助於在不同區域推廣本集團的環保理念。

其次，在運營項目方面，本集團與新老客戶簽訂一系列新合同，或通過招投標方式中標新項目。新增合同和項目充分證明本集團的業務能力和經營水平受到當地政府和廣大客戶的一致肯定。

再次，開拓新領域方面，本集團以非凡的魄力，對以往未涉足的細分領域進行探索，包括製藥類工業廢水的處理、河道清淤及維護等黑臭河湧整治工程。

With regard to technological innovation, the 13th Five-Year Plan classified “innovation” as the top of the five main development areas to drive future growth. The Group has always considered innovation to be important for sustainable, future growth which gives us a real, competitive edge. This is demonstrated by our national and provincial environmental protection technology projects, from environmental protection research to environmental inspection accreditation. Our initiatives align with market interests and are commercially more attractive. During the year, Guangzhou Yinglong Wastewater Treatment Company Limited, a wholly-owned subsidiary of the Group, was accredited as a high and new technology enterprise. To date, a total of six wholly-owned subsidiaries and one joint venture of the Group were accredited by the state as high and new technology enterprises (the other five subsidiaries were Guangzhou Xintao Wastewater Treatment Company Limited, Guangzhou Haitao Environmental Protection Technology Company Limited, Qingyuan Lvyou Environmental Protection Technology Company Limited, Guangzhou Lvyou Industrial Waste Reclamation Treatment Company Limited, Heyuan Solid Waste Centralised Treatment Centre Company Limited, respectively, and the one joint venture was Guangzhou Haiqin Tiancheng Technical Testing Services Co., Ltd.). It substantially raised the reputation and corporate image of the Group, together with capital rewards to be granted to the Group as well as benefits brought by preferential policies in respect of land requisition, tax payment and loan borrowing.

在技術創新方面，「十三五」規劃綱要將創新列為5大發展理念之首，並指出創新是引領發展的第一動力。本集團一直將創新視作企業永葆生機的源泉，並致力於將其打造為自身的核心競爭力之一。本集團已建立多個國家級、省級重點環境保護實用技術示範工程、環保研究示範基地和環境監測認證基地，完善質量監督與保障體系，為自主研發及引進的先進技術提供生產配套條件，為實現優秀技術的市場化、商品化提供有效保障。年內，本集團旗下全資子公司廣州盈隆污水處理有限公司獲評為高新技術企業。至此，本集團已有6家全資子公司及一家合營企業被國家認定為高新技術企業（其餘5家子公司分別是廣州新滔水質淨化有限公司、廣州海滔環保科技有限公司、清遠綠由環保科技有限公司、廣州綠由工業棄置廢物回收處理有限公司、河源市固體廢物集中處置中心有限公司；以及一家合營企業廣州海沁天誠技術檢測服務有限公司）。這不僅大大提高本集團的美譽度和企業形象，還將獲得資金獎勵，並在征地、稅收、貸款等方面享受一系列優惠政策。

Chairman's Statement 主席報告書

In terms of financing, a facility agreement was previously entered into between the Group and Asian Development Bank (“ADB”), pursuant to which, the first loan facility of RMB230 million was drawn on 20 June 2017 and used for the capital expenditure on the wastewater treatment, industrial water supply and sludge treatment in the Fumian Project of the Group in order to accelerate the development of the project. The collaboration with ADB not only enhanced the capital base and financial position of the Group and thereby boosted its industry position, brand image and market competitiveness, but also demonstrated the high level of trust in the operation and management of the Group as well as high expectations for its future development from large financial institutions.

With high national importance attached to environmental protection and continuous introduction of favourable policies, there will be a rich array of opportunities to the Group among considerable potentials for growth in the environmental protection industry in the PRC. Through provision of one-stop, unified and customised professional and comprehensive environmental protection services, we strive to offer solutions tackling environmental issues caused in the production process to our customers in order to support the sustainable development of the overall industry. As a leading enterprise in the environmental protection industry listed in Hong Kong, the Group will further give play to its experiences and advantages in operation management and technology research and development, and the synergy generated by the multi-dimensional industry layout of the Group in respect of cost efficiency, scope of services and geographic coverage, fully committed to seizing and creating more business opportunities, and meanwhile maintaining long-term growth.

在融資方面，根據本集團與亞洲開發銀行（「亞開行」）此前簽署的融資協議，第一筆放款已於2017年6月20日發放，貸款金額為人民幣2.3億元，用於本集團之福綿項目中的污水處理、工業供水以及污泥處理等資本支出，加速該項目的發展。與亞開行的合作不僅將提升本集團的資本基礎及財務狀況，從而提升本集團的行業地位、品牌形象和市場競爭力，還彰顯大型金融機構對本集團運營管理的高度信任和未來發展的殷切期望。

在國家高度重視環保工作的時代背景下，各項政策利好不斷釋放，中國環保行業將持續迎來巨大的上行空間，為本集團帶來極大的市場機遇。我們力求通過提供專業的一站式、一體化、量身定做的綜合性環保服務，協助我們的客戶解決生產中的環境問題，支持整體工業的可持續發展。作為環保行業中具有領先地位的在港上市企業，本集團將進一步發揮並強化自身在運營管理、技術研發等方面的經驗和優勢，並利用集團產業佈局在成本效益、處理範疇和地域覆蓋等多個維度所產生的協同效應，竭力把握並創造更多商機，保持長期增長。

Chairman's Statement 主席報告書

Finally, I would like to express my sincerest gratitude to our shareholders and all stakeholders for your support all along in our development and progress. I would also like to take this opportunity to thank all my colleagues for their ongoing efforts and contribution to make our dream possible.

Tsui Cham To
Chairman of the Board

Hong Kong, 29 March 2018

最後，本人亦藉此機會衷心感謝我們的全體股東及本集團所有利益相關者一直以來對本集團發展給予的支持，並感謝本集團全體員工於年內作出的努力和貢獻。

董事會主席
徐湛滔

香港，二零一八年三月二十九日

The image features a water treatment plant in the foreground, with several large circular tanks and rectangular basins. In the background, there is a dense forest of tall, thin trees, and further back, a range of mountains under a clear sky. Overlaid on the right side of the image are several stylized, wavy blue bands that resemble water or clouds, creating a layered, artistic effect.

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

1. FINANCIAL SUMMARY

The particulars of the revenue comparison by business segment for the years ended 31 December 2017 and 31 December 2016 were as follows:

1. 財務摘要

截至二零一七年十二月三十一日及二零一六年十二月三十一日止年度按業務分部劃分之收入比較詳情乃載列如下：

		Revenue 收入		Increase/(Decrease) 增加/(減少)	
		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元	HKD'000 千港元	
Water treatment services	水處理服務	659,208	649,092	10,116	1.6%
Heating services	供熱服務	198,097	140,884	57,213	40.6%
Sludge and solid waste treatment services	污泥以及固體廢物 處理服務	529,884	513,114	16,770	3.3%
BOT project construction services	BOT項目建設服務	222,962	335,491	(112,529)	(33.5%)
Finance income	融資收入	17,836	20,730	(2,894)	(14.0%)
Hazardous waste treatment services	危險廢物處理服務	471,111	517,727	(46,615)	(9.0%)
		2,099,098	2,177,038	(77,939)	(3.6%)

2. BUSINESS REVIEW AND OUTLOOK

I. General Review

In 2017, the PRC economy developed steadily and exceeded expectation, with a year-on-year GDP growth of 6.9%. The first rebound in GDP growth since 2011 was particularly exciting under the backdrop of tightening pollution control. Investment in the ecological protection and environmental governance sectors increased by approximately 23.9%, outperforming other sectors which recorded a growth rate of approximately 16.7%.

The report to the 19th CPC National Congress expressly called for the promotion of green development and expansion of the energy saving and environmental protection industry. It focused on the solutions of significant environmental problems, acceleration of water pollution prevention and treatment, enhancement of soil pollution control and restoration, and upgrade of solid waste and garbage disposal. The report also prohibited and set out punishment for damaging the environment. In order to speed up the improvement of the ecological environment, meet people's overwhelming needs for a desirable environment and achieve economic and social sustainability, the PRC government devoted increasing efforts in ecological protection and governance:

2. 業務回顧及展望

一、總體回顧

二零一七年，中國經濟穩中向好、好於預期，GDP同比增長6.9%，GDP增速自二零一一年以來首次出現回升，在加大污染防治力度的前提下實現這一突破尤為難能可貴。其中生態保護和環境治理業投資增長達約23.9%，高於其他行業投資錄得之增長率約16.7%。

中共「十九大」報告明確要求：推進綠色發展，壯大節能環保產業；著力解決突出環境問題，加快水污染防治、強化土壤污染管控和修復，加強固體廢棄物和垃圾處置；堅決制止和懲處破壞生態環境行為。為加快改善生態環境，滿足人民對美好環境的迫切要求、實現經濟社會可持續發展，中國政府持續加大生態環境保護和治理力度：

On the one hand, central and local government policy on environment protection and related industries was optimised in terms of system design and legal system building. At the central government level, the revised “Water Pollution Prevention and Control Law of the People’s Republic of China” further defined the responsibility of the various levels of government in maintaining the quality of water. The law expressly supported the construction of centralised rural wastewater and waste treatment facilities and proposed amendments to targeted measures curbing illegal discharge and fake data, and to operating standards of urban wastewater treatment plants. As the Environmental Protection Tax Law of the People’s Republic of China and its implementation regulations became effective, enterprises shouldered more responsibilities in pollution treatment and emission reduction, while third party treatment and other market-driven measures were introduced to the environmental protection sector. In the meantime, the “Opinions on Implementing Third Party Treatment of Environmental Pollution” encouraged local governments to establish green development funds as a way to attract social capital, thereby providing financing assistance to third party treatment projects. Industry clusters, such as industrial parks, would serve as the breakthrough for third party treatment units to enter the market and for the centralised treatment of wastewater and solid waste from corporates within the district. At the local government level, the “Thirteenth Five-year’ Plan for Energy Saving and Emission Reduction in Guangdong Province” promoted the synergy among all types of solid wastes treatment facilities. It aimed at enhancing coordination and sharing among waste recycling and waste incineration and landfill facilities, and pushed forward the construction of integrated energy, water resources and solid waste treatment facilities.

一方面，從中央到地方政府，關於環境保護及相關產業的制度設計和法制建設不斷完善：中央政府層面，新修訂的《中華人民共和國水污染防治法》進一步明確了各級政府的維持水質量的責任，明確支持集中農村污水、垃圾處理設施的建設，並針對打擊非法排污行為和數據造假、規範城鎮污水處理廠的運營等內容作出相應增改；中華人民共和國《環境保護稅法》及其實施條例的施行，將強化企業治污減排的責任，推進第三方治理等市場化手段介入環保領域；《關於推進環境污染第三方治理的實施意見》鼓勵地方政府設立綠色發展基金，積極引入社會資本，為第三方治理項目提供融資支持，並以工業園區等工業集聚區為突破口，鼓勵引入第三方治理單位，對區內企業污水、固體廢棄物等進行一體化集中治理。地方政府層面，《廣東省節能減排「十三五」規劃》鼓勵發揮各類固體廢棄物處理設施協同效應，加強廢棄物資源化處理與垃圾焚燒、填埋設施的協同共享，加強能源、水資源和固廢處理設施的一體化建設。

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On the other hand, tough environmental enforcement continued in China as the central government rolled out environmental supervision over all aspects and investigated non-compliance with environmental regulations. The “Interpretation of the Supreme People’s Court and Supreme People’s Procuratorate on Several Issues Related to Laws Applicable to Criminal Cases of Environmental Pollution” clearly defined the criminal liabilities for frauds in environmental impact assessment, which facilitated in-depth and effective environmental enforcement. Since the implementation of the New Environmental Protection Law, which was regarded as the “toughest law ever”, the Ministry of Ecology and Environment has organised annual events on the Environmental Protection Law for three consecutive years to fully promote environmental protection laws and complementary measures. During the period, the number of cases applying the four supporting measures of the “Environmental Protection Law” went up substantially, indicating increasing efforts in environmental enforcement.

To sum up, given the inclusion of ecological civilisation in the state’s top-level design, the implementation of various favourable policies and stricter environmental enforcement, the environmental treatment market was expanding. Top enterprises with high technology level, strong financing capability and extensive operating experience will have significant advantages in market competition.

In 2017, capitalising on the commencement of operation or commission of major projects, the Group further consolidated the foundation of the three core business segments, namely water treatment, solid waste and hazard waste treatment and disposal.

另一方面，中國政府在環保執法方面持續高壓態勢，開展中央環境保護督察，實現全覆蓋，嚴肅查處一批環境違法案件；《「兩高」關於辦理環境污染刑事案件適用法律若干問題的解釋》明確了環境影響評價造假的刑事責任追究等問題，推動環保執法工作深入、有效開展；被稱為「史上最嚴」的新環保法自正式實施以來，國家生態環境部連續3年開展《環保法》實施年活動，全面推行環保法及配套措施的落實。期間，實施《環保法》4個配套辦法案件數量均大幅度上升，環境執法力度進一步加大。

綜上所述，隨著生態文明建設被納入國家頂層設計，各項利好政策的不斷出台及日趨嚴格的環境執法，催生巨大的環境治理市場，技術水平高、融資能力強及運營經驗豐富的優質企業在市場競爭中的優勢將愈發明顯。

二零一七年，本集團憑借重大項目的建成投產或啟動運行，進一步夯實由水處理、固體廢物及危險廢物處理處置這3大核心業務板塊共同構築的牢固根基。

In terms of business exploration, the construction of Phase 1 of Yulin (Fumian) Energy-Saving Environmental Protection Industrial Park (玉林(福綿)節能環保產業園項目) in Fumian District, Yulin City, the Guangxi Zhuang Autonomous Region (“Fumian Project”), which is one of the flagship projects of the Group, has been completed in June 2017. The project was commissioned gradually and 20 production enterprises in the park have commenced operation. Phase 2 of the project, namely the Yulin CT Fabric Materials Production Base Construction Project, will focus on the textile and fabric materials procession industry and aim at establishing a textile and apparels industry cluster with a complete industrial chain, independent innovation capability and high added value. The construction of the project has commenced in October 2017 and it is expected that the project will be put into operation in mid-2018. The Fumian Project combines pilot environmental initiatives, industrial transfer and industrial upgrade. It pursues the compact and energy saving model, adopts effective and market-driven development strategy and accelerates growth through diverse forms of cooperation. Being the industrial cluster and innovation hub, the project has major advantages. Not only will the ancillary environmental infrastructure provide extra capacity for Yulin’s apparels corporations undergoing transformation and upgrade to overcome environmental constraints, it will also offer environmental carrying capacity for the industrial transfer in the Pearl River Delta and Yangtze River Delta. This will completely eliminate the bottleneck due to environmental constraints in the course of ongoing development.

在業務開拓方面，本集團的旗艦項目之一——位於廣西壯族自治區玉林市福綿區的玉林(福綿)節能環保產業園項目(「福綿項目」)一期已於二零一七年六月完成建設並陸續投產，20家入園生產企業亦已先後投產；項目二期，即玉林市中滔服裝面料生產基地建設項目，將以紡織服裝面料加工產業為主，打造產業鏈完備、具有獨立創新能力和高附加值的紡織服裝產業集群，已於二零一七年十月開工，預計將於二零一八年年中陸續建成投產。福綿項目結合環保先導、產業轉移和產業升級換代，並推行集約節能、依市場規律高效開發、多種形式合作加快發展。作為產業集群及創新中心，該項目具有主要優勢。園區配套的環境基礎設施不僅為玉林當地的服裝企業轉型升級提供解決環境制約的承載支撐能力，更為承接珠三角、長三角產業轉移提供環境承載平台，徹底解決在持續發展過程中受環境制約的瓶頸問題。

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As the Group invested in the Fumian Project, it noticed that enterprises in the local area and other PRC regions had huge demand for industrial parks with well-established auxiliary services. With the strong support by all levels of local governments in the Guangxi Zhuang Autonomous Region and Yulin City, the Group entered into the investment agreement with the government of Bobai County in relation to the construction, operation and management of a series of exclusive local projects in industrial wastewater treatment, industrial water supply, heat and power supply, solid waste treatment and disposal and hazardous waste treatment and disposal under the “build-own-operate” (BOO) model (“Bobai Project”). The construction of Phase 1 of the Bobai Project is expected to commence in the second quarter of 2018. To explore wastewater treatment in the pharmaceutical industry, the Group entered into the investment agreement with the management committee of Yulin Chinese Medicine Health Industrial Park (玉林中醫藥健康產業園) for the construction and operation of a centralised industrial wastewater treatment plant, wastewater collection pipeline network and other auxiliary facilities under the build-own-operate (BOO) model in the industrial park.

而在投資福綿項目的同時，本集團注意到當地及中國國內其他地區企業群對服務配套完善的產業園區的巨大需求，在廣西壯族自治區、玉林市等當地各級政府的大力支持下，本集團與博白縣政府簽訂投資協議，將以「建設－擁有一運營」(BOO)模式在當地獨家建設設施，運營及管理工業廢水處理、工業供水、供熱供電、固體廢物處理處置及危險廢物處理處置等一系列項目（「博白項目」）。博白項目一期預計將於二零一八年第二季度正式動工建設。本集團還與玉林中醫藥健康產業園管理委員會簽訂投資協議，在該產業園內以建設－擁有一運營(BOO)模式建設及運營集中式工業廢水處理廠、污水收集管網及其他配套設施，對製藥類工業廢水處理領域進行探索。

For the solid waste segment, the Group adopted the environmental strategy of “waste in, products out and emission free”. The Guangdong Longtao Recycling Economic Industrial Project (廣東龍滔循環經濟產業項目) (“Longtao Project”), which was constructed in Longmen County, Huizhou City, Guangdong Province, includes 8 environmental sub-projects. Of which, the Longmen County seamless integration project for domestic wastes from urban and rural areas, which has been completed and put into operation, is a key livelihood related project at the provincial, municipal and county level. Based on which, the Group will be responsible for the centralised planning and construction of domestic waste treatment facility (including waste-to-energy plant, waste transfer station in towns and waste collection points in villages) for the whole county. It will offer centralised operation of complementary garbage trucks as well. The integrated domestic waste treatment system comprising “sorting by household, cleaning by group, collection by village and transportation by enterprise for centralised treatment” has seamlessly coordinated the “county, town, village and village group” in urban and rural domestic waste collection, transportation and treatment, realising full coverage of urban and rural domestic waste treatment in Longmen County.

In addition, the wholly-owned subsidiaries and other subsidiaries of the Group won the bids for a sludge dehydration treatment project of Guangzhou Sewage Purification Company Limited, the provision of sludge treatment services to Guangzhou Development Zone Wastewater Treatment Management Bureau, a solid waste treatment and disposal project in Qingcheng District, Qingyuan City, Guangdong Province, and a stored municipal solid waste treatment project in Tangxia municipal solid waste landfill. Apart from these, it entered into the hazardous waste treatment service contract with CNOOC China Limited Shenzhen Branch, which not only expanded the income base of the Group, but also enhanced its profile and reputation, thereby upgrading its ability to pursue more business opportunities in the future and laying a sound foundation for the long-term sustainability.

在固廢板塊，本集團以「廢物進、產品出、無廢排」的環保理念，在廣東省惠州市龍門縣建設廣東龍滔循環經濟產業項目（「龍滔項目」），共包括8個環保子項目，其中已經建成並啟動運行的龍門縣城鄉生活垃圾一體化無縫對接項目是省、市、縣重點民生工程，由本集團統一規劃、統一建設全縣生活垃圾處理設施（包括資源熱力電廠、鎮垃圾中轉站、村垃圾屋），配套轉運車輛統一運營，構建「戶分類、組保潔、村收集、企業清運、集中處理」的生活垃圾一體化處理系統，實現城鄉生活垃圾收運處理「縣、鎮、村、村小組」無縫對接，從而實現龍門縣城鄉生活垃圾處理率達100%。

此外，本集團旗下全資子公司及其他附屬公司先後中標廣州市淨水有限公司脫水污泥處置項目、廣州開發區水質淨化管理中心污泥處理服務、廣東省清遠市清城區固廢清理處置項目、棠廈城市固廢填埋場存量城市固廢處理項目，並與中海石油（中國）有限公司深圳分公司簽訂危險廢物處理服務合同，不僅拓展本集團之收益基礎，還提高其知名度和美譽度，提升未來把握更多商機的能力，為長遠可持續發展打下良好基礎。

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In recognition of its outstanding performance in environmental business and capital operation, the Group was awarded a number of honours during the year, including the 2016 “leading enterprise in niche market and single capability” award for Chinese water enterprises, the 2016 “Green Award (綠英獎)” – “Enterprise with Leading Comprehensive Strength in Industrial Wastewater Treatment” for Chinese environmental enterprises with leading competitiveness, “2017 China Financing Award”, “Most Investment Value Award” and “2017 Golden Hong Kong Share-Listed Utility and Environmental Company with Most Value” award. These accolades demonstrated that the strong development momentum and outstanding investment value of the Group in recent years were highly recognised by the environmental sector and capital market. In particular, the Group received the “Green Award (綠英獎)” again after 2016, which showed that it is widely acclaimed for its innovative research technology, remarkable market performance and distinguished industry position. This is also a reward for its intense efforts in the environmental sector and market exploration.

In terms of corporate management, the Group further refined and optimised the professional and comprehensive environmental, social, health and safety management system, along with the risk management system. During the year, there were no major production accidents in any environmental projects, and the Group has achieved stable operation and met the discharge standards. The Group kept investing in independent research and development, as well as technological innovation. As of the end of 2017, it was granted 77 patents by the State Intellectual Property Office, including 35 invention patents and 42 utility models.

基於在環保業務和資本運營等方面的優異表現，本集團於年內獲得多個獎項，包括二零一六年度中國水業企業「細分領域及單項能力領跑企業」獎項、二零一六年度中國環境企業競爭力「綠英獎」-「工業廢水治理綜合實力標桿企業」、 「2017年中國融資大獎」、「最具投資價值獎」及「2017年金港股最具價值公共事業及環保股公司」大獎。這一系列成績的取得，充分體現環保行業和資本市場對本集團近年來強勁發展勢頭及良好投資價值的高度認可，尤其是繼二零一六年後再次蟬聯「綠英獎」，充分證明本集團憑借創新的科研技術、優異的市場表現及卓越的行業地位獲得廣泛認可，以及業界對本集團在環保領域深耕細作、開拓市場方面的肯定。

在企業管理方面，本集團進一步細化和完善專業、全面的環境、社會、健康及安全管理體系和風險管理體系，各個環保項目年內無重大生產事故，實現穩定運行及達標排放。本集團亦在自主研發和技術創新方面持續投入，截至二零一七年底共獲國家知識產權局授權之專利77項，其中發明專利35項，實用新型專利42項。

Furthermore, the Group endeavours to fulfilling its corporate social responsibility. For example, it co-sponsored the fireworks display for the celebration of the HKSAR's 20th anniversary, which created a joyful and festive mood, brought positive energy to society and enhanced the international profile of Hong Kong. The Group also sponsored the "InnoTech Expo 2017" – Chinese Cultivation and Technology Innovation Exhibition for the second consecutive year, with the aim of introducing China's scientific and technological achievement to Hong Kong citizens. The event encouraged young people to join the innovation and technology industry, thereby boosting the competitiveness of Hong Kong and facilitating the development of local technology industry. The Group contributed to the Food for Good Fundraising Gala Dinner to raise awareness of the food waste reduction scheme and spread the green messages of resources conservation and environmental protection. The Group is committed to education and talent nurture. In order to reward outstanding pupils and support their studies, it offers subsidies through the "CTEG Scholarship" for the School of Environmental Science and Engineering of Sun Yat-Sen University and the School of Environment and Energy of South China University of Technology, hoping to motivate them to join the environmental sector and nurture more talents for the green industry.

此外，本集團亦積極履行企業社會責任：參與聯合贊助香港特別行政區回歸祖國20年煙花匯演，營造歡樂祥和的節日氣氛，為社會帶來正能量，提升香港的國際形象；本集團贊助「創科博覽2017」－中華文明與科技創新展，這也是本集團連續第二年贊助「創科博覽」，旨在讓香港民眾了解中國科技成就，啟發年輕新世代投身科創，提升香港的競爭力，促進香港科技產業的發展。本集團出資贊助齊惜福慈善籌款晚宴，致力於推廣珍惜食物及減少廚餘的計劃，倡導珍惜資源、保護環境的綠色和諧理念。而本集團亦秉承一貫以來熱心教育事業、重視人才培養的宗旨，分別在中山大學環境科學與工程學院及華南理工大學環境與能源學院頒發「中滔環保獎學金」，資助和獎勵優秀學子，以鼓勵彼等加入環保行業，並為綠色行業培養更多人才。

II. Business Review

1. Water Treatment Services

As of 31 December 2017, the Group operated a total of 14 water treatment plants, including 7 industrial and 3 municipal wastewater treatment plants, and 4 industrial water supply plants; 3 industrial wastewater treatment plant and 1 industrial water supply plant are expected to be put into operation in 2018.

As of 31 December 2017, the total designed capacity of wastewater treatment facilities in operation was 755,000 m³/day, representing an increase of approximately 6.4% compared to the total capacity of 709,500 m³/day in operation as at 31 December 2016 while the total designed capacity of industrial water supply plants in operation was 330,000 m³/day, representing an increase of approximately 18% compared to that of 280,000 m³/day in operation as at 31 December 2016. The growth in wastewater treatment capacity and the growth in industrial water supply capacity were attributable to the contribution from the commencement of the Phase I of the Fumian Project.

二、業務回顧

1. 水處理服務

截至二零一七年十二月三十一日，本集團合共運營14座水廠，其中包括7座工業污水處理廠、3座市政污水處理廠、4座工業用水供應廠；預期3座工業污水處理廠及1座工業用水供應廠將於二零一八年投入運營。

截至二零一七年十二月三十一日，在運營中的污水處理設施總設計產能為755,000立方米／日，較二零一六年十二月三十一日在運營中的總產能709,500立方米／日增加約6.4%；而在運營中的工業用水供應廠總設計產能為330,000立方米／日，較二零一六年十二月三十一日在運營中的總產能280,000立方米／日增加約18%。污水處理之產能增長及工業用水供應之產能增長，乃由於福綿項目一期展開之貢獻所致。

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The analysis of projects held as at 31 December 2017 was as follows:

於二零一七年十二月三十一日持有項目之分析如下：

Daily Designed Treatment Capacity (m ³ /Day) 每日設計處理能力 (立方米/日)		Industrial Wastewater Treatment 工業污水處理		Municipal Wastewater Treatment 市政污水處理		Wastewater Treatment Subtotal 污水處理小計	Industrial Water Supply 工業用水供應	Total 總計
		BOO	BOT	BOO	BOT		BOO	
In operation	運營中	580,000	45,000	10,000	120,000	755,000	330,000	1,085,000
Pending operation	待運營	50,000	-	-	-	50,000	50,000	100,000
Under construction/ with plan to construct	建設中/計劃建設	165,000	-	-	50,000	215,000	150,000	365,000
Total	總計	795,000	45,000	10,000	170,000	1,020,000	530,000	1,550,000
Number of Water Plants/Each*	水廠數量/個*							
In operation	運營中	6	1	1	2	10	4	14
Pending operation	待運營	1	-	-	-	1	1	2
Under construction/ with plan to construct	建設中/計劃建設	3	-	-	-	3	1	4
Total	總計	10	1	1	2	14	6	20

* Capacity expansion of existing water plants is not deemed as an increase in number of water plants.

* 在現有水廠基礎上擴張產能不會視為增加水廠數量

1.1 Industrial Wastewater Treatment Services

Industrial wastewater treatment is the core business of the Group. The Group focused on third party centralised treatment market operated under the BOO model, providing polluting enterprises in the industrial parks or clusters with professional third party solutions for pollution control to help them achieve the separation of “pollution control” and “pollution generation”, thereby effectively solving the pollution problem. Currently, customers served by the Group cover industries ranging from textile, printing and dyeing, papermaking, food processing to electronic electroplating. The Group will continue to broaden its customer base in the foreseeable future to cover industries such as the pharmaceutical industry and fine chemicals industry.

As of 31 December 2017, the Group owned 7 industrial wastewater treatment plants which are in operation in Guangdong Province, Hunan Province and the Guangxi Zhuang Autonomous Region, with an aggregated designed treatment capacity of 625,000 m³/day.

1.1 工業污水處理服務

工業污水處理為本集團之核心業務，本集團以BOO模式專注於第三方集中式處理市場，為工業園區或集聚區內的排污企業提供環境污染第三方治理的專業化解決方案，幫助企業實現「治污」與「產污」分離，從而高效地解決污染問題。目前，本集團所服務客戶之所屬行業涵蓋紡織印染工業、造紙工業、食品加工業及電子電鍍工業。本集團將在可預見的未來持續拓寬客戶覆蓋面至醫藥行業及精細化工等行業。

截至二零一七年十二月三十一日，本集團在廣東省、湖南省及廣西壯族自治區內擁有7座運營中之工業污水處理廠，總設計產能為625,000立方米／日。

For the year ended 31 December 2017, the daily average utilisation rate of the industrial wastewater treatment plants was approximately 66% and the total wastewater treatment volume was approximately 4% higher than the corresponding period in 2016. Projects under construction or with plan to construct for the year had a designed capacity of 165,000 m³/day which mainly include Phase 1 of the Bobai Project, a designed capacity of 100,000 m³/day. Bobai Project is expected to commence operation in the fourth quarter of 2018.

Other projects included in projects under construction or with plan to construct are: 1) a wastewater treatment plant in Yulin Chinese Medicine Health Industrial Park (玉林中醫藥健康產業園) (“Yulin Chinese Medicine Project”) which had a capacity of 5,000 m³/day; 2) a wastewater treatment plant in relation to Phase 2 of Fumian Project which had a capacity of 50,000 m³/day; and 3) a wastewater treatment plant in Bobai Industrial Transfer Park (博白工業轉移園) which had a capacity of 10,000 m³/day.

於截至二零一七年十二月三十一日止年度，工業污水處理廠的日均產能利用率約為66%，總污水處理量較二零一六年同期增加約4%。本年度在建或擬建項目設計產能為165,000立方米／日，其主要包括博白項目一期，設計產能為100,000立方米／日。預期博白項目於二零一八年第四季度投產。

納入在建或擬建項目之其他項目為：(1) 玉林中醫藥健康產業園污水處理廠（「玉林中醫藥項目」）（產能為5,000立方米／日）；(2) 有關福綿項目二期污水處理廠（產能為50,000立方米／日）；及(3) 博白工業轉移園污水處理廠（產能為10,000立方米／日）。

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1.2 Municipal Wastewater Treatment Services

As of 31 December 2017, the Group operated 3 municipal wastewater treatment plants in Guangdong Province, with a total designed capacity of 130,000 m³/day. Those treatment plants have maintained stable utilisation rates. To cope with the urban development plan of Zengcheng District, Guangzhou City, additional planning of municipal wastewater treatment facilities has been made for Phase 4 of Yonghe Haitao wastewater treatment facilities recently. The designed capacity is 50,000 m³/day. It is scheduled to commence operation in the fourth quarter of 2018.

1.2 市政污水處理服務

截至二零一七年十二月三十一日，本集團在廣東省內運營3座市政污水處理廠，總設計產能為130,000立方米／日。該等處理廠常年保持穩定的產能利用率。為配合廣州市增城區的城鎮發展規劃，近期新增籌劃永和海滔第4期污水處理設施的市政污水處理設施建設，設計產能為50,000立方米／日，預計於二零一八年第四季度投產。

1.3 Industrial Water Supply

As of 31 December 2017, the Group operated 4 industrial water supply plants in Guangdong Province and Guangxi Zhuang Autonomous Region. During 2017, the total designed capacity of these plants was 330,000 m³/day with an average daily utilisation rate of approximately 53% and the total industry water supply volume was approximately 3% lower than the corresponding period in 2016. These plants are located in the same industrial parks as the industrial wastewater treatment plants operated by the Group, and as a demonstration of circular economy, are connected to respective wastewater treatment plants in the same industrial park via reclaimed water recycling facilities for the provision of industrial water supply services to the same clusters of clients of industrial wastewater treatment services. Projects under construction or with plan to construct had a total designed capacity of 150,000 m³/day. These projects include Phase 2 of the Fumian Project with a total designed capacity of 50,000 m³/day and Phase 1 of the Bobai Project with a total designed capacity of 100,000 m³/day. They are scheduled to commence operation in the second quarter and fourth of 2018 respectively.

1.3 工業用水供應

截至二零一七年十二月三十一日，本集團在廣東省及廣西壯族自治區內運營4座工業用水供應廠。於二零一七年，該等供應廠之總設計產能為330,000立方米／日，日均產能利用率約為53%，總工業用水供應量較二零一六年同期減少約3%。該等供應廠位於本集團經營之工業污水處理廠所在之工業園內，並透過再生水回用設施與同一園區內之污水處理廠連通，為工業污水處理服務之同一個客戶群同時提供工業用水供應服務，是循環經濟的典型模式之一。在建或擬建項目總設計產能為150,000立方米／日，該等項目為福綿項目二期（總設計產能為50,000立方米／日）及博白項目一期（總設計產能為100,000立方米／日），預計分別於二零一八年第二及四季度投產。

2. Sludge and General Solid Waste Treatment Services

As of 31 December 2017, the Group operated a total of 3 sludge treatment facilities and 2 general industrial solid wastes treatment facilities in Guangdong Province. The total treatment capacity for sludge was 3,442 tonnes/day, which is the same as the total capacity as at 31 December 2016. The Group's two safety landfills for treatment and disposal of general industrial solid wastes had a total designed capacity of 2,800,000 m³.

As at 31 December 2017, the capacity under construction for sludge treatment was expected to be 700 tonnes/day. The projects were Phase 1 of the sludge treatment facility in the Longmen Industrial Base with a capacity of 500 tonnes/day and the sludge treatment facility in Fumian Project with a capacity of 200 tonnes/day. For the year ended 31 December 2017, the total capacity of projects for general industrial solid waste treatment increased by 100,000 tonnes/year as compared to the total capacity as at 31 December 2016, which was contributed by the commencement of operation of the landfill for safe disposal of solid wastes in Longmen Industrial Base.

2. 污泥及一般固廢處理服務

截至二零一七年十二月三十一日，本集團在廣東省合共運營3座污泥處理處置設施，2座一般工業固體廢物處理處置設施。污泥處理處置總產能為3,442噸／日，與於二零一六年十二月三十一日之總產能持平；本集團之兩座一般工業固體廢物處理處置之無害化填埋已建成規模為總設計產能達2,800,000立方米。

於二零一七年十二月三十一日，預期污泥處理在建項目產能為700噸／日，該等項目為龍門產業基地污泥處理設施一期500噸／日及福綿項目之污泥處理設施200噸／日。截至二零一七年十二月三十一日止年度，一般工業固廢處理處置總產能較於二零一六年十二月三十一日之總產能增加100,000噸／年，該增長乃由於龍門產業基地之固體廢物無害化處置填埋場投產所貢獻。

2.1 Sludge Treatment and Disposal

As of 31 December 2017, the Group operated 3 sludge treatment facilities in Guangdong Province. The total designed capacity was 3,442 tonnes/day. The average capacity utilisation rate during the period was 97%, which is comparable to that of the same period of 2016. Among the total sludge treated and disposed of by the Group, approximately 79% comprised “municipal sludge” produced in urban centralised municipal wastewater treatment plants, and approximately 21% comprised “dyeing sludge” produced in dyeing wastewater treatment and “papermaking sludge” produced in papermaking wastewater treatment.

2.1 污泥處理處置

截至二零一七年十二月三十一日，本集團在廣東省內運營3座污泥處理處置設施，總設計產能為3,442噸／日，於本期平均產能利用率為97%，與二零一六年同期的平均產能利用率持平。本集團處理處置之污泥總量中，約79%為城鎮集中式市政污水處理廠產生之「市政污泥」，約21%為印染廢水處理產生之「印染污泥」及造紙廢水處理產生之「造紙污泥」。

2.2 General Industrial Solid Wastes Treatment and Disposal

As of 31 December 2017, the Group operated 2 general industrial solid wastes treatment and disposal facilities in Guangdong Province. There are two landfills for safe disposal of solid wastes with a capacity of 2,800,000 m³. The landfills are capable of safe treatment and disposal of general industrial solid wastes. For the year ended 31 December 2017, these facilities accumulatively received and disposed of approximately 103,000 tonnes of general industrial solid wastes, representing an increase of approximately 27,000 tonnes as compared with the same period in 2016.

2.3 Domestic Waste Treatment

The Group has constructed a seamless project for urban and rural wastes treatment in Guangdong Province. The Group has also entered into a concession agreement for this project with the government of Longmen County, Guangdong Province for a term of 30 years. The total approved treatment capacity was 600 tonnes/day for incineration treatment. This project is located in the “Longmen Industrial Base (龍門產業基地)” and its business covers the collection, transportation and incineration of urban and rural domestic wastes to generate electricity. The project commenced trial operation in December 2017.

2.2 一般工業固廢處理處置

截至二零一七年十二月三十一日，本集團在廣東省內運營2座一般工業固體廢物處理處置設施。該等設施內擁有兩個固體廢物無害化處置填埋場，庫容為2,800,000立方米，能對一般工業固體廢物進行無害化填埋。於截至二零一七年十二月三十一日止年度，該等設施累計接收處理一般工業固體廢物約103,000噸，較二零一六年同期累計接收處理量增長約27,000噸。

2.3 生活垃圾處理

本集團於廣東省內投資興建了一個城鄉生活垃圾無害化處理無縫對接項目。本集團亦已就該項目與廣東省龍門縣政府簽訂了特許經營協議，為期30年，焚燒處理之總核准產能為600噸／日。該項目位於「龍門產業基地」，其業務涵蓋城鄉生活垃圾之清運、中轉及焚燒發電。該項目於二零一七年十二月開展試運行。

3. Hazardous Waste Treatment Services

As of 31 December 2017, the Group operated 6 hazardous wastes treatment and disposal facilities in Guangdong Province. These facilities altogether cover 20 types of hazardous wastes under the revised “National Hazardous Waste List” with a total treatment capacity of approximately 765,000 tonnes/year. Among them, Guangzhou Lvyou Industrial Waste Reclamation Treatment Company Limited possessed capacity for comprehensive harmless treatment and safe disposal of hazardous wastes and leading approved treatment scale in the country. It provides services to various industries such as petroleum, chemical, electronic, automobile manufacturing, shipbuilding and pharmaceuticals. Its annualised capacity utilisation rate for receipt and disposal of hazardous wastes was approximately 58% for the year ended 31 December 2017. CT (Nansha) Ocean Protection Centre is specialised in collection, treatment, disposal, recycling and comprehensive utilisation of oily wastewater and oily sludge and residues (HW08) in ports and on vessels. In 2017, the annualised capacity utilisation rate of oily wastewater received and treated was approximately 11%. The hazardous waste and general industrial solid waste collection and storage centre constructed by the Group in Foshan City, Guangdong Province had a collection and storage capacity of 50,000 tonnes/year for hazardous waste and 50,000 tonnes/year for general industrial solid wastes. The project is scheduled to commence operation in the second half of 2018. The Group expects that it will seize market opportunities on an ongoing basis and continue to expand the business scale of hazardous waste treatment and disposal, so as to enhance its strength and influence as a professional provider of comprehensive environmental pollution management solutions.

3. 危險廢物處理服務

截至二零一七年十二月三十一日，本集團在廣東省內運營6座危險廢物處理處置設施，在經修訂「國家危險廢物名錄」下覆蓋20大類危險廢物，處理總產能約為765,000噸／年。其中，廣州綠由工業棄置廢物回收處理有限公司具備綜合性無害化處置能力及位於全國前列的核准處理規模，服務的行業涵蓋石油、化學、電子、汽車製造、船舶、製藥等多種工業，於截至二零一七年十二月三十一日止年度，危險廢物接收處理年化產能利用率達約58%；南沙海洋環保中心專業從事港口與船舶含油廢水、油泥油渣(HW08)的收集、處理、處置和再生綜合利用，於二零一七年，含油廢水接收處理年化產能利用率達約11%。本集團於廣東省佛山市建造之危險廢物及一般工業固體廢物收集儲運中心，收集儲運危險廢物量為50,000噸／年及一般工業固廢50,000噸／年，預計於二零一八年下半年投入運營。本集團預期其將持續抓住市場機遇及繼續擴大危險廢物處理處置業務規模，以提升其作為專業綜合環境污染管理解決方案供貨商的優勢及影響力。

III. Future Outlook

Looking forward, the Group will stay true to the mission and work towards its goal. It will take more proactive actions and integrate resources to consolidate and enhance achievements in core business segments including water treatment, solid waste and hazardous waste treatment and disposal. Meanwhile, it will explore the fields of pollution control engineering and energy-efficient industry.

While advancing major projects, the Group will optimise the Fumian Project in a steady manner and complete the construction of subsequent phases to a high quality and standard on top of Phase 1. Encompassing energy saving, curricular model, comprehensiveness and environmental protection, the project will evolve into a demonstrative industrial park for the energy saving and environmental industry in Guangxi Zhuang Autonomous Region and the PRC. The Group will speed up the Bobai Project to facilitate the development of Yulin as an international fashion center. Pursuant to the strategic cooperation framework agreement entered into between the Group and the Yulin Government in relation to the comprehensive environmental treatment and economic development project in Nanlijiang River Basin, the Group will commence comprehensive treatment of industrial pollution, comprehensive treatment of agricultural pollution, comprehensive treatment of urban and rural waste, ecological protection and rehabilitation of river course, and building and operation of environmental protection capabilities. Besides, it will step up investments to complete the remaining sub-projects of the Longtao Project to a high standard, so that they can commence operation and contribute profits as soon as possible. The Group will study the expansion plan of industrial parks as well.

三、未來展望

展望未來，本集團將不忘初心、奮力前行，以更加進取的心態，不斷整合各項資源優勢，鞏固和提高在水處理、固體廢物及危險廢物處理處置等核心業務板塊取得的成果，並在治污工程及高效能源產業領域做出更多積極探索。

在重大項目的推進方面，本集團將穩步完善福綿項目，在一期的基礎上高標準、高質量地完成其後各期的建設，充分體現節能、循環、綜合、環保的特色，將其打造成為廣西壯族自治區乃至全國範圍內節能環保產業的標桿園區；加速建成博白項目，助推玉林市打造國際服裝新城，並根據本集團與玉林市政府此前簽訂的南流江流域環境綜合治理與經濟協同發展項目戰略合作框架協議，逐步開展工業污染綜合治理、農業污染綜合治理、城鄉生活環境綜合治理、河道生態保護與修復以及環境保護能力建設運營；進一步加大投入，高標準完成龍滔項目其餘子項目，力爭盡快投產並充分發揮效益，並落實研究擴大園區的發展規劃。

For technological innovation, the Group will incorporate the innovative concept of supply-side structural reform in the environmental sector and upgrade innovation strategy. For instance, it will establish a world-class research institute in Hong Kong based on the existing CT Environmental Research Institute, so as to expand the applications of technological and innovation achievements. It will also catch up with leading institutes in the world and push forward for further progress. By setting up the Environment and Economy Synergetic Development Center in the Guangxi Zhuang Autonomous Region, it will play an active role in national environmental research programs of central and local government bodies. The establishment of the CT Research Fund will support independent research and development of unique projects, which will boost the core competitiveness of the Group on all fronts.

IV. Financial Review

Turnover

The turnover of the Group decreased by approximately 3.6% to approximately HKD2,099.1 million for the year ended 31 December 2017 from approximately HKD2,177.0 million for the year ended 31 December 2016. Such decrease is the net effect of the followings:

- 1) BOT construction revenue of the Guangdong Longmen Longtao Recycling Economic and Industrial Base was HKD223.0 million, representing a decrease of RMB109.5 million as compared with HKD332.5 million in the same period of last year;
- 2) The decrease in revenue from hazardous waste treatment segment by HKD46.6 million; and

在科技創新方面，本集團將貫徹環境供給側結構性改革創新理念，加強科技創新佈局：包括在現有中滔環境研究院的基礎上，在香港設立具有國際視野的科研機構，以提高集團科技創新的現實轉化能力，並與國際先進水平充分融合，取得更多成果；在廣西壯族自治區設立環境經濟協同發展中心，全面深入參與國家從中央到地方各層面的環保研究計劃；設立中滔研究基金，自主開展特色項目的研發等，全方位、多層次提升本集團的核心競爭力。

四、財務回顧

營業額

本集團的營業額由截至二零一六年十二月三十一日止年度的約2,177.0百萬港元減少約3.6%至截至二零一七年十二月三十一日止年度的約2,099.1百萬港元。有關下跌乃以下各項的淨影響所致：

- 1) 在廣東龍門龍滔循環經濟產業基地的BOT建築收入為223.0百萬港元，較去年同期332.5百萬港元減少人民幣109.5百萬港元；
- 2) 危險廢物處理分部的收入減少46.6百萬港元；及

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- 3) the Group's project in Fumian District, Yulin City, Guangxi Zhuang Autonomous Region (Fumian Project) commence its operation in second half of 2017. Revenue generated by Fumian Project was approximately HKD25.8 million.

Cost of sales

The total cost of sales of the Group increased by approximately 9.8% approximately to HKD1,298.9 million for the year ended 31 December 2017 from approximately HKD1,182.7 million for the year ended 31 December 2016, which is mainly due to 1) the increase in repair and maintenance expenses by HKD125.4 million; and 2) the cost contributed by Fumian Project which commence its operation in second half of 2017 was approximately HKD31.1 million.

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately 19.5% to approximately HKD800.2 million for the year ended 31 December 2017 from approximately HKD994.4 million for the year ended 31 December 2016, primarily as a result of the factors described above.

The overall gross profit margin of the Group decreased to approximately 38.1% for the year ended 31 December 2017 from approximately 45.7% for the year ended 31 December 2016, primarily due to the negative gross profit ratio of 21% contributed by the newly commenced Fumian Project.

- 3) 本集團位於廣西壯族自治區玉林市福綿區的項目（福綿項目）於二零一七年下半年開始運營。福綿項目產生的收入約為25.8百萬港元。

銷售成本

本集團的銷售成本總額由截至二零一六年十二月三十一日止年度的約1,182.7百萬港元增加約9.8%至截至二零一七年十二月三十一日止年度的約1,298.9百萬港元，其乃主要由於(1)維修及保養開支增加125.4百萬港元；及(2)福綿項目（於二零一七年下半年開始運營）導致的成本約31.1百萬港元。

毛利及毛利率

本集團毛利由截至二零一六年十二月三十一日止年度的約994.4百萬港元減少約19.5%至截至二零一七年十二月三十一日止年度的約800.2百萬港元，主要由於上述因素所致。

本集團整體毛利率由截至二零一六年十二月三十一日止年度的約45.7%下降至截至二零一七年十二月三十一日止年度的約38.1%，主要由於近期開始運營的福綿項目導致負毛利率21%所致。

Other net income/(loss)

Other net income of 2017 mainly included the gain of HKD66.4 million from sales of a commercial use land of the Group in Zengcheng of Guangzhou and foreign exchange gain of approximately HKD20.7 million (2016: foreign exchange loss of HKD64.8 million). The net foreign exchange gain primarily arose from receivables and bank loans that were denominated in a currency other than the functional currency of the relevant entities.

Administrative expenses

The Group's administrative expenses decreased by approximately 7.5% to approximately HKD276.6 million for the year ended 31 December 2017 from approximately HKD298.9 million for the year ended 31 December 2016. This was primarily due to the decrease in impairment losses expenses of trade and other receivables, intangible assets and goodwill.

Finance costs

The finance costs of the Group increased by approximately 21.3% to approximately HKD124.8 million for the year ended 31 December 2017 from HKD102.9 million for the year ended 31 December 2016, primarily due to average bank balance increased. The effective interest rate was 4.2% and 3.8% during the year ended 31 December 2016 and 2017.

Profit before taxation

The profit before taxation of the Group increased by approximately 12.9% to approximately HKD812.9 million for the year ended 31 December 2017 from HKD719.8 million for the year ended 31 December 2016 primarily due to the factors described above.

其他收入／(虧損)淨額

二零一七年的其他收入淨額主要包括出售本集團於廣州市增城區之商用土地之收益66.4百萬港元及匯兌收益約20.7百萬港元(二零一六年:匯兌虧損64.8百萬港元)。匯兌收益淨額主要來自應收款項及銀行貸款,其以有關實體之功能貨幣以外貨幣計價。

行政開支

本集團的行政開支由截至二零一六年十二月三十一日止年度的約298.9百萬港元減少約7.5%至截至二零一七年十二月三十一日止年度的約276.6百萬港元。此乃主要由於貿易及其他應收款項、無形資產及商譽之減值虧損開支減少所致。

融資成本

本集團的融資成本由截至二零一六年十二月三十一日止年度的102.9百萬港元增加約21.3%至截至二零一七年十二月三十一日止年度的約124.8百萬港元,此乃主要由於平均銀行結餘增加所致。截至二零一六年及二零一七年十二月三十一日止年度,實際利率分別為4.2%及3.8%。

除稅前溢利

本集團除稅前溢利由截至二零一六年十二月三十一日止年度的719.8百萬港元增加約12.9%至截至二零一七年十二月三十一日止年度的約812.9百萬港元,主要由於上述因素所致。

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Income tax

The income tax expenses of the Group for the year ended 31 December 2017 increased by approximately 9.9% as compared with the corresponding period last year, which was in line with profit before tax.

Profit attributable to equity shareholders of the Company

The profit attributable to equity shareholders of the Company has increased by approximately 12.7% to approximately HKD682.5 million for the year ended 31 December 2017 from HKD605.7 million for the year ended 31 December 2016, primarily as a result of the factors described above.

所得稅

本集團截至二零一七年十二月三十一日止年度的所得稅開支較去年同期上升約9.9%，與除稅前溢利相符。

本公司權益股東應佔溢利

本公司權益股東應佔溢利由截至二零一六年十二月三十一日止年度的605.7百萬港元增加約12.7%至截至二零一七年十二月三十一日止年度的約682.5百萬港元，主要由於上述因素所致。

LIQUIDITY AND FINANCIAL RESOURCES

The principal liquidity and capital requirements of the Group primarily relate to the acquisition of projects, construction of properties, plant and equipment and operation expenses.

As at 31 December 2017, the carrying amount of the Group's cash and bank deposits was approximately HKD519.0 million (2016: HKD1,155.8 million), representing a decrease of approximately 55.1% as compared to that as at 31 December 2016.

流動資金及財務資源

本集團主要的流動資金及資本需求主要與項目收購、建設物業、廠房及設備以及經營開支有關。

於二零一七年十二月三十一日，本集團現金及銀行存款的賬面值約為519.0百萬港元（二零一六年：1,155.8百萬港元），較二零一六年十二月三十一日減少約55.1%。

BANK LOANS AND GEARING

As at 31 December 2017, the total amount of bank loans of the Group was approximately HKD3,461.9 million (2016: HKD3,171.8 million), in which 77.0% (2016: 66.5%) were denominated in RMB. All of the Group's bank borrowings carry floating interest rates. The unutilised bank facilities amounted to HKD1,679.1 million as at 31 December 2017 (2016: HKD2,084.2 million).

銀行貸款及資產負債

於二零一七年十二月三十一日，本集團的銀行貸款總額約為3,461.9百萬港元（二零一六年：3,171.8百萬港元），當中77.0%（二零一六年：66.5%）以人民幣計值。本集團所有銀行借款均按浮動利率計息。於二零一七年十二月三十一日，未動用的銀行貸款額度為1,679.1百萬港元（二零一六年：2,084.2百萬港元）。

As at 31 December 2017, the secured bank loans amounted to HKD2,927.0 million, and unsecured bank loans amounted to HKD534.9 million.

於二零一七年十二月三十一日，有抵押之銀行貸款為2,927.0百萬港元及無抵押之銀行貸款為534.9百萬港元。

As at 31 December 2017, covenants relating to restrictions on controlling shareholder, the consolidated EBITDA to long-term borrowings matured within one year and consolidated finance cost ratio, and adjusted cash flow to consolidated debt services ratio had been breached (2016: nil). The company is in the process of obtaining waivers on such non-compliances from relevant banks.

於二零一七年十二月三十一日，已違反有關限制控股股東、綜合EBITDA對一年內到期之長期借款及綜合融資成本比率、調整後現金流量對綜合債務服務比率之契諾（二零一六年：無）。本公司正在向相關銀行申請相關違反條款的豁免。

As at 31 December 2017, the gearing ratio, as calculated by dividing the total borrowings (net of cash and cash equivalent, deposits with a bank with original maturity date over three months) by the total equity of the Group, was 63.8% (2016: 55.8%).

CONTINGENT LIABILITIES

As at 31 December 2017 and 31 December 2016, the Group had no material contingent liabilities or guarantees.

PLEDGE OF ASSETS

As at 31 December 2017, the Group pledged certain of its property, plant and machinery and lease prepayments with an aggregate carrying amount of approximately HKD313.8 million (2016: HKD289.6 million) to certain banks to secure certain credit facilities granted to the Group. In addition, the Group's equity interests in Qingyuan Lvyou, Guangzhou Yinglong and Guangzhou Liangang were pledged to secure bank loans granted to the Group.

CAPITAL EXPENDITURES

The major capital expenditures of the Group primarily consist of expenditures to acquire lease prepayments, purchase of property, plant and equipment and BOT construction project.

For the year ended 31 December 2017, the capital expenditures of the Group (mainly including additions in property, plant and equipment, additions in lease prepayments and additions in BOT construction cost) amounted to approximately HKD1,087.2 million (2016: HKD748 million). These capital expenditures were funded by bank borrowings, funds generated from the operating activities of the Group.

The Group expects to incur additional capital expenditures in view of the various acquisition opportunities in the sector and the scheduled construction of facilities for the current project portfolio. These capital expenditures are expected to be funded mainly by operation cash flows and bank borrowings.

於二零一七年十二月三十一日，資產負債比率（按借款總額（經扣除現金及現金等價物，以及存放於銀行原到期日超過三個月之存款）除以本集團的權益總額計算）為63.8%（二零一六年：55.8%）。

或有負債

於二零一七年十二月三十一日及二零一六年十二月三十一日，本集團並無任何重大或有負債或擔保。

資產抵押

於二零一七年十二月三十一日，本集團向若干銀行抵押賬面值總額約為313.8百萬港元（二零一六年：289.6百萬港元）的若干物業、廠房及機器以及租賃預付款項，以擔保授予本集團的若干信貸融資。此外，本集團亦將於清遠綠由、廣州盈隆及廣州蓮港的股權作為本集團銀行貸款的抵押。

資本開支

本集團主要資本開支主要包括收購租賃預付款項以及購置物業、廠房及設備及BOT建築項目的開支。

截至二零一七年十二月三十一日止年度，本集團資本開支（主要包括物業、廠房及設備增加、租賃預付款項增加及BOT建築成本增加）約1,087.2百萬港元（二零一六年：748百萬港元）。該等資本開支由銀行貸款及本集團經營活動所得資金撥付。

鑒於該分部之多項收購機遇及現有項目組合的計劃設施建設，本集團預期將產生額外資本開支。預期該等資本開支將主要於經營現金流量及銀行貸款撥付。

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FOREIGN CURRENCY RISK

The Group's assets, borrowings and major transactions are mainly denominated in RMB. The Group is exposed to currency risk primarily arising from receivables and bank loans that are denominated in a currency other than the functional currency of the relevant entities. The currencies giving rise to this risk are primarily RMB and USD. The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances. As at 31 December 2017, approximately 98.7%, 0.1% and 1.2% of the cash and cash equivalent held by the Group are denominated in RMB, USD and HKD respectively (31 December 2016: 96.7%, 2.6% and 0.7%).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group employed 2,098 employees (2016: 1,941 employees). Employee costs amounted to approximately HKD213.3 million for the year ended 31 December 2017 (2016: approximately HKD185.5 million). The Group will endeavour to ensure that the employees' salary levels are in line with industry practice and prevailing market conditions, and that employees' remuneration is based on their performance.

The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations and which is payable to staff based on his or her individual performance and that of the Group as a whole. Furthermore, the Company also adopted a share award scheme (the "Share Award Scheme") to recognize and motivate the contributions made to the Group by its employees and to give incentives in order to retain them for the continuous operation and development of the Group.

外幣風險

本集團的大部分資產、貸款及主要交易均以人民幣為單位。本集團面對的貨幣風險主要來自有關實體之功能貨幣以外貨幣計價的應收款項及銀行貸款。產生此風險的貨幣主要為人民幣及美元。本集團確保風險淨額維持在可接受的水平，在有需要時以即期匯率買賣外幣以解決短期不平衡。於二零一七年十二月三十一日，本集團持有的現金及現金等價物以人民幣、美元及港元計值的分別約佔98.7%、0.1%及1.2%（二零一六年十二月三十一日：96.7%、2.6%及0.7%）。

僱員及薪酬政策

於二零一七年十二月三十一日，本集團聘用2,098名僱員（二零一六年：1,941名）。截至二零一七年十二月三十一日止年度，員工成本約為213.3百萬港元（二零一六年：約185.5百萬港元）。本集團將致力確保僱員薪酬水平符合行業慣例及現行市況，而僱員薪酬乃基於彼等的表現釐定。

本公司亦採納一項購股權計劃，旨在對為本集團營運的成就作出貢獻的合資格參與者提供獎勵及報酬，其乃根據員工個人及本集團整體之表現向員工支付。此外，本公司亦採納一項股份獎勵計劃（「股份獎勵計劃」），以表揚及激勵本集團僱員對本集團作出貢獻，並作為就本集團持續營運及發展挽留僱員之獎勵。

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 December 2017, the detailed information about the material disposal and acquisition of subsidiaries by the Group is as follow:

On 30 June 2017, the Group disposed of its entire equity shares in Guangzhou Zhongtao to Guangzhou To Kee, a related party effectively owned by the controlling shareholder of the Group, Mr. Tsui Cham To, for a consideration of HKD28,805,000 (equivalent to RMB25,000,000). The primary activity of Guangzhou Zhongtao was investment holding in the PRC. Further information in relation to the disposal is set out in note 15(b)(i) of this annual report.

On 31 March 2017, the Group disposed of its 99% equity shares in Xintao Environmental to an independent third party, for a consideration of HKD112,640,000 (equivalent to RMB100,000,000). The dominated activity of Xintao Environmental was currently holding a land used right in China. Further information in relation to the disposal is set out in note 15(b)(ii) of this annual report.

Other than as disclosed above, during the year ended 31 December 2017, the Group did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures.

重大收購及出售

截至二零一七年十二月三十一日止年度，本集團附屬公司的重大出售及收購詳細情況如下：

於二零一七年六月三十日，本集團將其於廣州中滔的全部股權轉讓予本集團控股股東徐湛滔先生實際擁有的關聯方廣州滔記，代價為28,805,000港元（相當於人民幣25,000,000元）。廣州中滔的主要業務為在中國投資控股。有關出售事項的進一步詳情載於本年報附註15(b)(i)。

於二零一七年三月三十一日，本集團向一名獨立第三方出售其於新滔環保99%股權，代價為112,640,000港元（相當於人民幣100,000,000元）。新滔環保主要業務為目前在中國擁有一項土地使用權。關於出售事項的進一步詳情載於本年報的附註15(b)(ii)。

除上文所披露者外，截至二零一七年十二月三十一日止年度，本集團並無任何其他重大收購或出售附屬公司、聯營公司或合營企業。

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QUALIFIED AUDIT OPINION

During the course of the audit for the year ended 31 December 2017, the auditors identified a turnover amount of HKD61.6 million in relation to the provision of sludge and solid waste treatment services (the “**Transactions**”) which were not substantiated with relevant supporting documents. The current tax expenses relating to the Transactions amounted to HKD5.8 million. As at 31 December 2017, the outstanding receivable balance relating to these transactions (including value-added tax) amounted to HKD72.1 million. As at 31 December 2017, the outstanding value-added tax payable balance and current taxation payable balance relating to the Transactions amounted to HKD10.5 million and HKD5.8 million respectively. There was no actual impact on the Group’s cashflow position.

The Board is of the view, and the audit committee of the Company agreed with the Board’s view, that the Transactions were properly substantiated since the Group entered into written agreements with each of the customers with respect to the Transactions, together with other ancillary documents. As such, the Company considers that the relevant amounts/balances of the Transactions are fairly stated in the consolidated financial statements as they are consistent with the amounts as stated in the relevant written agreement with each of the customers.

The Company plans to maintain close communication with the auditors and will use its best efforts to address their concerns and requirements. To the best knowledge of the Company, if the Company is able to satisfy auditors’ requirements regarding the Transactions, no audit qualification on the opening figures of the financial statements of the Company for the year ending 31 December 2018 will be issued.

保留審核意見

於截至二零一七年十二月三十一日止年度之審核過程中，核數師已識別一項有關提供污泥以及固體廢物處理服務（「該等交易」）之營業額金額61,600,000港元並無相關支持文件證明。與該等交易有關的當期稅項開支為5,800,000港元。於二零一七年十二月三十一日，與該等交易有關的未收取應收款項結餘（包括增值稅）為72,100,000港元。於二零一七年十二月三十一日，與該等交易有關的未支付增值稅應付結餘及即期應付稅項結餘分別為10,500,000港元及5,800,000港元。對本集團之現金流量狀況並無實際影響。

董事會認為，本公司之審核委員會同意董事會之意見，認為該等交易獲妥善證明，原因為本集團與每名客戶就該等交易訂立書面協議，連同其他附屬文件。因此，本公司認為，該等交易之相關金額及結餘已於綜合財務報表中公平呈列，原因為其與每名客戶訂立之相關書面協議所載之金額一致。

本公司計劃與核數師保持緊密溝通，並將盡其最大努力處理彼等之憂慮及要求。據本公司所深知，倘本公司能夠滿足核數師有關該等交易之要求，概不會就本公司截至二零一八年十二月三十一日止年度財務報表之承前數據出具保留意見。

EVENTS AFTER 31 DECEMBER 2017

Below are important events affecting the Group which occurred after 31 December 2017:

- (i) On 14 February 2018, the Group entered into a termination agreement (the “Termination Agreement”) with Mr. Gu Yaokun, the director of the Company, in regard of an agreement (the “Original Agreement”). The Original Agreement was entered by Qingyuan Lvyou and Mr. Gu Yaokun on 30 April 2014, pursuant to which Qingyuan Lvyou transferred the title of certain fixed assets and land-use rights (together as the “Assets”) to Mr. Gu Yaokun on 30 April 2014. On the other hand, as agreed in the Original Agreement, Qingyuan Lvyou would purchase the Assets back upon the issuance of the formal land and property registration certificates for the Assets by local government authorities. Moreover, on 30 April 2014, the Group acquired 100% equity interests of Qingyuan Lvyou from Mr. Gu Yaokun. As at 31 December 2017, Mr. Gu Yaokun had not obtained the formal land and property registration certificates for all of the Assets. On 14 February 2018, the Group entered into the Termination Agreement with Mr. Gu Yaokun, and the title of the Assets without formal land and property registration certificates were transferred to the Group. As at the date of the Termination Agreement, Mr. Gu was a Director and therefore a connected person of the Company. The Termination Agreement therefore constitutes a connected transaction under the Listing Rules. As all the applicable percentage ratios of the Termination Agreement are less than 5%, the Termination Agreement is only subject to the reporting and announcement requirements, but is exempt from independent shareholders’ approval requirements under the Listing Rules. Details of the Termination Agreement were set out in the announcement of the Company dated 14 February 2018.

於二零一七年十二月三十一日後的事項

以下為於二零一七年十二月三十一日後發生對本集團造成影響的重要事項：

- (i) 於二零一八年二月十四日，本集團與本公司董事古耀坤先生就一份協議（「原協議」）訂立終止協議（「終止協議」）。原協議由清遠綠由與古耀坤先生於二零一四年四月三十日訂立，據此，清遠綠由於二零一四年四月三十日將若干固定資產之所有權及土地使用權（統稱「該等資產」）轉讓予古耀坤先生。另一方面，誠如原協議中協定，於當地政府機關發出該等物業之正式土地及物業登記證書後，清遠綠由將購回該等資產。此外，於二零一四年四月三十日，本集團向古耀坤先生收購清遠綠由100%股權。於二零一七年十二月三十一日，古耀坤先生並未就所有該等資產取得正式土地及物業登記證書。於二零一八年二月十四日，本集團與古耀坤先生訂立終止協議，已將無正式土地及物業登記證書之該等資產之所有權轉讓予本集團。於終止協議日期，古先生為董事，因此為本公司的關連人士，因此終止協議構成上市規則項下的關連交易。由於終止協議的所有適用百分比率均低於5%，故終止協議僅須遵守上市規則項下的申報及公告規定，惟獲豁免遵守獨立股東批准規定。終止協議詳情載於本公司日期為二零一八年二月十四日之公告。

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- (ii) On 2 February 2018, the Group entered into a financial strategic co-operation agreement with China Construction Bank (“CCB”) (the “Financial Agreement”). According to the terms of the Financial Agreement, CCB will provide the Group an intended maximum loan amount of approximately HKD2.87 billion (equivalent to RMB2.4 billion) subject to approval by CCB. The maximum amount of loan to be granted to the Group pursuant to the Financial Agreement shall be applied towards the financing of acquisition of fixed assets, working capital, trading, merger and acquisitions, bills, guarantees and other funds. Details of the financial strategic co-operation agreement were set out in the announcement dated 2 February 2018.
- (ii) 於二零一八年二月二日，本集團與中國建設銀行（「中國建設銀行」）訂立金融策略性合作協議（「金融協議」）。根據金融協議的條款，中國建設銀行將向本集團提供擬定最高貸款額約28.7億港元（相當於人民幣24億元），並須經中國建設銀行批准。根據金融協議，將授予本集團的最高貸款額將用於為收購固定資產、營運資金、買賣、併購、賬單、擔保及其他資金提供資金。有關金融策略性合作協議之詳情載於日期為二零一八年二月二日之公告。

Save as disclosed above, there are no other important events materially affecting the Group after 31 December 2017.

除上文所披露者外，於二零一七年十二月三十一日後並無對本集團造成重大影響的其他重要事項。

EXECUTIVE DIRECTORS

Mr. Tsui Cham To, aged 51, current Justice of the Peace, current member of the 12th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC), is one of the founders of the Group, and the Chairman and Executive Director of the Company appointed on 30 November 2010. He is a cousin of Mr. Xu Juwen. Mr. Tsui is mainly responsible for leading the Board in setting the Group's overall directions, strategies, agendas and priorities. Mr. Tsui has approximately 15 years of experience in the wastewater treatment and industrial water supply industry. Mr. Tsui was the vice president of the Guangdong Foundation for Justice and Courage (廣東省治安基金會). From April 2000 to March 2001 and April 2002 to March 2006, Mr. Tsui was a director of Hong Kong Yan Chai Hospital. Mr. Tsui was also an adviser to the Board of Directors of the Scientific Decision and Promotion Association of Guangdong Province Village and Town Heads in 2004. Mr. Tsui was appointed as the chair professor at Faculty of Management of Shenzhen University. Furthermore, Mr. Tsui was the vice president of the Guangzhou Overseas Chinese Chamber of Commerce in 2006 as well as the vice president of the 10th, 11th and 12th Zengcheng Federation of Commerce and Industry (增城市工商業聯合會(總商會)). He was an excellent member (優秀委員) of the Standing Committee of the 6th, 7th and 8th Zengcheng City Chinese People's Political Consultative Conference (增城市第六、七、八屆中國人民政治協商會議增城市委員會常委). He was also a member of the Standing Committee of the 9th Huizhou City Chinese People's Political Consultative Conference (政協惠州市第九屆委員會會員). In addition, Mr. Tsui was an honorary citizen of the Guangzhou Municipality and Huizhou Municipality as well as the honorary chairman of the 8th Committee of the Federation of the Zengcheng City Returned Chinese (增城市歸國華僑聯合會). In 2017, Mr. Tsui was granted a degree of Honourary Doctor of Business Administration from Sabi University.

Mr. Xu Zhencheng, aged 65, is an Executive Director and the Chief Executive Officer of the Company appointed on 24 August 2017. He is a researcher and doctoral tutor, previously the chief scientist of the Company, director of technical committee and president of Guangzhou CT Environmental Research Institute Co., Ltd. as well. Mr. Xu has almost 40 years of experience in the research and engineering practice of environmental science and engineering technology, specializing in the research and engineering technology development of pollution control systems. Mr. Xu previously as a major director in South China Institute of Environmental Sciences of Ministry of Environmental Protection, has rich management experience. With the technical title of Research Associate (二級研究員), Mr. Xu is currently the Director of Chinese Society for Environmental Science and Environmental Risks Professional Committee, Adjunct Professor of College of Environmental Science and Engineering at Peking University (北京大學), and Director of "Water Pollution Control and Treatment" (水體污染控制與治理) of Dongjiang Project, a national science and technology major project. Mr. Xu graduated from Sun Yat-sen University (中山大學) in 1980 majoring in geography.

執行董事

徐湛滔先生，51歲，現任JP太平紳士、現任政協第十二屆廣東省委員會委員，本集團創辦人之一及本公司主席兼執行董事。彼於二零一零年十一月三十日獲委任為執行董事。彼為徐炬文先生的堂兄。徐先生主要負責領導董事局為集團制訂整體方向、策略、工作綱領和優先次序。徐先生於污水處理及工業供水行業擁有約十五年經驗。徐先生曾任廣東省治安基金會副會長。於二零零零年四月至二零零一年三月及二零零二年四月至二零零六年三月，徐先生為香港仁濟醫院董事。徐先生亦於二零零四年擔任廣東省鄉鎮長科學決策促進協會的董事會顧問。徐先生獲委任為深圳大學管理系講座教授。此外，徐先生於二零零六年擔任廣州市僑商會的副會長，以及第10屆、第11屆及第12屆增城市工商業聯合會(總商會)的副會長。彼曾為增城市第六、七、八屆中國人民政治協商會議增城市委員會常委並被評為優秀委員。彼亦為政協惠州市第九屆委員會會員。此外，徐先生為廣州市及惠州市的榮譽市民以及第八屆增城市歸國華僑聯合會的榮譽主席。二零一七年，徐先生於法國北歐大學取得商業管理榮譽博士學位。

許振成先生，65歲，於二零一七年八月二十四日獲委任為執行董事及首席執行官。許先生是研究員及博士生導師，曾任本公司首席科學家、技術委員會主任、廣州中滔環境研究院有限公司總經理。許先生於環境科學及工程技術的研究及工程實施方面擁有近四十年經驗，專業從事污染控制系統的研究及工程技術發展。許先生曾為環境保護部華南環境科學研究所的主要負責人，具有豐富管理經驗。許先生目前技術職稱為二級研究員，現任中國環境科學學會環境風險專業委員會主任、北京大學環境科學與工程學院兼職教授、國家重大科技專項「水體污染控制與治理」東江專案負責人等。許先生於一九八零年畢業於中山大學地理專業。

Directors and Senior Management

董事及高級管理層

Mr. Gu Yaokun, aged 54, is the founder of Guangzhou Lvyou Industrial Waste Reclamation Treatment Company Limited and Qingyuan Lvyou Environmental Protection Technology Company Limited, the subsidiaries of the Company. Mr. Gu was then appointed as an Executive Director and Co-Chief Operating Officer of the Group since 23 November 2015 and is now in charge of the operation of our solid waste treatment and hazardous waste treatment businesses. Mr. Gu has over 30 years of experience in the venture capital and operation management of petrochemical engineering, environmental protection and resource recycling industry. Mr. Gu is currently the vice chairman of solid waste branch of Chinese Society for Environmental Sciences (中國環境科學學會), the managing director of Guangdong Environmental Protection Association, a member of the Political Consultative Committee of Nansha District in Guangdong province, the vice chairman of manufacturers association of Panyu District in Guangdong province, the vice chairman of Associations of Renewable Resources industry in Panyu District. Mr. Gu was awarded the title of “2010 Excellent Entrepreneur in Environment Protection Industry of Guangdong”(2010年度廣東省環保產業優秀企業家) in 2011. Mr. Gu obtained the Executive Master of Business Administration qualifications from Sun Yat-sen University in 2009.

Mr. Xu Shubiao, aged 52, is one of the founders of the Group and an Executive Director appointed since 12 January 2011. Mr. Xu has approximately 15 years of experience in the wastewater treatment industry. Mr. Xu is our Co-Chief Operating Officer, responsible for the construction and operation of all the water projects the Company undertakes. Mr. Xu is experienced in the engineering, trading and processing industries. Mr. Xu was an assistant general manager at Guangzhou To Kee from 1995 to 2003. Mr. Xu has led the development, operation and management of our wastewater treatment facilities and industrial water supply facilities in our Guangzhou Xinzhou Industrial Park since 2003. Mr. Xu is not related to other Directors of the Company.

古耀坤先生，54歲，本集團子公司廣州綠由工業棄置廢物回收處理有限公司和清遠綠由環保科技有限公司之創辦人，其後於二零一五年十一月二十三日獲委任為本集團之執行董事及聯席運營總監，負責固體廢物處理及危險廢物處理的全面業務運營。古先生於石油化工、環保治理和資源循環利用行業的創業和運營管理擁有逾三十年的經驗。古先生現時為中國環境科學學會固體廢物分會副理事長；廣東省環保產業協會常務理事、廣東省南沙區政協委員、廣東省番禺區廠商會副會長、番禺區再生資源行業協會副會長。古先生於二零一一年被評為「二零一零年度廣東省環保產業優秀企業家」。二零零九年，古先生於中山大學取得高層管理人員工商管理碩士資格。

徐樹標先生，52歲，本集團創辦人之一兼本公司執行董事。彼於二零一一年一月十二日獲委任為執行董事。徐先生於污水處理行業擁有約十五年經驗。徐先生為我們的聯席運營總監，負責本公司承辦的所有水務項目建設及運營。徐先生亦擁有工程、貿易及加工行業的豐富經驗。徐先生於一九九五年至二零零三年出任廣州滔記的助理總經理。徐先生自二零零三年起領導我們廣州新洲工業園的污水處理設施及工業用水供應設施的發展、營運及管理。徐先生與本公司其他董事並無關係。

Mr. Xu Juwen, aged 43, is an Executive Director and Vice President of the Group. He joined us in September 2003 and has served as an Executive Director since 12 January 2011. Mr. Xu is a cousin of Mr. Tsui Cham To. Mr. Xu is currently in charge of the Group's hazardous waste treatment segment. From 2001 to 2005, Mr. Xu was the assistant general manager of Guangzhou To Kee Enterprises Development Group Limited ("Guangzhou To Kee"), a related company of the Group, where he oversaw its general operation. From 2005 to 2007, Mr. Xu was the general manager of Guangzhou Zhugang Pier Company Limited (廣州珠鋼碼頭有限公司), a private company in the PRC, and from 2009 to 2011, Mr. Xu has been its executive director. In 2010, Mr. Xu obtained a bachelor's degree in accountancy from Open University of China (中央廣播電視大學).

NON-EXECUTIVE DIRECTOR

Mr. Yang Chunlin, aged 62, is to be appointed on 3 April 2018 as a Non-executive Director upon the final approval of the Board of Directors and announcement. Mr. Yang received a Master's degree in Economics from Nankai University and a Doctorate degree in Management from Sun Yat-sen University. He has worked as an officer in Liaoning branch of People's Bank of China as well as Industrial and Commercial Bank of China ("ICBC") Liaoning branch from 1982 to 1993. From 1993 to 1996, he was employed as a deputy director and then a director of Industrial Credit Department in ICBC Liaoning branch. In 1996, he was the head of ICBC Chaoyang branch in Liaoning. He was appointed as the deputy head and general manager of ICBC Guangdong branch, Head of ICBC Fujian Branch, Head of ICBC Internal Audit Department Guangzhou branch and Senior Expert of ICBC Guangdong branch from 1998 to 2016. He is currently an Independent Director of Guangzhou Yuexiu Financial Holdings Group Co., Ltd., a company listed on the Shenzhen Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Suen To Wai, aged 44, was appointed on 14 February 2018 as an Independent Non-executive Director. Mr. Suen received his bachelor's degree in Commerce from the University of Western Australia and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Suen has over 10 years of experience in financial reporting and corporate finance.

徐炬文先生，43歲，本集團執行董事兼副總裁。彼於二零零三年九月加入本公司，自二零一一年一月十二日起擔任執行董事。彼為徐湛滔先生的堂弟。徐先生現時負責本集團的危險廢物處理分部。於二零零一年至二零零五年，徐先生出任本集團的一間關聯公司廣州滔記實業發展集團有限公司（「廣州滔記」）助理總經理，負責監督整體營運。徐先生於二零零五年至二零零七年是廣州珠鋼碼頭有限公司（於中國的一間私人公司）的總經理，並由二零零九年至二零一一年出任其執行董事。於二零一零年，徐先生取得中央廣播電視大學會計學學士學位。

非執行董事

楊春林先生，62歲，將在獲董事會最終批准並公告後，於2018年4月3日獲委任為非執行董事。楊先生獲頒南開大學經濟學碩士學位及中山大學管理學博士學位。彼曾於一九八二至一九九三年期間任中國人民銀行遼寧省分行及中國工商銀行（「工商銀行」）遼寧省分行幹部。於一九九三年至一九九六年期間，彼獲聘用為工商銀行遼寧省分行工業信貸處副處長及其後為處長。在一九九六年，彼曾任工商銀行遼寧省朝陽分行行長。彼在一九九八年至二零一六年期間獲委任為工商銀行廣東省分行副行長及總經理、工商銀行福建省分行行長、工商銀行內審廣州分局局長及工商銀行廣東省分行資深專家。彼現任廣州越秀金融控股集團股份有限公司（一間於深圳證券交易所上市之公司）之獨立董事。

獨立非執行董事

孫多偉先生，44歲，於二零一八年二月十四日獲委任為獨立非執行董事。孫先生於西澳大學取得商業學士學位，並為香港會計師公會會員。孫先生擁有逾10年財務申報及企業融資經驗。

Directors and Senior Management

董事及高級管理層

Mr. Zhang Lu Fu, aged 61, was appointed on 16 January 2018 as an Independent Non-executive Director. Mr. Zhang has had the experience of working for the Chinese government since 1987 including the Xin Hua News Agency branch in Hong Kong (Liaison Office of the Central People's Government in Hong Kong). Since 2000, Mr. Zhang has worked for a number of Hong Kong listed companies and charitable organisations on a full-time and part-time basis in the capacity such as chief representative of Chinese affairs, Chinese affairs consultant, chief secretary for Chinese affairs and chief executive. Mr. Zhang has been the director-general of the Friends of Hong Kong Association, a member of the 4th Shenzhen Committee of the Chinese People's Political Consultative Conference since 2008. In 2011, Mr. Zhang was employed by the Hong Kong Academy of Management and the Hong Kong Financial Services Institute as a professor on a part-time basis. Further, he has been serving as the council member of the China Overseas Friendship Association since 2013 and the executive director of Guangdong Overseas Friendship Association since 2015 as well as the council member of the Shenzhen Overseas Friendship Association since 2017. Mr. Zhang was appointed as an independent non-executive director of Kingboard Laminates Holdings Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (Stock Code: 1888)) in January 2015. He was also appointed as an independent non-executive director of Sino Biopharmaceutical Limited (a company listed on the Main Board of the Stock Exchange (Stock Code: 1177)) in April 2015. Mr. Zhang holds a Master's degree in Philosophy from the Beijing Normal University and is a research associate thereat.

Mr. Liu Yung Chau, aged 64, was appointed on 14 June 2011 as an Independent Non-executive Director. Mr. Liu is a director of Huashang Education Group Company Limited and Guangzhou Sun City Group Limited. Mr. Liu was the chief president of the Hong Kong Industrial & Commercial General Association, member of the standing committee of Guangdong Chinese People's Political Consultative Conference, member of the standing committee of Guangdong Federation of Industry, vice chairman of the Guangdong Chamber of Foreign Investors and chairman of the Zengcheng Federation of Industry. In addition, Mr. Liu has been awarded the "World Outstanding Chinese Award" (世界傑出華人獎) in May 2010 and was awarded the Bronze Bauhinia (BBS) by the Government of the Hong Kong Special Administrative Region on 25 October 2013. Mr. Liu has established the Guangzhou Sun City Group Limited and its affiliates covers a wide range of business areas including education, hotel and tourism, textile and apparel, real estate and financial investment industry. Mr. Liu was given the honorary title of "May 1st Model Worker" in 2009.

張魯夫先生，61歲，於二零一八年一月十六日獲委任為獨立非執行董事。張先生自一九八七年起先後在中央政府包括新華社香港分社（中聯辦）等多個部門任職。自二零零零年起，張先生先後以全職及兼職形式服務過數家香港上市公司和慈善機構，擔任國內事務首席代表、中國事務顧問、基金會（國內事務）秘書長、執行總裁等。張先生自二零零八年起擔任香港友好協進會總幹事，同年獲委任為第四屆深圳市中國人民政治協商會議委員。於二零一一年，張先生獲香港管理學院及香港金融管理學院委聘擔任兼職教授。此外，彼自二零一三年起出任中華海外聯誼會理事；自二零一五年起出任廣東省海外聯誼會常務理事；於二零一七年獲委任為深圳市海外聯誼會常務理事。於二零一五年一月，張先生獲委任為建滔積層板控股有限公司（於香港聯合交易所有限公司（「聯交所」）主板上市之公司（股份代號：1888））之獨立非執行董事。於二零一五年四月，彼亦獲委任為中國生物製藥有限公司（於聯交所主板上市之公司（股份代號：1177））之獨立非執行董事。張先生獲北京師範大學頒授哲學碩士學位，並為該大學之副研究員。

廖榕就先生，64歲，於二零一一年六月十四日獲委任為獨立非執行董事。廖先生是華商教育集團有限公司及廣州太陽城集團有限公司的董事。廖先生曾為香港工商總會有限公司首席會長、廣東省政協常委、廣東省工商業聯合會常委、廣東外商公會副主席及增城市工商聯（總商會）主席。此外，廖先生於二零一零年五月獲得「世界傑出華人獎」。並於二零一三年十月二十五日獲香港特別行政區政府授予銅紫荊勳章。廖先生所創辦廣州太陽城集團有限公司及其聯屬公司的經營範圍涵蓋文化教育、酒店旅遊、紡織服裝、房地產、金融投資等多個行業。於二零零九年，廖先生獲授予「五一勞動模範」榮譽稱號。

SENIOR MANAGEMENT

Mr. Sit Hon Wing, aged 41, was appointed as Company Secretary on 22 September 2017. Mr. Sit was one of the management team members in the finance function, company secretarial function and investor relations function of the Company between 2008 and 2015. Mr. Sit had worked in the audit and assurance department of PricewaterhouseCoopers in Hong Kong and had also served as the financial controller and/or company secretary of various listed companies in Hong Kong, including Hao Tian Development Group Limited (Stock code: 474), Hao Tian International Construction Investment Group Limited (Stock code: 1341) and Sau San Tong Holdings Limited (Stock code: 8200). Mr. Sit received a bachelor's degree in Accountancy from the Hong Kong Polytechnic University and is a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Sit currently serves as an executive director of Fujian Nuoqi Co., Ltd. (Stock Code: 1353).

Mr. Du Daohong, aged 51, was appointed as Chief Financial Officer and Chief Internal Control Officer of the Group in October 2017 and in January 2016 respectively. Mr. Du has a doctoral degree in Management Science. He is also a senior engineer, a Chinese Certified Public Accountant and a member of Guangzhou Zengcheng Chinese People's Political Consultative Conference. Mr. Du has extensive experience in social science research and in banking and financing. Mr. Du joined the Group in 2003 and has been responsible for investment, business management, financial management and internal control.

Mr. Zhao Keyin, aged 43, is our Chief Engineer. Mr. Zhao joined us in March 2004 and is currently responsible for the daily operation, technical supervision and implementation of the wastewater treatment business the Group. Mr. Zhao implements national policies relating to technology and advanced technology management policies. Mr. Zhao has approximately 14 years of experience in wastewater treatment, with a special focus on industrial wastewater treatment technology. He also leads the technical implementation aspects of the Group's projects, devise work plans to make sure the processing technologies and procedures are in sync with various technical standards, regulations and legal procedures in the industry. Mr. Zhao is the Group's key liaison with regulatory authorities. In 1998, Mr. Zhao obtained a Diploma in Environmental Protection Monitoring and Implementation from Shenyang Polytechnic University (瀋陽工業學院). He also obtained a Wastewater Treatment Training Certificate issued by Guangdong Environmental Association Environmental Protection Vocational Training Centre (廣東環協環保職業技能培訓中心). He has passed the environmental protection training accredited by Guangzhou Environmental Protection Promotion and Education Centre (廣州市環境保護宣傳教育中心) and Guangzhou Environmental Protection Bureau (廣州市環境保護局) as well.

高級管理人員

薛漢榮先生，41歲，於二零一七年九月二十二日獲委任為公司秘書。薛先生於二零零八年至二零一五年為本公司財務、公司秘書及投資者關係部門的管理層團隊成員之一。薛先生曾在香港羅兵咸永道會計師事務所審核及鑒證部門工作，亦擔任若干香港上市公司的財務總監及／或公司秘書，包括昊天發展集團有限公司（股份代號：474）、昊天國際建設投資集團有限公司（股份代號：1341）及修身堂控股有限公司（股份代號：8200）。薛先生獲得香港理工大學會計學學士學位，為香港會計師公會及英國特許公認會計師公會的資深會員。薛先生現擔任福建諾奇股份有限公司（股份代號：1353）執行董事。

杜道洪先生，51歲，分別於二零一七年十月及二零一六年一月獲委任為本集團首席財務官及首席內控官。杜先生為管理學博士，高級工程師，中國註冊會計師，廣州增城區政協委員。杜先生曾從事社會科學研究工作，銀行金融工作，擁有豐富經驗。杜先生2003年加入本集團，從事投資、業務管理、財務管理及風險控制工作。

趙克銀先生，43歲，總工程師。趙先生於二零零四年三月加入本公司，目前負責本集團污水處理業務的日常運營、技術監督及執行。趙先生負責執行與技術有關的國家政策及先進技術管理政策。趙先生於污水處理方面擁有約十四年經驗，特別是工業污水處理技術。彼亦負責領導執行本集團項目的技術工作，以及制訂工作計劃以確保處理技術及過程符合行業技術標準、法規及程序。趙先生為本集團與監管機構的主要聯絡人。趙先生於一九九八年取得瀋陽工業學院環保監督及執行文憑。彼獲得廣東環協環保職業技能培訓中心發出的污水處理培訓證書。彼亦已通過廣州市環境保護宣傳教育中心及廣州市環境保護局認可的環境保護培訓。

Directors and Senior Management

董事及高級管理層

Mr. Lu Xiao'an, aged 53, is the Vice President of the Group. He is mainly responsible for the daily operation of the Group's hazardous waste treatment business. Mr. Lu joined the Group in August 2015 (after the acquisition of Guangzhou Lvyou Industrial Waste Reclamation Treatment Co., Limited by the Group). He graduated from Environmental Science Department of Sun Yat-sen University in 1987. During 1987 to 2004, he worked chronologically as an environmental impact inspector at Guangzhou Environmental Monitoring Station, an environmental impact monitor at Guangzhou Environmental Protection Bureau, then back to Guangzhou Environmental Monitoring Station as a head of office, head of motor vehicle emission inspection team, head of motor vehicle emission monitoring division, the head of motor vehicle emission supervision division, and a head of analysis office. In May 2004, Mr. Lu joined Guangzhou Lvyou Industrial Waste Reclamation Treatment Co., Limited as an assistant to director, the deputy manager, and then the general manager.

Mr. Zhou Yongquan, aged 52, is the general manager of Qingyuan Lvyou Environmental Protection Technology Company Limited. Mr. Zhou joined the Group in May 2014 (after the completion of the acquisition of Qingyuan Lvyou Environmental Protection Technology Company Limited by the Group). He has ever worked as a teacher in middle school after graduating from Guangzhou Institute of Education (廣州師範專科學院) in 1987, and then joined companies founded by Mr. Gu Yao Kun in 1997. The business scope of those companies includes petrochemical engineering, environmental protection and resource recycling and utilization industry. Mr. Zhou serves as the general manager of these companies, Mr. Zhou has been involving in the construction and subsequent daily operation and management of sludge and solid waste treatment project of Qingyuan Lvyou Environmental Protection Technology Company Limited since 2009.

陸小安先生，53歲，現時為本集團的副總裁，主要負責本集團危險廢物處理業務的日常營運工作。陸先生於二零一五年八月加入本集團（即本集團完成收購廣州綠由工業棄置廢物回收處理有限公司後）。彼於一九八七年於中山大學環境科學專業畢業。陸先生於一九八七年至二零零四年期間，曾先後就任廣州市環境監測中心站評價室科員、廣州市環保局監督處科員，其後回到廣州市環境監測中心站任辦公室主任、機動車排污檢測隊隊長、機動車排污監督科科長、機動車排污監督科科長及綜合分析室主任等職位。陸先生於二零零四年五月加入廣州綠由工業棄置廢物回收處理有限公司先後擔任董事長助理、副總經理、總經理。

周永泉先生，52歲，現時為清遠綠由環保科技有限公司的總經理。周先生於二零一四年五月加入本集團（即本集團完成收購清遠綠由環保科技有限公司後）。一九八七年於廣州師範專科學院畢業後曾任中學教師，其後於一九九七年開始加入由古耀坤先生創辦的企業，業務範圍包括石油化工、環保治理和資源循環利用行業，周先生於該等企業擔任總經理之職務。周先生自二零零九年起一直參與清遠綠由環保科技有限公司旗下污泥及固體廢物處理項目動工建設及其後的日常管理營運。

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) POLICIES
AND PERFORMANCE**

Environment

Throughout the years, the Group has strived to fulfil its corporate social responsibility with a focus on the environmental treatment business by providing various corporations and the community with one-stop services such as wastewater treatment, sludge and solid waste disposal treatment, and hazardous waste disposal treatment in an endeavour to create long-term value for our stakeholders and facilitate the sustainable development of the environment and society.

In light of the increasingly severe greenhouse effect and environmental pollution issues, we, as a responsible environmental protection enterprise, proactively respond to the national plan on environmental protection. We complied with all relevant laws and regulations, including but not limited to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law on Environmental Impact Appraisal of the People's Republic of China (《中華人民共和國環境影響評價法》), the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》) as well as all pollutant emission standards, in a bid to minimise the impact of the business on the environment and utilise our business advantage to mitigate pollutions in different regions and improve the ecology with an aim to foster harmony between city and nature.

環境、社會及管治(ESG)政策及表現

環境

本集團多年來致力履行企業社會責任，以環境治理業務為重心，為一眾企業和社區提供污水處理、污泥及固廢處理處置，以及危險廢物處理處置等一站式服務，為持份者創造長遠價值，推動環境及社會的可持續發展。

鑒於溫室效應及環境污染問題越趨嚴峻，作為一家負責任的環保企業，我們積極響應國家於環境保護的規劃，謹遵所有相關法律法規，包括但不限於《中華人民共和國環境保護法》、《中華人民共和國環境影響評價法》、《中華人民共和國安全生產法》以及各種污染物的排放標準，從最大程度減輕業務對環境的影響，並利用我們的業務優勢，紓緩地區污染，改善生態環境，讓城市與自然和諧共處。

Environmental, Social and Governance Report

環境、社會及管治報告

The core business of the Group is to provide reduction, purification and recycling treatment for pollutants. In this regard, we have formulated a series of management systems and procedures that specify the workflow and standards of employees in order to safeguard the quality of products and services. We closely monitor the emission of our treatment plants and conduct frequent internal inspections in terms of wastewater, exhaust, noise and waste, in addition to the regular inspections by the government and professional institutions. We ensure that our emissions can meet or even surpass the national and regional standards. We are also continuously optimising the production techniques and enhancing the research and development of new equipment to implement various environmental protection measures in the course of operation. For example, we make use of the power in water flow to reduce electricity in wastewater treatment processes, and we also gradually installed deodorisation facilities in specific plants so as to conserve energy and reduce emission, thereby conserving and preserving the environment.

We constantly optimise the Group's business and grasp the development opportunities in the green industry while exploring new projects in order to raise our pollutant treatment capacity. In 2017, the Fumian Project and the Longtao Project conscientiously run by the Group were constructed gradually and commenced operation. It allows us to provide more industries and the local community with comprehensive environmental treatment services such as wastewater and sludge treatment, water supply, heat supply and waste treatment in an endeavour to establish a green "Belt and Road Initiative".

集團的核心業務，是將污染物進行減量化、無害化及資源化處理。為此，我們制定一系列管理體系及程序，規範員工的工作流程及標準，保障產品及服務質素。我們密切監察廠區排放，經常就污水、廢氣、噪音及廢棄物等進行內部檢測，配合政府及專業機構的定期檢測，確保排放能達到甚至低於國家及地區標準。我們亦正持續優化生產工藝並加強研發最新設備，於營運中實施各種環保措施，例如在部份污水處理流程利用水力代替電力進行運作，並於各間廠房陸續建設除臭設施，從而達至節能減排效果，讓天更藍、地更綠、水更清。

我們不斷強化集團業務，抓緊綠色行業的發展機遇，積極開拓新項目，從而提升污染物的處理產能。於2017年，集團精心打造的福綿項目以及龍滔項目已逐步落成並開始營運，為更多企業和周邊社區提供污水污泥處理、供水、供熱、廢物處理等全面的環境治理服務，建設綠色「一帶一路」。

Society

We always regard employees as a vital element to the Group's development. Adhering to the concept of "comprehensive development under the people-oriented principle", we recruit talents based on a fair, open and talent-oriented approach and offer plenty of training opportunities, allowing them to develop their potentials and actualise themselves. We offer employees a competitive remuneration package and optimise the occupational health and safety measures. We also organise various cultural and sports activities frequently to take care of employees' mental and physical well-being in all aspects.

As a member of the green industry, the Group has been endeavouring to contribute to society and participate in public welfare activities in a proactive manner with great support to various fields including education, culture, sports and community establishment. The Group also encourages employees to make charitable contributions to the environment and society. In particular, we attach great importance to education. We have set up "CTEG Scholarships" in three leading universities in the PRC, namely Peking University, Sun Yat-sen University and South China University of Technology to compliment outstanding students. In addition, we have cooperated with a number of tertiary schools and provide support to their scientific research and development. We also provide students with placement and visiting opportunities in a bid to nurture the students to be experts in environmental protection and promote the development of green technology.

社會

我們一直視員工為集團向前發展最不可或缺的元素。我們將「以人為本、全面發展」的理念貫徹始終，透過公平、公開，擇優錄用的原則招募有能之士，並提供大量培訓機會，讓員工不斷增值，實現自我。我們向員工報以具競爭力的薪酬福利，完善職業健康與安全措施，而且經常組織各類文體活動，全方位照顧員工的身心健康。

作為綠色行業的一分子，集團多年來致力回饋社會，積極投身公益事業，大力支持教育、文娛、體育及社區建設等多個範疇，並鼓勵員工共襄善舉，為環境和社區作出貢獻。其中，我們對教育工作尤為重視。我們於北京大學、中山大學及華南理工大學三所國內重點學府設立「中滔環保獎學金」，表彰成績優異的學生。此外，我們和各間院校合作，資助其科研發展，並為學生提供實習和參觀機會，培養莘莘學子成為環保專才，促進綠色科技發展。

Environmental, Social and Governance Report

環境、社會及管治報告

COMMUNICATION WITH STAKEHOLDERS

To achieve sustainable development, support and trust from stakeholders are essential. We always treat every stakeholder sincerely, including employees, customers, shareholders and investors, the government, suppliers and business partners, community and the media. We maintain close communication with them through different channels such as meetings, general meetings, interviews, social media and surveys. We listen to their feedback attentively in pursuit of advancement.

This year, we appointed an independent company to conduct a stakeholders' survey and interview about their opinions on the Group's sustainable development in order to continuously improve our strategy and performance at the environmental, social and governance level.

ESG REPORT

The Group's strategy, measure and performance in relation to sustainable development will be detailed in a separate ESG Report which will be uploaded to the Group's official website and the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") within three months after the publication of this Annual Report.

持份者溝通

為實踐可持續發展，持份者的支持和信任必不可少。我們一直以待人以誠的態度對待每一位持份者，包括員工、客戶、股東及投資者、政府、供應商及業務夥伴、社區以及媒體。我們透過不同渠道與他們保持緊密溝通，例如：會議、股東大會、訪問、社交媒體及意見調查等，用心聆聽並回應他們的訴求，力求進步。

本年度，我們委託一間獨立顧問公司進行持份者問卷調查及訪談，深入了解他們對集團可持續發展的意見，藉此不斷優化及改善我們於環境、社會及管治層面的策略和表現。

ESG報告

有關集團可持續發展的策略、措施及表現將於獨立的ESG報告詳細討論。該報告將於本報告發佈後三個月內上載至本集團網站及香港聯合交易所有限公司（「聯交所」）網頁。

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2017.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more values for its shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for shareholders.

The Company is committed to maintain good corporate governance practices and procedures. The Company has adopted the code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance. The Board considers that the Company has complied with all applicable code provisions set out in the CG Code for the year ended 31 December 2017.

董事會欣然呈列本集團於截至二零一七年十二月三十一日止年度之年報之企業管治報告。

遵守《企業管治常規守則》

本公司注重維持高水平之企業管治以實現可持續發展並提升企業表現。董事會致力堅持企業管治原則，並採用良好之企業管治常規，專注內部監控、公平披露及對全體股東負責等領域，確保本公司所有業務之透明度及問責性，以達致法律及商業標準。本公司相信，有效的企業管治是為股東創造更多價值的關鍵因素。董事會將繼續不時審閱及改善本集團的企業管治常規，以確保本集團由有效董事會領導以為股東帶來最大回報。

本公司致力維持良好之企業管治常規及程序。本公司已採納聯交所證券上市規則（「上市規則」）附錄十四所載之企業管治守則（「企業管治守則」）之守則條文作為其企業管治守則。董事會認為本公司截至二零一七年十二月三十一日止年度一直遵守企業管治守則所載之所有適用守則條文。

BOARD OF DIRECTORS

The Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors. The Directors who held office during the year and up to the date of publication of this report were:

Executive Directors

Mr. Tsui Cham To (*Chairman*)
Mr. Xu Zhencheng (*Chief Executive Officer*)
(appointed on 24 August 2017)
Mr. Lu Yili (*Chief Executive Officer*)
(resigned on 24 August 2017)
Mr. Gu Yaokun
Mr. Xu Shubiao
Mr. Xu Juwen

Non-executive Director

Mr. Yang Chunlin
(to be appointed on 3 April 2018)

Independent Non-executive Directors

Mr. Suen To Wai
(appointed on 14 February 2018)
Mr. Zhang Lu Fu
(appointed on 16 January 2018)
Mr. Liu Yung Chau
Mr. Lien Jown Jing Vincent
(resigned on 24 October 2017)
Mr. Chau Paul
(appointed on 24 October 2017,
and resigned on 14 February 2018)
Mr. Du Hequn
(resigned on 16 January 2018)

The list of Directors has been published on the website of the Company and the website of the Stock Exchange, and is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

董事會

董事會包括五名執行董事、一名非執行董事及三名獨立非執行董事。於本年度及直至本報告刊發日期的在任董事如下：

執行董事

徐湛滔先生 (主席)
許振成先生 (首席執行官)
(於二零一七年八月二十四日獲委任)
盧已立先生 (首席執行官)
(於二零一七年八月二十四日辭任)
古耀坤先生
徐樹標先生
徐炬文先生

非執行董事

楊春林先生
(將於二零一八年四月三日獲委任)

獨立非執行董事

孫多偉先生
(於二零一八年二月十四日獲委任)
張魯夫先生
(於二零一八年一月十六日獲委任)
廖榕就先生
連宗正先生
(於二零一七年十月二十四日辭任)
周弋邦先生
(於二零一七年十月二十四日獲委任，
並於二零一八年二月十四日辭任)
杜鶴群先生
(於二零一八年一月十六日辭任)

本公司的董事名單已刊登在本公司及聯交所的網站上，並載列在本公司按照上市規則不時刊發的所有公司通訊中。

During the year ended 31 December 2017, the Board had met the requirement of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one possessing appropriate qualification, or accounting or related financial management expertise (in compliance with Rule 3.10 of the Listing Rules).

The Board has a balance of skill, experience and diversity of perspectives that are essential to and would promote the business of the Group. The Board, with the assistance from the senior management, forms the core management team of the Company. The Board takes the overall responsibility for management of the Company, formulating the business strategies and development plan of the Company, decision making on important issues, including but not limited to substantial mergers and acquisitions and disposals, directors' appointments and significant operational and financial matters. The senior management are responsible for supervising and executing the Board policies and strategies, including the provision of updates of the Group's performance to the Board to enable the Board to deliver and discharge their duties. Daily management, administration and operation of the Company are delegated to the senior management of the Company.

Mr. Tsui Cham To is the Chairman of the Board and Mr. Xu Zhencheng is the Chief Executive Officer of the Company. Responsibilities between the Chairman of the Board and the Chief Executive Officer of the Company are clearly divided and segregated to ensure a balance of power and authority and to reinforce their independence and accountability.

Each of Mr. Suen To Wai, Mr. Zhang Lu Fu and Mr. Liu Yung Chau as independent non-executive director, is appointed for a term of three years under their respective letters of appointment. Mr. Yang Chunlin, as the non-executive Director is to be appointed on 3 April 2018 for a term of three years. All Directors including the non-executive Director and the independent non-executive Directors are subject to retirement by rotation and eligible for re-election at the annual general meeting at least once every three years in accordance with the articles of association of the Company.

截至二零一七年十二月三十一日止年度，董事會符合上市規則有關委任至少三名獨立非執行董事且至少一人具備適當資格或會計或有關財務管理專長的規定（根據上市規則第3.10條）。

董事會成員的技能、經驗及多樣化的觀點與角度得以平衡，對促進本集團業務必不可少。在高級管理層之協助下，董事會形成本公司之核心管理隊伍。董事會肩負為本公司制訂業務策略及發展計劃、重大問題決策（包括但不限於重大併購、收購及出售、董事委任及重大經營及財務事項）之整體責任。高級管理層負責監察及落實董事會政策及策略，包括提供最新的本集團表現予董事會使其能執行及履行其職責。委託本公司高級管理層負責本公司日常管理、行政及運營。

徐湛滔先生為董事會主席，而許振成先生為本公司首席執行官。董事會主席與本公司首席執行官的職責明確區分及分開，以確保權力與職權的平衡及加強彼等的獨立性與問責性。

孫多偉先生、張魯夫先生及廖榕就先生各自獲委任為獨立非執行董事，根據彼等各自之委任函，各自之任期為三年。楊春林先生將於二零一八年四月三日獲委任為非執行董事，任期為三年。所有董事（包括非執行董事及獨立非執行董事）均須根據本公司組織章程細則至少每三年於股東週年大會上輪席退任並符合資格於重選連任。

BOARD MEETINGS

It is intended that the Board should meet regularly so that all Directors are kept up to date with the business development of the Group. Special meetings of the Board will be convened if the situation requires so. For the year ended 31 December 2017, the Board had convened 11 board meetings and 1 general meeting. The individual attendance record of the Directors for the year ended 31 December 2017 is tabulated as follows:

董事會會議

根據計劃，董事會應定期召開會議以使所有董事及時了解本集團的業務發展最新情況。倘情況需要，董事會將召開特別會議。截至二零一七年十二月三十一日止年度，董事會共召開十一次董事會會議及一次股東會議。截至二零一七年十二月三十一日止年度，董事各自出席會議的記錄如下：

		Attendance/ Total number of board meetings 出席次數/ 董事會會議 總次數	Attendance/ Total number of general meetings 出席次數/ 股東會議 總次數
Executive Directors	執行董事		
Mr. Tsui Cham To (<i>Chairman</i>)	徐湛滔先生 (主席)	11/11	1/1
Mr. Xu Zhencheng (<i>Chief Executive Officer</i>) (appointed on 24 August 2017)	許振成先生 (首席執行官) (於二零一七年八月二十四日 獲委任)	5/5	0/0
Mr. Lu Yili (<i>Chief Executive Officer</i>) (resigned on 24 August 2017)	盧已立先生 (首席執行官) (於二零一七年八月二十四日 辭任)	6/7	1/1
Mr. Gu Yaokun	古耀坤先生	5/11	1/1
Mr. Xu Shubiao	徐樹標先生	10/11	1/1
Mr. Xu Juwen	徐炬文先生	11/11	1/1
Non-executive Directors	獨立非執行董事		
Mr. Yang Chunlin (to be appointed on 3 April 2018)	楊春林先生 (將於二零一八年 四月三日獲委任)	0/0	0/0
Independent Non-executive Directors	獨立非執行董事		
Mr. Suen To Wai (appointed on 14 February 2018)	孫多偉先生 (於二零一八年 二月十四日獲委任)	0/0	0/0
Mr. Chau Paul (appointed on 24 October 2017 and resigned on 14 February 2018)	周弋邦先生 (於二零一七年 十月二十四日獲委任並於 二零一八年二月十四日辭任)	1/1	0/0
Mr. Lien Jown Jing, Vincent (resigned on 24 October 2017)	連宗正先生 (於二零一七年 十月二十四日辭任)	8/9	1/1
Mr. Zhang Lu Fu (appointed on 16 January 2018)	張魯夫先生 (於二零一八年 一月十六日獲委任)	0/0	0/0
Mr. Du Hequn (resigned on 16 January 2018)	杜鶴群先生 (於二零一八年 一月十六日辭任)	11/11	1/1
Mr. Liu Yung Chau	廖榕就先生	10/11	1/1

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all the Directors, the Company confirms that the Directors complied with the required standard set out in the Model Code for the year ended 31 December 2017.

RELATIONSHIP AMONG THE DIRECTORS

Among the members of the Board, Mr. Tsui Cham To, the Chairman is a cousin of Mr. Xu Juwen. Save for the above, there is no relationship (including financial, business, family or other material relationship) between any members of the Board.

AUDIT COMMITTEE

The Company has set up an audit committee (the "Audit Committee") in compliance with Rule 3.21 of the Listing Rules, for the purpose of reviewing and providing supervision over the Group's financial reporting process, review risks management and internal controls systems. The Audit Committee has reviewed the Group's consolidated financial information for the year ended 31 December 2017, including the accounting principles adopted by the Group, with the Company's management. The Audit Committee, together with the management, has reviewed constantly the accounting principles and practices adopted by the Group, discussed auditing, internal control and financial reporting matters and reviewed the financial results of the Group. As of the date of publication of this report, the Audit Committee comprises three independent non-executive Directors of the Company, namely, Mr. Suen To Wai (the chairman of the Audit Committee), Mr. Zhang Lu Fu and Mr. Liu Yung Chau.

董事進行證券交易

本公司已採納上市規則附錄10所載「董事進行證券交易的標準守則」（「標準守則」），作為董事進行有關證券交易的行為守則。經向全體董事作出特定查詢後，本公司確認，各董事於截至二零一七年十二月三十一日止年度一直遵守標準守則所載的規定標準。

董事的關係

在董事會成員中，主席徐湛滔先生為徐炬文先生的堂兄。除上述者外，董事會任何成員之間概無任何關係（包括財務、業務、親屬或其他重要關係）。

審核委員會

本公司遵照上市規則第3.21條成立審核委員會（「審核委員會」），藉以檢討及監督本集團的財務申報程序、審查風險管理及內部控制制度。審核委員會已連同本公司管理層審閱本集團截至二零一七年十二月三十一日止年度的綜合財務資料，包括本集團採納的會計原則。審核委員會連同管理層，已定期審閱本集團採納的會計原則及慣例，商討核數、內部監控及財務申報事宜，且已審閱本集團的財務業績。截至本報告刊發日期，審核委員會成員包括本公司三名獨立非執行董事，即孫多偉先生（審核委員會主席）、張魯夫先生及廖榕就先生。

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The terms of reference of the Audit Committee are available on the website of the Company and the website of the Stock Exchange.

The Audit Committee had held six meetings during the year ended 31 December 2017 for considering the annual results of the Group for the year ended 31 December 2016, interim results of the Group for the six months ended 30 June 2017, and reviewing the Company's risk management and internal control systems issues regarding internal audit. The individual attendance record of the Directors for the year ended 31 December 2017 is tabulated as follows:

審核委員會的職權範圍可於本公司網站及聯交所網站查詢。

審核委員會於截至二零一七年十二月三十一日止年度為考慮本集團截至二零一六年十二月三十一日止年度的年報、截至二零一七年六月三十日止六個月之中期業績以及就檢討本公司的風險管理及內部監控制度的內部審計問題召開六次會議。截至二零一七年十二月三十一日止年度，董事各自出席會議的記錄如下：

		Attendance/ Total number of committee meetings
		出席次數／委員會會議 總次數
Independent Non-executive Directors	獨立非執行董事	
Mr. Suen To Wai (<i>Chairman</i>) (appointed on 14 February 2018)	孫多偉先生 (主席) (於二零一八年二月十四日獲委任)	0/0
Mr. Chau Paul (<i>Chairman</i>) (appointed on 24 October 2017 and resigned on 14 February 2018)	周弋邦先生 (主席) (於二零一七年十月二十四日獲委任， 並於二零一八年二月十四日辭任)	1/1
Mr. Lien Jown Jing, Vincent (<i>Chairman</i>) (resigned on 24 October 2017)	連宗正先生 (主席) (於二零一七年十月二十四日辭任)	5/5
Mr. Du Hequn (resigned on 16 January 2018)	杜鶴群先生 (於二零一八年一月十六日辭任)	6/6
Mr. Liu Yung Chau	廖榕就先生	5/6

REMUNERATION COMMITTEE

The primary responsibilities of the remuneration committee of the Company (the "Remuneration Committee") are to make recommendations to the Board on the policy and structure of the Company for remuneration of all Directors and senior management, to assess performance of executive directors and to review and recommend to the Board on the remuneration packages of individual Director and senior management, by reference to the duties, responsibilities, experience and qualifications of each candidate.

薪酬委員會

本公司薪酬委員會(「薪酬委員會」)的主要職責為向董事會建議本公司所有董事及高級管理人員的薪酬政策及架構，以評估執行董事之表現及參考各候選人之職責、責任、經驗及資格向董事會各董事及高級管理人員的薪酬待遇。

In accordance with the written terms of reference of the Remuneration Committee, majority of members of the Remuneration Committee should be Independent Non-executive Directors, and the chairman must be an Independent Non-executive Director. The terms of reference of the Remuneration Committee are available on the Company's website and the website of the Stock Exchange. As of the date of publication of this report, Mr. Zhang Lu Fu (Chairman) (Independent Non-executive Director), Mr. Liu Yung Chau (Independent Non-executive Director) and Mr. Tsui Cham To (Executive Director) are members of the Remuneration Committee. Four meeting was held by the Remuneration Committee during the year ended 31 December 2017 to review and approve the remuneration packages of certain executive Directors. The individual attendance record of the Directors for the year ended 31 December 2017 is tabulated as follows:

根據薪酬委員會的書面職權範圍，薪酬委員會的多數成員須為獨立非執行董事，而主席必須為獨立非執行董事。薪酬委員會的職權範圍可於本公司及聯交所的網站查閱。於刊發本報告日期，張魯夫先生（主席）（獨立非執行董事）、廖榕就先生（獨立非執行董事）及徐湛滔先生（執行董事）為薪酬委員會成員。截至二零一七年十二月三十一日止年度薪酬委員會舉行四次會議以檢討並批准若干執行董事的薪酬組合。截至二零一七年十二月三十一日止年度，董事各自出席會議的記錄如下：

		Attendance/ Total number of committee meetings 出席次數／委員會會議 總次數
Independent Non-executive Directors		
Mr. Zhang Lu Fu (<i>Chairman</i>) (appointed on 16 January 2018)	獨立非執行董事 張魯夫先生（主席） （於二零一八年一月十六日獲委任）	0/0
Mr. Du Hequn (<i>Chairman</i>) (resigned on 16 January 2018)	杜鶴群先生（主席） （於二零一八年一月十六日辭任）	4/4
Mr. Liu Yung Chau	廖榕就先生	4/4
Executive Directors		
Mr. Tsui Cham To	執行董事 徐湛滔先生	4/4

The remuneration of the Directors and members of the senior management of the Group by band for the year ended 31 December 2017 is set out below:

截至二零一七年十二月三十一日止年度，本集團董事及高級管理層成員的薪酬級別載列如下：

Remuneration bands (HKD)	薪酬級別（港元）	Number of persons 人數
Nil to 500,000	零至500,000	5
500,001 to 1,000,000	500,001至1,000,000	7
1,000,001 to 2,500,000	1,000,001至2,500,000	2
2,500,001 to 3,000,000	2,500,001至3,000,000	0
3,000,001 to 5,000,000	3,000,001至5,000,000	1
5,000,001 to 5,500,000	5,000,001至5,500,000	0
5,500,000 to 10,000,000	5,500,000至10,000,000	1

NOMINATION COMMITTEE

The Board had set up its nomination committee (the “Nomination Committee”) to, among others, review the structure, size and composition of the Board to determine the policy for the nomination of directors and make recommendations to the Board on the appointment of Directors. As at the date of publication of this report, Mr. Liu Yung Chau (Chairman) (Independent Non-executive Director), Mr. Suen To Wai (Independent Non-executive Director) and Mr. Tsui Cham To (Executive Director) are members of the Nomination Committee. The Nomination Committee has also adopted a policy of diversity for memberships of the Board which aims to achieve diversity in the Board against a range of different perspectives, including but not limited to professional and industry experience, skills and knowledge, cultural and educational background. These criteria will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. In reviewing and assessing the composition of the Board, the Nomination Committee will consider all different perspectives, including the aforesaid criteria, in order to maintain a diverse Board. And when recommending new appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria including the ones set out above, with due regard for the benefits of diversity of the Board.

The terms of reference of the Nomination Committee are available on the website of the Company and the website of the Stock Exchange.

提名委員會

董事會設立提名委員會（「提名委員會」）旨在（其中包括）檢討董事會架構、規模及組成以決定董事提名之政策且就委任董事向董事會提出建議。於本報告刊發日期，廖榕就先生（主席）（獨立非執行董事）、孫多偉先生（獨立非執行董事）及徐湛滔先生（執行董事）為提名委員會成員。提名委員會亦就董事會成員採納多樣化政策，旨在於不同方面達致董事會多元化，包括但不限於專業及行業經驗、技能及知識、文化及教育背景。該等標準將於釐定董事會最優組合及須可能達致適當平衡時予以考慮。於檢討及評估董事會組成時，提名委員會將考慮所有不同方面，包括前述標準，以維持董事會多樣化。就向董事會建議新委任，提名委員會將依據上述客觀標準考慮候選人的優點，並適當考慮於董事會多元化的利益。

提名委員會的職權範圍可於本公司及聯交所網站查閱。

Three meeting of the Nomination Committee was held during the year ended 31 December 2017 to review the structure, size and composition (including skills, knowledge and experience) of the Board and to assess the independence of independent non-executive directors. The individual attendance record of the Directors for the year ended 31 December 2017 is tabulated as follows:

截至二零一七年十二月三十一日止年度，提名委員會舉行三次會議以檢討董事會架構、人數及組成（包括技能、知識及經驗方面）及評核獨立非執行董事的獨立性。截至二零一七年十二月三十一日止年度，董事各自出席會議的記錄如下：

		Attendance/ Total number of committee meetings 出席次數／委員會會議 總次數
Independent Non-executive Directors		
Mr. Liu Yung Chau (<i>Chairman</i>)	獨立非執行董事 廖榕就先生 (主席)	3/3
Mr. Suen To Wai (appointed on 14 February 2018)	孫多偉先生 (於二零一八年二月十四日獲委任)	0/0
Mr. Chau Paul (appointed on 24 October 2017 and resigned on 14 February 2018)	周弋邦先生 (於二零一七年十月二十四日獲委任， 並於二零一八年二月十四日辭任)	0/0
Mr. Lien Jown Jing, Vincent (resigned on 24 October 2017)	連宗正先生 (於二零一七年十月二十四日辭任)	2/2
Executive Directors		
Mr. Tsui Cham To	執行董事 徐湛滔先生	3/3

TRAINING AND SUPPORT FOR DIRECTORS

The Company recognizes the importance of keeping the Directors updated with latest information of duties and obligations of a director of a company which shares are listed on the Stock Exchange and the general regulatory requirements and environment for such listed company. To meet this goal, each newly appointed Director would receive an introductory training regarding the statutory and regulatory obligations of a director of a listed company in Hong Kong. As part of the continuous professional development program pursuant to A.6.5 of the CG Code, the Company has also updated the directors of the Company of any material changes in the Listing Rules and corporate governance practices from time to time. All directors of the Company are provided with reading materials summarizing the duties and responsibilities in acting as directors from time to time to keep the directors of the Company abreast of such duties and responsibilities.

對董事的培訓及支持

本公司深知，確保董事了解作為股份於聯交所上市的公司董事的職務及責任以及該上市公司一般監管規定及環境的最新資料至為重要。為達成此目標，各新委任董事將獲給予關於作為香港上市公司董事的法定及監管責任之簡介培訓。依照企業管治守則的A.6.5條，作為持續專業發展項目的一部分，本公司亦已不時向本公司董事更新上市規則及企業管治常規的任何重大變動。本公司全體董事不時獲提供有關董事職責及責任的閱讀材料，讓本公司董事了解其職責及責任。

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According to the records maintained by the Company, the directors of the Company received the following training during the year ended 31 December 2017:

根據本公司保存的記錄，本公司董事於截至二零一七年十二月三十一日止年度接受了以下培訓：

Name of Directors	董事姓名	Attending internally-facilitated briefings or training/attending seminars/reading materials	參加內部組織的簡報會或培訓／參加研討會／閱讀材料
Mr. Tsui Cham To	徐湛滔先生	Relevant trainings received	已接受相關培訓
Mr. Xu Zhencheng (appointed on 24 August 2017)	許振成先生（於二零一七年八月二十四日獲委任）	Relevant trainings received	已接受相關培訓
Mr. Lu Yili (resigned on 24 August 2017)	盧己立先生（於二零一七年八月二十四日辭任）	Relevant trainings received	已接受相關培訓
Mr. Gu Yaokun	古耀坤先生	Relevant trainings received	已接受相關培訓
Mr. Xu Shubiao	徐樹標先生	Relevant trainings received	已接受相關培訓
Mr. Xu Juwen	徐炬文先生	Relevant trainings received	已接受相關培訓
Mr. Chau Paul (appointed on 24 October 2017 and resigned on 14 February 2018)	周弋邦先生（於二零一七年十月二十四日獲委任並於二零一八年二月十四日辭任）	Relevant trainings received	已接受相關培訓
Mr. Lien Jown Jing, Vincent (resigned on 24 October 2017)	連宗正先生（於二零一七年十月二十四日辭任）	Relevant trainings received	已接受相關培訓
Mr. Du Hequn (resigned on 16 January 2018)	杜鶴群先生（於二零一八年一月十六日辭任）	Relevant trainings received	已接受相關培訓
Mr. Liu Yung Chau	廖榕就先生	Relevant trainings received	已接受相關培訓

COMPANY SECRETARY

Mr. Sit Hon Wing, the company secretary appointed by the Board and an employee of the Company, in the opinion of the Board, possesses the necessary qualification and experience, capable of performance of the functions of the company secretary and the Company will provide fund for Mr. Sit to take not less than 15 hours of appropriate professional training in each financial year as required under Rule 3.29 of the Listing Rules.

公司秘書

薛漢榮先生獲董事會委任為公司秘書，且為本公司僱員。董事會認為，薛先生具備履行公司秘書職能的必要專業資格及經驗，且本公司將根據上市規則第3.29條之規定於各財政年度向薛先生提供不少於15小時的適當專業培訓。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis.

Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit Committee. The Audit Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems, and management has confirmed to the Audit Committee (and the Board) on the effectiveness of these systems for the year ended 31 December 2017.

The Group's risk management framework is guided by the "Three Lines of Defense" model. The Risk Management function co-ordinates risk management activities and reviews significant aspects of risk management for the Group, reports to the Audit Committee at each regularly scheduled meeting, significant risks of the Group and the appropriate mitigation and/or transfer of identified risks. The operating units of the Group, as risk owners, identify, evaluate, mitigate and monitor their own risks, and report such risk management activities to Risk Management function on an annual basis. The Risk Management function assesses and presents regular reports to the Audit Committee at each regularly scheduled meeting.

The internal control system of the Company is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage risks and to safeguard the assets of the Company against loss or fraud. The main features of internal control system consist of five elements including, internal environment, risk assessment, monitoring activities, information and communication and internal monitoring. However, any internal control system can provide only reasonable but not absolute assurance of full protection against material errors, losses, fraud or failure to meet its business objectives. The Audit Committee has engaged an external consultant to perform internal audit services and has discussed the scope of work and internal control findings with the external consultant.

風險管理及內部監控

董事會確認，其負責風險管理及內部監控系統，並持續檢討其有效性。

有關風險管理及內部監控系統旨在管理風險，而不是消除無法實現業務目標的風險，僅可對重大錯誤陳述或虧損提供合理但非絕對保證。董事會已將其風險管理及內部監控職責（連同相關權限）委託審核委員會。審核委員會（代表董事會）監督管理設計、執行及監察風險管理及內部監控系統，截至二零一七年十二月三十一日止年度，管理層已向審核委員會（及董事會）確認此等系統的有效性。

本集團風險管理框架以「三道防線」模式為指引。風險管理職能部門協調風險管理活動並檢討本集團風險管理的重大方面、於各定期會議向審核委員會提交的報告、本集團重大風險以及適當減低及／或轉移已識別風險。本集團的運營單位（作為風險擁有人）識別、評估、減低及監察其自有風險，並每年向風險管理職能部門匯報有關風險管理活動。風險管理職能部門評估並於各定期會議上向審核委員會呈報定期報告。

本公司內部監控系統旨在協助有效及高效營運、確保財務匯報的可靠性，符合適用法律及法規、識別及管理風險及保障本公司資產免受虧損或欺詐。內部監控系統的主要特徵包含五個元素，包括內部環境、風險評估、監察活動、信息通訊及內部監督。然而，任何內部監控系統僅可提供合理但非絕對保證，保證完全免受嚴重錯誤、虧損、欺詐或無法實現其業務目標的影響。審核委員會已聘用外部顧問履行內部審核服務，並與外部顧問討論工作範圍及內部監控結果。

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the relevant directors and employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the “Guidelines on Disclosure of Inside Information” issued by the Securities and Futures Commission in June 2012.

PRINCIPAL RISKS AND UNCERTAINTIES

This section lists out the principal risks and uncertainties facing the Group. This is a non-exhaustive list and there may be other risks and uncertainties further to the principal areas of risk outlined below.

Business development risk

Each of the Group’s projects has been or will be built to a specified designed capacity. The utilization rate of its treatment facilities depends on a number of factors including the size of the population, the types of industries of its customers, the general economic conditions and the level of industrialization in the area served by the relevant facilities. If the facilities the Group operates are not utilized to their designed capacity, the Group may not generate the turnover and profit it had expected from the relevant projects, which could have a material and adverse effect on its business, financial condition and results of operations. It is therefore important that the Group perform careful market research and project planning before implementing with any investment decisions.

處理及發佈內幕消息

就根據上市規則及香港法例第571章證券及期貨條例處理及發佈內幕消息而言，本集團已採取多項程序及措施，包括在本集團內激起保持內幕消息機密性的意識、定期向有關董事及僱員寄發封鎖期及證券交易限制通知、向需要知道的指定人士發佈消息及密切關注證券及期貨事務監察委員會於二零一二年六月頒佈的「內幕消息披露指引」。

主要風險及不確定性

本節載列本集團面臨的主要風險及不確定性。此列表並無完全列出所有風險及不確定性，可能存在下文概述主要風險領域以外的其他風險及不確定性。

業務發展風險

本集團各個項目一直以來並將一直依照特定設計處理能力興建。本集團的處理設施的利用率視乎多項因素而定，包括人口規模、本集團客戶所處行業的類型、整體經濟狀況及相關設施所服務地區的工業化水平。倘本集團營運的設施並未達到設計處理能力，本集團不一定能產生預期來自相關項目的營業額及利潤，從而可能對本集團的業務、財務狀況及經營業績造成重大不利影響。因此，於作出任何投資決定之前進行審慎市場研究及項目規劃對本集團是很重要的。

Credit risk

The Group may suffer from financial loss if a customer or counterparty fails to meet the obligations under a contract. Customers requiring a credit over certain amount must undergo an individual credit evaluation. These evaluations are based on a customer's records of payment due and current ability to repay. The corporate information and economic situation of the customer are also taken into account.

Change of regulatory environment risk

The Group's business and operations in the PRC are subject to the PRC government standards, rules and regulations. Change of regulatory environment risk means the risk of failure in response to change over government regulations, which may have a negative impact on the Group's business. Changes in regulatory environment are monitored regularly in order to respond to the changes on a timely and effective manner.

DIRECTORS' AND AUDITOR'S ACKNOWLEDGEMENT ON FINANCIAL REPORTING

The Board acknowledges its responsibility for preparing the accounts of the Company in accordance with statutory requirements and applicable accounting standards. The Board is accountable to the shareholders for a clear and balanced assessment of the Company's financial position and prospects.

信貸風險

倘客戶或交易對手方未能履行合約項下責任，本集團可能遭受財務虧損。信貸超過某數額之客戶均需接受獨立信貸評估。此等評估主要針對客戶以往到期時之還款記錄及現時的還付能力，並考慮客戶的公司資料及經濟環境。

監管環境變動風險

本集團於中國開展業務及進行營運，須遵守中國政府準則、規例及法規。監管環境變動風險指無法應對政府法規變化的風險，此風險會對本集團的業務產生不利影響。本集團定期監控監管環境變動，以及時有效應對有關變動。

董事及核數師就財務報告的確認

董事會確認，其責任為根據法定規定及適用會計準則編製本公司的賬目。董事會負責清晰及均衡地評估本公司之財務狀況及前景，並就此對股東負責。

Corporate Governance Report 企業管治報告

The management provides all relevant information and records to the Board, which enable it to prepare the accounts and to make above assessments. The Audit Committee had reviewed and recommended the Board to adopt the audited accounts for the year ended 31 December 2017. The directors note that the Group generated net cash from operating activities of approximately HKD634,195,000 during the year ended 31 December 2017. The Group also made net profit after tax of HKD681,423,000. During the year ended 31 December 2017, based on future projection of the Group's profit and cash inflows from operations and the anticipated ability of the Group to renew or roll-over its banking and other financing facilities to finance its continuing operations for the year ending 31 December 2018, management believes that the Group has adequate resources to continue to operate as a going concern throughout the next twelve months and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern. The statement of the auditor of the Company on its reporting responsibilities on the financial statements of the Group is set out in the Auditor's Report from pages 91 to 100.

AUDITOR'S REMUNERATION

During the year ended 31 December 2017, the fees payable to KPMG in respect of its audit services provided to the Group was HKD5.3 million (2016: HKD4.9 million). There is no fees paid and payable to KPMG during the year for the reporting accountant service in respect of certain notifiable transactions under the Listing Rules (2016: nil).

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Company's shareholders' communication policy is to maintain transparency and provide timely information of the Group's material developments to shareholders and investors. General meetings of the Company are formal channels for communication between shareholders and the Board. The chairman of the Board is invited to attend the general meetings to have direct communication with the shareholders.

Shareholders may also send their enquiries and concerns to the Board by addressing them to the Company's principal place of business in Hong Kong situated at Room 804, 8/F, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong, for the attention of the Company Secretary.

管理層向董事會提供所有相關資料及記錄以使其編製賬目及作出上述評估。審核委員會就審閱並建議董事會截至二零一七年十二月三十一日止年度之經審核賬目。董事注意到，截至二零一七年十二月三十一日止年度，本集團產生經營活動所得現金淨額約634,195,000港元。本集團除稅後淨利潤為681,423,000港元。於截至二零一七年十二月三十一日止年度，根據本集團利潤及經營現金流入的未來預測，以及本集團重續或續期其銀行及其他融資額度，以撥資其截至二零一八年十二月三十一日止年度之持續經營業務的能力，管理層相信本集團擁有足夠資源在未來十二個月內持續經營，且並無有關重大不明朗事件或情況，單獨或匯總起來可能對本集團持續經營能力構成重大疑問。本公司核數師就審核本集團財務報表而承擔的申報責任所發出的聲明載於第91至100頁的核數師報告。

核數師薪酬

截至二零一七年十二月三十一日止年度，就畢馬威會計師事務所向本集團提供之審計服務應付之費用為5.3百萬港元（二零一六年：4.9百萬港元）。年內，就若干根據上市規則須予公佈交易的申報會計師服務，概無已付及應付畢馬威會計師事務所的費用（二零一六年：無）。

股東權利及投資者關係

本公司與股東溝通的政策為維持透明度，並及時向股東及投資者提供與本集團重大發展有關的資訊。本公司的股東大會為股東與董事會之間的正式溝通渠道。董事會主席將會應邀出席股東大會與股東直接溝通。

股東亦可將彼等之查詢及關注事項寄送至本公司之香港主要營業地點地址為香港九龍尖沙咀麼地街68號帝國中心8樓804室（公司秘書收）。

Pursuant to Article 58 of the Articles of Association of the Company, shareholders holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meeting of the Company may by written requisition request to the Board convene an extraordinary general meeting. There are no provisions under the Company's articles of association governing shareholder's right to put forward proposals at general meetings. However, the shareholders may follow the procedures as stated below to put forward proposals in general meetings. The procedures for shareholders to convene extraordinary general meetings and put forward proposal are as follows:

1. The requisitionist(s) must sign a written request stating the objects of the meeting to be convened, and deposit the same at the principal place of business of the Company situated at Room 804, 8/F, Empire Centre, 68 Mody Road, Tsim Sha Tsui, Kowloon, Hong Kong, for the attention of the Company Secretary. The written request may consist of several documents in like form, each signed by one or more requisitionist(s).
2. The Company will then verify the particulars of the requisitionist(s) in their written request with the Company's share registrar, and upon confirmation from the Company's share registrar that the written request is in order, the Company Secretary will arrange with the Board to convene an extraordinary general meeting by serving sufficient notice to all the registered shareholders in accordance with all the relevant statutory and regulatory requirements and the provisions in the articles of association of the Company.
3. In the event that the written request has been verified as not in order, the shareholders concerned will be advised of this outcome and accordingly, an extraordinary general meeting will not be convened as requested.
4. If the Directors do not within 21 days from the date of the deposit of the written request proceed duly to convene an extraordinary general meeting, the requisitionist(s) may themselves convene an extraordinary general meeting, but any extraordinary general meeting so convened shall not be held after the expiration of 3 months from the date of deposit of the written request.

根據本公司組織章程細則第58條，持有不少於本公司附帶於本公司股東大會上投票權的繳足股本十分之一的股東可書面要求董事會召開股東特別大會。本公司組織章程細則並無監管股東於股東大會提呈建議的規定。然而，股東可根據下文所載之程序於股東大會上提呈建議。股東召開股東特別大會及提呈建議的程序如下：

1. 請求人士必須簽署書面請求書，註明將召開會議的目的，並送達本公司的主要營業地點，地址為香港九龍尖沙咀麼地街68號帝國中心8樓804室（公司秘書收）。書面請求須一式多份，每份由一名或多名請求人士簽署的文件組成。
2. 本公司將與本公司股份過戶登記處核實請求人士書面請求的詳情，在取得本公司股份過戶登記處確認該書面請求為適當後，公司秘書將安排董事會召開股東特別大會，並根據相關法定及規管要求及本公司組織章程細則的條文向所有已登記股東送達通告。
3. 倘書面請求獲核實為不適當，股東將獲告知此結果，並因此不會根據請求召開股東特別大會。
4. 倘董事並無於收到書面請求當日起21日內正式召開股東特別大會，請求人士可自行召開股東特別大會，惟就此召開的股東特別大會不可於遞交書面請求當日起計三個月屆滿之後舉行。

Corporate Governance Report 企業管治報告

The Company continues to pursue a proactive policy of promoting investor relations and communications by conducting analysts' briefings, road shows, participating in investors' conferences and making corporate presentations during the conferences, arranging visits to the Company and maintaining regular meetings with institutional shareholders and analysts. The Company's annual general meeting provides a good opportunity for communications between the Board and its shareholders. Shareholders are encouraged to attend the annual general meeting of the Company to express their view and make enquiries on the business or operation of the Company.

The investor relations department of the Company maintains regular communication and dialogue with shareholders, investors and analysts. It can be accessed during normal business hour by phone (Telephone number: 86 (20) 8883 6077). Shareholders and investors can also visit the Company's website at www.chongto.com and the Stock Exchange's website for the Company's announcements, circulars, financial information, corporate governance practices, annual reports, interim reports and other corporate information and updates of business development and operations.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2017, there was no change in the constitutional documents of the Company.

The latest memorandum and articles of association of the Company are available on the website of the Stock Exchange and the website of the Company.

本公司透過舉行分析員簡報會和路演，參與投資者會議和在會議上作公司簡報，安排邀請到本公司作參觀，及定期與機構股東和分析員會面，保持積極促進投資者關係及溝通的政策。本公司的股東週年大會為董事會與股東間的溝通提供良機。本公司鼓勵股東出席本公司的股東週年大會並表達彼等之意見以及就本公司之業務或營運作出諮詢。

本公司的投資者關係部門與股東、投資者及分析師經常保持溝通及對話。閣下可於一般營業時間致電該部門（電話：86 (20) 8883 6077）。股東及投資者亦可瀏覽本公司網站 www.chongto.com 及聯交所網站，以獲取本公司公告、通函、財務資料、企業管治常規、年報、中期報告及其他公司資料以及業務發展及營運的最新資料。

憲章文件

截至二零一七年十二月三十一日止年度，本公司的組織章程文件並無任何變動。

本公司最新之組織章程大綱及細則可於聯交所及本公司之網站上查閱。

The Directors submit their report together with the audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES AND ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of its principal subsidiaries are set out in note 15 to the financial statements. An analysis of the Group's performance for the year by business segments is set out in note 3 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss on page 101. The Directors recommended the payment of a final dividend of HKD0.95 cents per ordinary share and special dividend of HKD1.98 cents per ordinary share (2016: final dividend of HKD0.67 cents per ordinary share) for the year ended 31 December 2017, to the shareholders whose names appear on the register of members of the Company on 5 June 2018.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in note 27 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 11 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 27 to the financial statements.

董事會欣然提呈截至二零一七年十二月三十一日止年度的報告連同經審核財務報表。

主要業務及業務分析

本公司的主要業務為投資控股。其主要附屬公司的業務載列於財務報表附註15。本集團於本年度按業務分部劃分的表現分析載列於財務報表附註3。

業績及分派

本集團年度業績載列於第101頁的綜合損益表內。董事建議就截至二零一七年十二月三十一日止年度向於二零一八年六月五日名列本公司股東名冊之股東支付每股普通股0.95港仙的末期股息及每股普通股1.98港仙的特別股息（二零一六年：每股普通股0.67港仙之末期股息）。

並無存在本公司股東已放棄或同意放棄任何股息的安排。

儲備

本集團及本公司儲備於年內的變動詳情載列於財務報表附註27。

物業、廠房及設備

本集團物業、廠房及設備之變動詳情載列於財務報表附註11。

股本

本公司股本之變動詳情載列於財務報表附註27。

Report of the Directors 董事會報告

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution represent the share premium, shares held under Share Award Scheme, accumulated losses and capital reserve which in aggregate amounted to HKD1,347.8 million as at 31 December 2017 (as at 31 December 2016: HKD1,567.2 million). Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its articles of association and provided that immediately following the distribution or payment of dividend the Company is able to pay its debts as they fall due in the ordinary course of business.

FINANCIAL SUMMARY

A summary of the results for the year ended and of the assets and liabilities of the Group as at 31 December 2017 and for the previous four financial years are set out on page 248.

DIRECTORS

The Directors who held office during the year and up to the date of publication of this report were:

Executive Directors

Mr. Tsui Cham To (*Chairman*)
Mr. Xu Zhencheng (*Chief Executive Officer*)
(appointed on 24 August 2017)
Mr. Lu Yili (*Chief Executive Officer*)
(resigned on 24 August 2017)
Mr. Gu Yaokun
Mr. Xu Shubiao
Mr. Xu Juwen

Non-executive Director

Mr. Yang Chunlin
(to be appointed on 3 April 2018)

可供分派儲備

本公司於二零一七年十二月三十一日之可供分派儲備為股份溢價、股份獎勵計劃所持有股份、累計虧損及資本儲備，合共1,347.8百萬港元（於二零一六年十二月三十一日：1,567.2百萬港元）。根據開曼群島第二十二章公司法（一九六一年第3號法例，經合併及修訂），本公司的股份溢價在受組織章程細則之條文所規範，且在緊接作出股息分派或派付後，本公司仍能在日常的業務過程中支付其到期的債項者，方能向股東分派或支付股息。

財務概要

本集團於二零一七年十二月三十一日及前四個財政年度之業績及於該等日期之資產及負債概要載列於第248頁。

董事

於年度內及直至本報告刊發日期的在任董事如下：

執行董事

徐湛滔先生（主席）
許振成先生（首席執行官）
(於二零一七年八月二十四日獲委任)
盧已立先生（首席執行官）
(於二零一七年八月二十四日辭任)
古耀坤先生
徐樹標先生
徐炬文先生

非執行董事

楊春林先生
(將於二零一八年四月三日獲委任)

Independent Non-executive Directors

Mr. Suen To Wai
(appointed on 14 February 2018)
Mr. Zhang Lu Fu
(appointed on 16 January 2018)
Mr. Liu Yung Chau
Mr. Lien Jown Jing Vincent
(resigned on 24 October 2017)
Mr. Chau Paul
(appointed on 24 October 2017,
and resigned on 14 February 2018)
Mr. Du Hequn
(resigned on 16 January 2018)

The Company has received from each independent non-executive Director a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers such directors to be independent.

In accordance with Article 83(3) and 84 of the Company's articles of association, Mr. Tsui Cham To, Mr. Xu Zhencheng, Mr. Gu Yaokun, Mr. Xu Shubiao, Mr. Yang Chunlin, Mr. Suen To Wai and Mr. Zhang Lu Fu will retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

獨立非執行董事

孫多偉先生
(於二零一八年二月十四日獲委任)
張魯夫先生
(於二零一八年一月十六日獲委任)
廖榕就先生
連宗正先生
(於二零一七年十月二十四日辭任)
周弋邦先生
(於二零一七年十月二十四日獲委任，
並於二零一八年二月十四日辭任)
杜鶴群先生
(於二零一八年一月十六日辭任)

本公司已接獲各獨立非執行董事根據上市規則第3.13條提交之獨立性確認書，而本公司認為該等董事具獨立性。

根據本公司組織章程細則第83(3)及84條，徐湛滔先生、許振成先生、古耀坤先生、徐樹標先生、楊春林先生、孫多偉先生及張魯夫先生將於應屆股東週年大會上輪值告退，並合資格且願意重選連任。

DIRECTORS' SERVICE CONTRACTS

董事服務合約

Executive Directors
執行董事

Terms of service contract
服務合同期限

Mr. Tsui Cham To
徐湛滔先生

3 years from 4 September 2016 to 3 September 2019
三年由二零一六年九月四日至二零一九年九月三日

Mr. Xu Zhencheng
許振成先生

3 years commencing on 24 August 2017 to 23 August 2020
三年由二零一七年八月二十四日至二零二零年八月二十三日

Mr. Xu Shubiao
徐樹標先生

3 years from 4 September 2016 to 3 September 2019
三年由二零一六年九月四日至二零一九年九月三日

Mr. Xu Juwen
徐炬文先生

3 years from 4 September 2016 to 3 September 2019
三年由二零一六年九月四日至二零一九年九月三日

Mr. Gu Yaokun
古耀坤先生

3 years from 23 November 2015 to 22 November 2018
三年由二零一五年十一月二十三日至二零一八年十一月二十二日

Non-executive Directors
非執行董事

Terms of letters of appointment
委任書期限

Mr. Yang Chunlin
楊春林先生

3 years from 3 April 2018 to 2 April 2021
三年由二零一八年四月三日至二零二一年四月二日

Independent Non-executive Directors
獨立非執行董事

Terms of letters of appointment
委任書期限

Mr. Suen To Wai
孫多偉先生

3 years from 14 February 2018 to 13 February 2021
三年由二零一八年二月十四日至二零二一年二月十三日

Mr. Zhang Lu Fu
張魯夫先生

3 years from 16 January 2018 to 15 January 2021
三年由二零一八年一月十六日至二零二一年一月十五日

Independent Non-executive Directors
獨立非執行董事

Terms of letters of appointment
委任書期限

Mr. Liu Yung Chau
廖榕就先生

3 years from 4 September 2016 to 3 September 2019
三年由二零一六年九月四日至二零一九年九月三日

None of the Directors has entered or has proposed to enter into any service agreements with the Company or any other member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

本公司或本集團任何其他成員公司概無已或已打算與任何董事訂立任何本集團不得於一年內在支付任何賠償（法定賠償除外）的情況下予以終止之服務協議。

During the year ended 31 December 2017, the directors' fees are reviewed and revised by the Board based on the recommendations of the Remuneration Committee and with reference to the directors' duties, responsibilities and performances and the results of the Group.

截至二零一七年十二月三十一日止年度，董事袍金由董事會根據薪酬委員會的推薦建議並參考董事職責、責任、表現及本集團業績進行檢討及修訂。

Information relating to the changes in remuneration of directors are set out in note 7 of the financial statement.

有關董事薪酬變動的資料載於財務報表附註7。

DIRECTORS' INTERESTS IN CONTRACTS

董事之合約權益

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year except as disclosed under the section headed "Continuing Connected Transactions" and note 30 to the financial statements.

除「持續關連交易」一節及財務報表附註30所披露者外，本公司或其附屬公司概無簽訂董事於年終或年內任何時間在其中直接或間接擁有重大權益，且就本集團業務而言乃屬重大的合約。

Report of the Directors 董事會報告

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management as of the date of publication of this report are set out on pages 41 to 46.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2017, the Directors and chief executives of the Company and their associates had the following interests in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Name of Director	Capacity/Nature of interest	Total number of shares	Approximate percentage of shareholding in the Company
董事姓名	身份／權益性質	股份總數	佔本公司股權概約百分比
Mr. Tsui Cham To	Interest of controlled corporations and Beneficial owner ⁽¹⁾	3,547,352,000 (L)	56.16%
徐湛滔先生	受控公司權益及實益擁有人 ⁽¹⁾		
Mr. Xu Zhencheng	Beneficial owner	350,000 (L)	0.01%
許振成先生	實益擁有人		
Mr. Gu Yao Kun	Beneficial owner	129,282,000 (L)	2.05%
古耀坤先生	實益擁有人		
Mr. Xu Shu Biao	Beneficial owner	306,000 (L)	0.005%
徐樹標先生	實益擁有人		
Mr. Xu Juwen	Beneficial owner	220,000 (L)	0.003%
徐炬文先生	實益擁有人		

(L) denotes a long position in the shares

Notes:

(1) Mr. Tsui Cham To is deemed under the SFO to be interested in 3,546,980,000 shares of the Company held by Keen Vast Holdings Limited, and 372,000 shares directly held by himself.

董事及高級管理層簡歷

截至本報告刊發日期，董事及高級管理層之簡歷詳情載於第41至46頁。

董事及主要行政人員於本公司及其相聯法團之股份、相關股份及債權證之權益及淡倉

於二零一七年十二月三十一日，根據證券及期貨條例（「證券及期貨條例」）第352條須予存置的登記冊所載，或依據標準守則已知會本公司及聯交所者，本公司董事、主要行政人員及彼等的聯繫人於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」））第XV部的股份、相關股份及債權證中擁有的權益如下：

Total number of shares	Approximate percentage of shareholding in the Company
股份總數	佔本公司股權概約百分比
3,547,352,000 (L)	56.16%
350,000 (L)	0.01%
129,282,000 (L)	2.05%
306,000 (L)	0.005%
220,000 (L)	0.003%

(L) 指於股份中的好倉

附註：

(1) 根據證券及期貨條例，徐湛滔先生被視為於建大控股有限公司所持之3,546,980,000股本公司股份中擁有權益，而其個人直接持有372,000股股份。

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company and the Stock Exchange pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code. At no time during the year was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 4 September 2013. The purpose of the Share Option Scheme is to provide an incentive to motivate, attract and retain eligible persons, and to encourage them to optimise their performance efficiency, enhance the value of the Company and promote the long-term growth of the Company. This scheme will provide the eligible participants, including employees, consultants, executives and officers of the Company, a personal stake in the Company to achieve its intended purpose.

The Share Option Scheme shall be valid and effective for a period of 10 years from 4 September 2013 subject to the early termination provisions contained in the Share Option Scheme, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

除上文所披露者外，於二零一七年十二月三十一日，本公司董事及主要行政人員概無於本公司及其相聯法團（定義見證券及期貨條例第XV部）於本公司及聯交所按證券及期貨條例第352條存置的登記冊所載，或依據標準守則已知會本公司及聯交所的股份、相關股份或債權證中擁有或被視為擁有任何權益或淡倉。於本年度內任何時間，本公司或其任何控股公司、其附屬公司或同系附屬公司概無訂立任何安排，使本公司董事及主要行政人員（包括彼等的配偶及十八歲以下子女）於本公司或其相聯法團之股份或相關股份或債權證中持有任何權益或淡倉。

購股權計劃

本公司已於二零一三年九月四日採納購股權計劃（「購股權計劃」）。購股權計劃旨在提供獎勵以激勵、吸引及留任合資格參與者，並鼓勵合資格參與者優化其表現效率、提升本公司價值及促進本公司長遠發展。該計劃將向合資格參與者（包括本公司僱員、顧問、行政人員及職員）提供於本公司擁有個人權益的機會以實現其擬定目的。

購股權計劃由二零一三年九月四日起10年期間內有效及生效，須受限於購股權計劃所載之提前終止條文，其後不會再進一步授予或發出購股權，惟購股權計劃的條文在必要的情況下仍然全面有效力及作用，以使於10年期限屆滿前授予的任何已存在購股權可予行使，或可能另行根據購股權計劃條文的其他規定而生效。

Report of the Directors

董事會報告

The maximum number of shares in respect of which may be issued upon exercise of all options to be granted under the Share Option Scheme is 544,000,000, being 10% of the shares of the Company in issue immediately after IPO on the Listing Date (i.e. 25 September 2013) which is the effective date of such scheme and representing approximately 8.6% of the issued shares of the Company as at the date of this annual report. An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favor of the Company of HKD1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

The maximum number of shares issued and to be issued upon exercise of the options granted to any eligible person under the Share Option Scheme shall not in any 12-month period up to the date of grant exceed 1% of the issued share capital of the Company from time to time. Any further grant of share options in excess of this limit is subject to the issue of a circular and shareholders' approval in general meeting. The period within which an option may be exercised under the Share Option Scheme will be determined by the Board at its absolute discretion, save that no option may be exercised later than 10 years from the date of grant of the particular option. Under the Share Option Scheme, the exercise price in relation to each option shall be determined by the Board at its absolute discretion, but in any event shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of such option, (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of such option, and (iii) the nominal value of a share on the date of grant of such option.

No share option was granted, exercised, cancelled or lapsed, and there was no outstanding option under the Share Option Scheme as at 31 December 2017.

SHARE AWARD SCHEME

A share award scheme was adopted by the Board (the "Share Award Scheme") to recognize and motivate the contributions made to the Group by its employees and to give incentives in order to retain and attract suitable personnel for the future development of the Group.

因行使根據購股權計劃將予授出的所有購股權而可能發行的最高股份數目為544,000,000股，即本公司緊隨首次公開發售後於上市日期（即二零一三年九月二十五日）（即該計劃生效日期）之已發行股份的10%，佔本年報日期本公司已發行股份的約8.6%。本公司於相關接納日期或之前收到由承授人正式簽署構成接納購股權的要約文件副本連同支付予本公司的1.00港元款項作為授出購股權的代價後，購股權即被視作已授出及已獲承授人接納。

因行使根據購股權計劃授予任何合資格人士之購股權而發行及將予發行的最高股份數目，於授出日期起任何12個月期間內，不得超過本公司不時已發行股本的1%，進一步授予超過此上限的購股權須發出一份通函及於股東大會得到股東的批准。根據購股權計劃可行使購股權的期間將由董事會全權酌情釐定，並須遵守該期間不得長於由個別購股權授出日期起計10年的規定。根據購股權計劃，有關每份購股權的行使價須由董事會全權酌情釐定，惟無論如何不得少於以下的最高者(i)於有關購股權授出日期股份於聯交所每日報價表所列的收市價，(ii)於緊接有關購股權授出日期前五個交易日股份於聯交所每日報價表所列的平均收市價，及(iii)於有關購股權授出日期股份的面值。

於二零一七年十二月三十一日，概無任何股份授出、行使、註銷或失效，亦無根據購股權尚未行使之購股權。

股份獎勵計劃

董事會已採納一項股份獎勵計劃（「股份獎勵計劃」），以認可及激勵本集團僱員對本集團作出貢獻，並作為就本集團未來發展挽留及吸引合適人員之獎勵。

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of adoption. Pursuant to the Share Award Scheme, the Board may cause to be paid a contributed amount to the trust, which shall constitute part of the trust fund for the purchase of Shares from the market or subscription of new shares and other purposes set out in the scheme rules and the trust deed. Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all vesting conditions to the vesting of the awarded shares, the awarded shares shall be held by the trustee, being Bank of Communications Trustee Limited, on behalf of the selected employee until the end of each vesting period. The awarded shares will be transferred to the selected employees at nil consideration.

The Board shall not make any further award of awarded shares which will result in the aggregate nominal value of the Shares awarded under the Share Award Scheme exceeding ten per cent. of the issued share capital of the Company at the time of such award. Further details of the Share Award Scheme are set out in the announcement dated 12 November 2015. During the year, the Board resolved to grant an aggregate of 8,148,000 awarded shares (the "Awarded Shares") respectively to the 113 Selected Employees (as defined in the rules under the Share Award Scheme).

A summary of the Awarded Shares actually granted to Selected Employees (including the executive Directors of the Company) during the year ended 31 December 2017 are as follows:

Name of Awardees	承授人姓名	No. of Awarded Shares 獎勵股份數目
Mr. Tsui Cham To	徐湛滔先生	266,000
Mr. Xu Zhencheng	許振成先生	266,000
Mr. Gu Yaokun	古耀坤先生	-
Mr. Xu Shubiao	徐樹標先生	222,000
Mr. Xu Juwen	徐炬文先生	178,000
107 other Selected Employees who are independent of the Company and its connected persons (as defined under the Listing Rules)	獨立於本公司及其關連人士 (定義見上市規則) 之107名其他入選僱員	6,940,000

The Awarded Shares were vested immediately after granted and the vesting of the Awarded Shares is subject to the conditions as set out in the Share Award Scheme and the fulfillment of such conditions as specified by the Board.

股份獎勵計劃由採納日期起10年期間內有效及生效。根據股份獎勵計劃，董事會可將授予資金投入信託，此等資金構成信託基金之一部分，可用於從市場購買股份或認購新股份及該計劃規則和信託契據所載之其他用途。在股份獎勵計劃條款及條件之規限下以及所有歸屬獎勵股份之歸屬條件獲達成之前提下，獎勵股份須由受託人（即交通銀行信託有限公司）代表入選僱員持有，直至各個歸屬期結束。獎勵股份將無償轉歸入選僱員。

倘董事會授出獎勵股份後會導致根據股份獎勵計劃已授出的股份總面值超過本公司於授出該獎勵時已發行股本之10%，則不得再進一步授出獎勵股份。股份獎勵計劃之進一步詳情載於日期為二零一五年十一月十二日之公告。年內，董事會已決議分別向113名入選僱員（定義見股份獎勵計劃項下之規則）授出合共8,148,000股獎勵股份（「獎勵股份」）。

截至二零一七年十二月三十一日止年度，實際授予入選僱員（包括本公司執行董事）之獎勵股份概述如下：

獎勵股份已於授出後即時歸屬，而獎勵股份之歸屬須受股份獎勵計劃所載之條件所限，並須待董事會所指定之有關條件獲達成後，方可作實。

ENVIRONMENTAL PROTECTION AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to supporting the environmental sustainability. As a professional environmental solutions provider in the PRC, the Group is subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. These include laws and regulations on air and noise pollution and discharge of waste and water into the environment. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During the year under review, the Group has complied with relevant laws and regulations that have significant impact on the operations of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners. The Company provides a fair and safe workplace, promotes diversity to our staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the services in a way that satisfy needs and requirements of the customers. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

環境保護和遵守法律及法規

本集團致力於支持環保可持續性。作為中國專業的環保解決方案提供商，本集團須遵守中國國家、省及市政府出台的各项環保法律及法規。這些包括大氣及噪音污染、向環境排放廢物及廢水方面的法律法規。本集團已制定合規程序，確保遵守適用法律、規則及法規。於回顧年內，本集團已遵守對本集團產生重大影響之法律法規。此外，適用法律、規則及法規之任何變動須不時提請相關僱員及相關經營單位之注意。

與持份者的關係

本集團認可僱員、客戶及業務夥伴對本集團的持續發展至關重要。本集團致力與僱員維持緊密關愛的關係，為客戶提供優質服務，加強與業務夥伴的合作。本公司為員工提供公正安全的工作環境，促進員工多元化發展，並基於彼等的貢獻及表現提供具競爭力的薪酬及福利和職業發展機會。本集團亦持續為僱員提供充分的培訓及發展資源，以便彼等了解最新市場及行業發展資訊，同時提高彼等的表現及在崗位中實現自我發展。

本集團明白與客戶保持良好關係的重要性，為客戶提供符合彼等需要及要求的服務。本集團亦設定程序處理客戶投訴，確保及時迅速解決客戶投訴。

The Group is also dedicated to develop good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. We reinforce business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

本集團亦致力與供應商及承建商等長期業務夥伴建立良好關係，確保本集團業務穩定發展。本集團持續與供應商及承建商進行積極有效的溝通，確保及時交付優質產品，從而加強與彼等的業務關係。

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

主要股東於股份及相關股份的權益

As at 31 December 2017, the persons (not being a Director or chief executive of the Company) who have interests in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or have otherwise notified to the Company were as follows:

於二零一七年十二月三十一日，根據證券及期貨條例第336條須存置的登記冊所載或已知會本公司者，於本公司股份或相關股份中擁有權益的人士（並非本公司董事或主要行政人員）如下：

Name of Shareholder 股東名稱	Capacity/Nature of interest 身份／權益性質	Total number of shares 股份總數	Approximate percentage of shareholding 股權概約百分比
Keen Vast Holdings Limited ⁽¹⁾ 建大控股有限公司 ⁽¹⁾	Beneficial owner 實益擁有人	3,546,980,000 (L)	56.15%
City-Scape Pte Ltd. ⁽²⁾	Beneficial owner 實益擁有人	348,463,836 (L)	5.52%
GIC Private Limited ⁽²⁾	Interest of controlled corporations 受控公司權益 Investment manager 投資經理	348,463,836 (L) 95,322,000 (L)	5.52% 1.51%
China Taiping Insurance ⁽³⁾ Holdings Company Limited 中國太平保險控股有限公司 ⁽³⁾	Person having a security interest in shares 於股份中擁有抵押權益之人士	978,720,721 (L)	15.49%
Taiping Financial Holdings Company Limited ⁽³⁾ 太平金融控股有限公司 ⁽³⁾	Person having a security interest in shares 於股份中擁有抵押權益之人士	978,720,721 (L)	15.49%

(L) denotes a long position in the shares

(L) 指於股份中的好倉

Report of the Directors 董事會報告

Note:

- (1) Keen Vast Holdings Limited is controlled by Mr. Tsui Cham To.
- (2) GIC Private Limited is deemed to be interested in 348,463,836 Shares held by City-Scape Pte Ltd by virtue of interests in controlled corporations, and 95,322,000 Shares as investment manager for purposes of the SFO.
- (3) China Taiping Insurance Holdings Company Limited and Taiping Financial Holdings Company Limited are deemed to be interested in the 978,720,721 shares of the Company by virtue of having security interest for purposes of the SFO.

Save as disclosed above, as at 31 December 2017, the Directors are not aware of any other person having an interest or short position in shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company.

MANAGEMENT CONTRACTS

During the year, the Company did not enter into any contract in respect of the management or administration of the entire business or any significant business of the Group nor any such contract subsisting.

附註：

- (1) 建大控股有限公司由徐湛滔先生控制。
- (2) 就證券及期貨條例而言，GIC Private Limited因其於受控公司之權益及作為投資經理於95,322,000股股份中擁有之權益而被視為於City-Scape Pte Ltd所持有之348,463,836股股份中擁有權益。
- (3) 就證券及期貨條例而言，中國太平保險控股有限公司及太平金融控股有限公司因擁有抵押權益而被視為於本公司978,720,721股股份中擁有權益。

除上文所披露者外，於二零一七年十二月三十一日，董事並不知悉任何其他人士於相當於本公司已發行股本5%或以上之本公司股份及相關股份擁有權益或淡倉。

管理合同

年內，本公司並無就有關管理或執行本集團整體業務或任何重大業務部分訂立任何合同。

CONTRACTS OF SIGNIFICANCE

Save as disclosed under the section headed “Continuing Connected Transactions” in this report of the Directors:

- (i) no transaction, arrangement or contract of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted during the year or at the end of the year; and
- (ii) no contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted during the year or at the end of the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the articles of association of the Company, an indemnity provision was in force such that the Directors shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their respective offices. The Company has maintained directors and officers liability insurance coverage for the Directors and officers of the Group.

MAJOR CUSTOMERS AND SUPPLIERS

The Group’s five largest suppliers accounted for approximately 56.2% (2016: 56.2%) of the Group’s total cost of purchase for the year ended 31 December 2017. The largest supplier accounted for approximately 37.0% (2016: 39.0%) of the Group’s total cost of purchase for the year ended 31 December 2017.

The Group’s five largest customers accounted for approximately 23.1% (2016: 27.9%) of the Group’s total turnover for the year ended 31 December 2017. The largest customer accounted for approximately 11.3% (2016: 15.7%) of the Group’s total turnover for the year ended 31 December 2017.

重大合約

除本董事會報告「持續關連交易」一節所披露者外：

- (i) 於年內或年結日，概不存在本公司或其任何附屬公司與本公司或其任何附屬公司之控股股東之間之重大交易、安排或合約；及
- (ii) 於年內或年結日，概不存在有關本公司或其任何附屬公司之控股股東向本公司或其任何附屬公司提供服務之重大合約。

獲准彌償條文

根據本公司組織章程細則，一項彌償條文生效，據此，董事有權就其職務執行其職責時因作出、發生之任何作為或不作為而可能招致或承擔或與此相關之一切損失及責任，從本公司資產中收取彌償。本公司已為本集團董事及高級人員投購董事及高級人員責任保險。

主要客戶及供應商

截至二零一七年十二月三十一日止年度，本集團前五大供應商佔本集團總採購成本的約56.2%（二零一六年：56.2%）。截至二零一七年十二月三十一日止年度，最大供應商佔本集團總採購成本約37.0%（二零一六年：39.0%）。

截至二零一七年十二月三十一日止年度，本集團前五大客戶佔本集團總營業額約23.1%（二零一六年：27.9%）。截至二零一七年十二月三十一日止年度，最大客戶佔本集團總營業額約11.3%（二零一六年：15.7%）。

Report of the Directors

董事會報告

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholder (who to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in any of the five largest suppliers or customers of the Group.

Save as disclosed under the section headed “Continuing Connected Transactions” below, none of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company’s share capital) had an interest in these major suppliers or customers at all times.

COMPETING BUSINESS

None of the Directors had any interest in any competing business with the Company or any of its subsidiaries during the year ended 31 December 2017.

The Controlling Shareholders of the Company have confirmed to the Company that they have complied with the non-competition undertaking under the Non-competition Deed.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

The Company has entered into a deed of non-competition dated 4 September 2013 (the “Non-competition Deed”) with Keen Vast Holdings Limited and Mr. Tsui Cham To, both being the controlling shareholders of the Company (the “Controlling Shareholders”), and pursuant to which the Controlling Shareholders procure its/his/her associates (other than members of the Group) not to, engage in any business involving the development of wastewater treatment facilities and the provision of wastewater treatment and industrial water supply services. Details of the Non-competition Deed are set out in the paragraph headed “Non-competition Undertaking” in the section headed “Relationship with Controlling Shareholders” of the prospectus of the Company dated 12 September 2013.

The Company has received the annual confirmation from each of the Controlling Shareholders that each of them has fully complied with their respective obligations under the Non-Competition Deed. The independent non-executive Directors have reviewed the annual confirmation from the Controlling Shareholders relating to their compliance with the non-competition undertaking by the Controlling Shareholder under the Non-competition Deed and are satisfied that the same has been complied with by the Controlling Shareholders under the Non-competition Deed.

概無董事、彼等的緊密聯繫人（定義見上市規則）或任何股東（據董事所知擁有本公司已發行股份數目5%以上）於本集團任何前五大供應商或客戶中擁有任何權益。

除下文「持續關連交易」章節之披露外，概無董事、彼等的聯繫人或任何股東（據董事所知擁有超過本公司股本5%者）於任何時候在該等主要供應商或客戶中擁有權益。

競爭業務

截至二零一七年十二月三十一日止年度，概無董事在與本公司或任何附屬公司形成競爭的任何業務中擁有權益。

本公司控股股東已向本公司確認，彼等已遵守不競爭契據項下的不競爭承諾。

遵守不競爭承諾

本公司已於二零一三年九月四日與建大控股有限公司及徐湛滔先生（均為本公司控股股東（「控股股東」））訂立不競爭契據（「不競爭契據」），據此，控股股東將促使其聯繫人（本集團成員除外）不會從事有關污水處理設施開發及提供污水處理及工業用水供應服務有關的任何業務。不競爭契據詳情載於本公司日期為二零一三年九月十二日的招股章程「與控股股東的關係」一節「不競爭承諾」一段。

本公司已獲各控股股東發出年度確認，確認彼等各自己完全遵守彼等各自於不競爭契據項下的責任。獨立非執行董事已審閱控股股東有關控股股東遵守不競爭契據項下不競爭承諾的年度確認，並信納控股股東已根據不競爭契據遵守有關承諾。

CONNECTED TRANSACTIONS

During the year ended 31 December 2017, the Group entered into certain connected transactions as set out below:

1. Cooperation Service Contracts

On 1 January 2016, Guangzhou Lvyou Industrial Waste Reclamation Treatment Company Limited (“Guangzhou Lvyou”) entered into six (6) cooperation service contracts (collectively, the “Cooperation Service Contracts”) with the following companies:

- (i) Guangzhou Nansha Development Zone Lvjie Disposal Recycling Store;
- (ii) Guangzhou Panyu Luopu Kunrun Information Technology and Consulting Services Department;
- (iii) Guangzhou Wofeng Biological Technology Company Limited;
- (iv) Guangzhou Lvchi Environmental Protection Technology Company Limited;
- (v) Guangzhou Lvhao Technology Services Company Limited; and
- (vi) Guangzhou Anjing Environmental Protection Technology Company Limited.

(Collectively, the “Cooperating Companies”).

關連交易

截至二零一七年十二月三十一日止年度，本集團訂立以下若干關連交易：

1. 合作服務合約

於二零一六年一月一日，廣州綠由工業棄置廢物回收處理有限公司（「廣州綠由」）與以下公司訂立六(6)份合作服務合約（統稱「合作服務合約」）：

- (i) 廣州南沙開發區綠傑廢舊金屬物品回收站；
- (ii) 廣州市番禺區洛浦坤潤信息技術諮詢服務部；
- (iii) 廣州市沃豐生物科技有限公司；
- (iv) 廣州綠馳環保科技有限公司；
- (v) 廣州綠灝技術服務有限公司；及
- (vi) 廣州市安淨環保科技有限公司。

（統稱「合作公司」）。

Pursuant to the Cooperation Service Contracts, each of the Cooperating Companies would use their respective resources to assist Guangzhou Lvyou to develop markets and look for potential customers. Upon target customers being identified, the Cooperating Companies would act as the agent of Guangzhou Lvyou to handle waste treatment matters with relevant target customers in the name of Guangzhou Lvyou, to assist Guangzhou Lvyou with negotiating contract terms with target customers, and to help monitoring the parties' respective obligations thereunder the contract upon the target customers having entered into agreements with Guangzhou Lvyou. Pursuant to the Cooperation Service Contracts, the Cooperating Companies would also provide services such as consultation, training and guidance to the relevant target customers for and on behalf of Guangzhou Lvyou. For each type of waste treated by Guangzhou Lvyou under the Cooperation Service Contracts, the cooperation service fee for transactions contemplated under the Cooperation Service Contracts is calculated based on actual treatment volume times the net treatment fee (excluding standard treatment cost and other miscellaneous expenses per ton/unit of each type of wastes).

For the year ended 31 December 2017, the actual transaction amount paid by Guangzhou Lvyou to the Cooperating Companies pursuant to the Cooperation Service Contracts amounted to approximately HKD15.1 million.

Each of the Cooperating Companies is an entity controlled by Mr. Gu Yaokun, an executive director of the Company. Accordingly, each of the Cooperating Companies is a connected person of the Company pursuant to Chapter 14A of the Listing Rules, and the transactions contemplated thereunder the Cooperation Service Contracts constitute connected transactions for the Company.

As the applicable percentage ratios in respect of the transactions contemplated under the Cooperation Service Contracts (on an aggregated basis) are more than 0.1% but less than 5%, the entering into the Cooperation Service Contracts are subject to the reporting and announcement requirements but exempted from shareholders' approval requirements under Chapter 14A of the Listing Rules.

根據合作服務合約，各合作公司將使用其各自之資源協助廣州綠由開發市場及尋求潛在客戶。於物色到目標客戶後，合作公司將擔任廣州綠由之代理，以廣州綠由名義與相關目標客戶處理廢物處理事宜、協助廣州綠由與目標客戶磋商合約條款，並於目標客戶與廣州綠由訂立協議後協助監察合約項下訂約方各自之義務。根據合作服務合約，合作公司亦將代表廣州綠由向目標客戶提供諮詢、培訓及指導等服務。就合作服務合約項下廣州綠由處理之各類廢物而言，合作服務合約項下擬進行之交易之合作服務費乃按實際處理量乘以處理費淨額（不包括各類廢物之每噸／單位標準處理成本及其他雜項開支）計算。

截至二零一七年十二月三十一日止年度，廣州綠由根據合作服務合約向合作公司支付之實際交易金額約為15,100,000港元。

各合作公司為本公司執行董事古耀坤先生控制之實體。因此，根據上市規則第14A章，各合作公司為本公司之關連人士，故合作服務合約項下擬進行之交易構成本公司之關連交易。

由於有關合作服務合約項下擬進行之交易之適用百分比率（按合併基準計算）高於0.1%但低於5%，故訂立合作服務合約須遵守上市規則第14A章項下之申報及公告規定，惟獲豁免遵守股東批准之規定。

2. The Consultation Service Agreement

For the year ended 31 December 2017, certain subsidiaries in the Group (the “Contracting Subsidiaries”) entered into consultation service contracts (the “Consultation Service Contracts”) with Guangzhou Haiqin Tiancheng Environmental Consulting Company Limited (“Haiqin Tiancheng Consultancy”).

Pursuant to the Consultation Service Contracts, Haiqin Tiancheng Consultancy agreed to provide consultation services to the Group with respect to the environmental impact assessment in the PRC. In consideration for the provision of such consultation services, the Contracting Subsidiaries would pay management fees to Haiqin Tiancheng Consultancy. For the year ended 31 December 2017, the actual transaction amount paid to Haiqin Tiancheng Consultancy pursuant to the Consultation Service Contracts amounted to approximately HKD1.1 million.

Haiqin Tiancheng Consultancy is a joint venture in which Mr. Tsui Cham To, an executive director of the Company (“Mr. Tsui”) directly or indirectly holds 50% equity interest. Accordingly, Haiqin Tiancheng Consultancy is a connected person of the Company pursuant to Chapter 14A of the Listing Rules, and the transactions contemplated under the Consultation Service Contracts constitute a connected transaction for the Company. The applicable percentage ratios in respect of the transactions contemplated under the Consultation Service Contracts are more than 0.1% but less than 5%.

2. 諮詢服務協議

截至二零一七年十二月三十一日止年度，本集團若干附屬公司（「承包附屬公司」）與廣州市海沁天誠環境諮詢有限公司（「海沁天誠諮詢」）訂立諮詢服務合約（「諮詢服務合約」）。

根據諮詢服務合約，海沁天誠諮詢同意就中國環境影響評估向本集團提供諮詢服務。考慮到提供有關諮詢服務，承包附屬公司將向海沁天誠諮詢支付管理費。截至二零一七年十二月三十一日止年度，根據諮詢服務合約支付予海沁天誠諮詢之實際交易金額約為1,100,000港元。

海沁天誠諮詢為一家合營企業，當中本公司執行董事徐湛滔先生（「徐先生」）直接或間接持有其50%股權。因此，根據上市規則第14A章，海沁天誠諮詢為本公司之關連人士，故諮詢服務合約項下擬進行之交易構成本公司之關連交易。有關諮詢服務合約項下擬進行之交易之適用百分比率高於0.1%但低於5%。

3. Advances to Connected Persons

For the year ended 31 December 2017, the Group made certain interest-free advances in an aggregate sum of HKD42,384,000 (collectively, the “Advances”) to the following persons:

3. 向關連人士墊款

截至二零一七年十二月三十一日止年度，本集團向以下人士作出總額為42,384,000港元之若干免息墊款（統稱「該等墊款」）：

		Date of remittance 付款日期	Advances (HKD'000) 墊款 (千港元)
1.	Guangzhou Lvcheng Industrial Company Limited ("Guangzhou Lvcheng") 廣州市綠城工業有限公司 (「廣州綠城」)	3 January 2017 二零一七年一月三日	21,975
2.	Zhuhai Yingrun Environmental Protection Technology Company Limited ("Zhuhai Yingrun") 珠海市盈潤環保科技有限公司 (「珠海盈潤」)	January to April 2017 二零一七年一月至四月	748
3.	Haiqin Tiancheng Consultancy 海沁天誠諮詢	12 April 2017 二零一七年四月十二日	578
4.	Longmen Hutiao Station Company Limited ("Longmen Hutiao Station") 龍門虎跳車站有限公司 (「龍門虎跳車站」)	2nd half 2017 二零一七年下半年	347
5.	Mr. Gu 古先生	January to August 2017 二零一七年一月至八月	18,736
Total 總計			42,384

Guangzhou Lvcheng is a company owned, directly or indirectly, as to 90% by Mr. Gu, an executive director of the Company.

廣州綠城為一間由本公司執行董事古先生直接或間接擁有90%權益之公司。

Zhuhai Yingrun is a company held as to 51% by Mr. Gu Jiajian, being a close family member of Mr. Gu.

珠海盈潤為由古嘉健先生（古先生關係密切的家庭成員）持有51%權益之公司。

Longmen Hutiao Station is a company owned, directly or indirectly as to 100% by Mr. Tsui, the controlling shareholder of the Company.

龍門虎跳車站為一間由本公司控股股東徐先生直接或間接擁有100%權益之公司。

Accordingly, each of Guangzhou Lvcheng, Zhuhai Yingrun, Haiqin Tiancheng Consultancy and Longmen Hutiao Station (collectively, the “Connected Persons”) is a connected person of the Company pursuant to Chapter 14A of the Listing Rules, and the Advances made to these Connected Persons constituted connected transactions for the Company.

Further, both Guangzhou Lvcheng and Zhuhai Yingrun are companies controlled by Mr. Gu and party connected with Mr. Gu, and both Haiqin Tiancheng Consultancy and Guangzhou Taoji are companies controlled by Mr. Tsui, and the Advances were made within a 12-month period. Accordingly, the Advances in the total amount of HKD41,459,000 made to Guangzhou Lvcheng, Zhuhai Yingrun and Mr. Gu (the “Gu Advances”) as well as the Advances in the total amount of HKD925,000 to Haiqin Tiancheng Consult and Longmen Hutiao Station (the “Tsui Advances”) shall be aggregated pursuant to Rule 14A.81 of the Listing Rules, respectively.

As the applicable percentage ratios in respect of the Gu Advances (on an aggregated basis) are more than 5% but less than 25%, the provision of the Gu Advances are subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The applicable percentage ratios in respect of the Tsui Advances (on an aggregated basis) are more than 0.1% but less than 5%. The applicable percentage ratios in respect of the Tsui Advances and the previous Tsui Advances as disclosed in the Submissions (on an aggregated basis) are more than 0.1% but less than 5%. Hence, the provision of the Tsui Advances are subject to the reporting and announcement requirements but exempted from shareholders’ approval requirements under Chapter 14A of the Listing Rules.

All the Advances made to the aforesaid Connected Persons have been repaid to the Group in full as at the date of this Report.

因此，根據上市規則第14A章，廣州綠城、珠海盈潤、海沁天誠諮詢及龍門虎跳電站（統稱「關連人士」）各自為本公司之關連人士，故向該等關連人士作出該等墊款構成本公司之關連交易。

此外，廣州綠城及珠海盈潤均為古先生控制之公司，並為與古先生有關連之人士，而海沁天誠諮詢及龍門虎跳電站為徐先生控制之公司，且該等墊款乃於12個月期間內作出。因此，根據上市規則第14A.81條，向廣州綠城、珠海盈潤及古先生作出總額為41,459,000港元之該等墊款（「古先生墊款」）以及向海沁天誠諮詢及龍門虎跳電站作出總額為925,000港元之該等墊款（「徐先生墊款」）將分別合併計算。

由於有關古先生墊款之適用百分比率（按合併基準）超過5%但低於25%，故提供古先生墊款須遵守上市規則第14A章項下之申報、公告及獨立股東批准之規定。

有關徐先生墊款之適用百分比率（按合併基準）超過0.1%但低於5%。有關徐先生墊款及提交文件中所披露之先前徐先生墊款之適用百分比率（按合併基準）超過0.1%但低於5%。因此，提供徐先生墊款須遵守上市規則第14A章項下之申報及公告規定，惟獲豁免遵守股東批准之規定。

於本報告日期，向上述關連人士作出之所有該等墊款均已悉數償還予本集團。

DISPOSAL OF A SUBSIDIARY

On 30 June 2017, Guangzhou To Kee Enterprises Development Group Limited* (廣州滔記實業發展集團有限公司) (the “Purchaser”) and Guangzhou Xintao Wastewater Treatment Company Limited* (廣州新滔水質淨化有限公司) (the “Vendor”), a wholly-owned subsidiary of the Company, entered into the equity transfer agreement (the “Disposal Agreement”), pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell 100% equity interest in the Guangzhou Zhongtao Environmental Investment Company Limited* (廣州中滔環保投資有限公司) (“Target Company”) at a consideration of RMB25 million (the “Disposal”). The Target Company holds 70% of equity interest in Foshan Sanshui Zhaofeng Energy Co., Ltd.* (佛山市三水肇豐能源有限公司), which is principally engaged in processing and sales of biomass fuel.

The Disposal enables the Group to avoid risks of persistent loss of the project and exposure of the Group to commodity risk (i.e. sales of biomass fuel), and provides additional capital for the Group’s business development. In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Disposal were entered into on normal commercial terms, and are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

As at the date of the Disposal Agreement, Mr. Tsui Cham To, an executive Director and controlling shareholder of the Company, was interested in approximately 90.11% equity interest of the Purchaser. The Purchaser is therefore a connected person of the Company and the Disposal constitutes a connected transaction for the Company. As all the applicable percentage ratios (as defined in the Listing Rules) in respect of the disposal of the Target Company are less than 5% but more than 0.1%, the Disposal is only subject to the reporting and announcement requirements and is exempt from the circular, independent financial advice and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

出售附屬公司

於二零一七年六月三十日，廣州滔記實業發展集團有限公司(「買方」)與本公司之全資附屬公司廣州新滔水質淨化有限公司(「賣方」)訂立股權轉讓協議(「出售協議」)，據此，買方同意收購而賣方同意出售廣州中滔環保投資有限公司(「目標公司」)100%股權，代價為人民幣25,000,000元(「出售事項」)。目標公司持有佛山市三水肇豐能源有限公司之70%股權，其主要從事處理及銷售生物量燃料。

出售事項可讓本集團避免該項目持續虧損之風險及避免本集團面臨商品風險(即生物量燃料銷售)及為本集團的業務發展提供額外資本。鑒於以上所述，董事(包括獨立非執行董事)認為出售事項之條款乃按正常商業條款訂立，屬公平合理並符合本公司股東整體利益。

於出售協議日期，本公司執行董事兼控股股東徐湛滔先生於買方約90.11%股權中擁有權益。因此，買方為本公司關連人士，而出售事項構成本公司之關連交易。由於有關出售目標公司之所有適用百分比率(定義見上市規則)均低於5%但高於0.1%，故出售事項僅須遵守申報及公告規定，並獲豁免遵守上市規則第14A章項下之通函、獨立財務顧問及獨立股東批准之規定。

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2017, certain related party transactions were entered into by the Group which is disclosed in note 30 to the financial statements. These related party transactions constituted continuing connected transaction under the Listing Rules which are required to be disclosed in this report in accordance with Chapter 14A of the Listing Rules. The Directors confirm that the disclosure requirements in accordance with Chapter 14A of the Listing Rules has been complied with.

Tian Tian Agreement dated 25 September 2013

As disclosed in the prospectus of the Company dated 12 September 2013, Guangzhou Haitao Environmental Protection Technology Company Limited (“Guangzhou Haitao”), a subsidiary of the Group, entered into a service agreement with Guangzhou Tian Tian Cleaning and Washing Company Limited (“Tian Tian”) as part of its ordinary and usual course of business on 4 September 2013, pursuant to which Guangzhou Haitao agreed to provide wastewater treatment services to Tian Tian for a term of three years from the date of listing of the Company on 25 September 2013 (the “Tian Tian Agreement”).

The term of the Tian Tian Agreement was subsequently extended by an agreement entered into between Guangzhou Haitao and Tian Tian on 17 May 2016, pursuant to which the Tian Tian Agreement was renewed to a term of three years commencing from the date of the 2016 Tian Tian Agreement to 31 December 2018 (both days inclusive) (the “2016 Tian Tian Agreement”). It was expected that the annual caps of the services contemplated under the 2016 Tian Tian Agreement for each of the financial years ended 31 December 2016, 2017 and 2018 will not exceed HKD7,900,000, HKD8,900,000 and HKD9,900,000, respectively. Further details of the 2016 Tian Tian Agreement is set out in the announcement of the Company dated 17 May 2016.

持續關連交易

截至二零一七年十二月三十一日止年度，本集團訂立若干關聯方交易，乃於財務報表附註30披露。此等關聯方交易構成上市規則下的持續關連交易，根據上市規則第14A章須於本報告予以披露。董事確認，本集團已遵守上市規則第14A章的披露規定。

日期為二零一三年九月二十五日之天天協議

誠如本公司日期為二零一三年九月十二日的招股章程所披露，本集團附屬公司廣州海滔環保科技有限公司（「廣州海滔」）於二零一三年九月四日與廣州天天快潔洗滌有限公司（「天天」）訂立服務協議，作為其一般及日常業務過程的一部分。據此，廣州海滔同意向天天提供污水處理服務，自本公司上市日期二零一三年九月二十五日起為期三年（「天天協議」）。

天天協議的年期其後藉由廣州海滔及天天於二零一六年五月十七日訂立協議予以延長，據此，天天協議重新續期三年，自二零一六年天天協議日期起計直至二零一八年十二月三十一日（包括首尾兩日）（「二零一六年天天協議」）。截至二零一六年、二零一七年及二零一八年十二月三十一日止財政年度各年，根據二零一六年天天協議擬提供之服務的年度上限預計將分別不超過7,900,000港元，8,900,000港元及9,900,000港元。有關二零一六年天天協議的進一步詳情，載於本公司日期為二零一六年五月十七日的公告。

Report of the Directors 董事會報告

As Tian Tian is a sino-foreign joint venture of which 49% of its capital is contributed by To Kee Holdings Limited, a company controlled by Mr. Tsui Cham To, a Director and a substantial shareholder of the Company, and his family, Tian Tian is a connected company of Mr. Tsui and hence a connected person of the Company under the Listing Rules. The transactions under this agreement constitute continuing connected transactions for the Company which are subject to the reporting, annual review and announcement requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

During the year ended 31 December 2017, the amount of wastewater treatment services provided by Guangzhou Haitao to Tian Tian was approximately HKD3.7 million (2016: HKD4.8 million).

The Directors (including all independent non-executive Directors) have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms; and
- (3) in accordance with the agreement entered into on terms which are fair and reasonable and in the interests of the shareholders of the Company as a whole.

由於天天為中外合營企業，其中49%股本由徐湛滔先生（本公司董事及主要股東）及其親屬控制的公司滔記集團有限公司出資，故天天為徐先生的關連公司及因此根據上市規則為本公司的關連人士。本協議項下之交易構成本公司之持續關連交易，須遵守上市規則第14A章項下之申報、年度審閱及公告規定，惟獲豁免遵守獨立股東批准規定。

截至二零一七年十二月三十一日止年度，廣州海滔向天天提供的污水處理服務金額約為3.7百萬港元（二零一六年：4.8百萬港元）。

董事（包括全體獨立非執行董事）已審閱上述持續關連交易，並確認交易為：

- (1) 於本集團一般日常業務過程中訂立；
- (2) 以一般商業條款訂立；及
- (3) 根據條款公平合理且符合本公司股東整體利益之協議進行。

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. For the propose to Rule 14A.56 of the Listing Rules, the auditors of the Company has provided a letter to the Board, confirmed that nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of services by the Group;
- (iii) were not entered into, in all material respects, in accordance with relevant agreements governing the transactions; and
- (iv) have exceeded the cap.

A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, for the year ended 31 December 2017, no related party transaction or continuing related party transaction as set out in note 30 to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

本公司核數師已獲聘根據香港會計師公會頒佈的香港核證工作準則第3000號(修訂版)「審核或審閱歷史財務資料以外的核證工作」及參照應用指引第740號「關於香港上市規則所述持續關連交易的核數師函件」報告本集團的持續關連交易。就上市規則第14A.56條的規定而言，本公司核數師亦已致函本公司董事會，確認其並未注意到任何事情使其認為所披露之持續關連交易：

- (i) 並未獲董事會批准；
- (ii) 在所有重大方面並無按照本集團就涉及由本集團提供服務交易的定價政策進行；
- (iii) 在所有重大方面並無根據規管有關交易的相關協議進行；及
- (iv) 已超逾上限。

本公司已向聯交所提交核數師函件副本。

除上文所披露者外，截至二零一七年十二月三十一日止年度，綜合財務報表附註30所載關聯方交易或持續關聯方交易並非上市規則第14A章項下界定之「關連交易」或「持續關連交易」。本公司已根據上市規則第14A章遵守有關披露規定。

Report of the Directors 董事會報告

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

AUDITOR

The financial statements have been audited by KPMG who retire.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and within the knowledge of the Directors, the Company maintained adequate public float for the year ended 31 December 2017 and up to the date of this annual report.

On behalf of the Board
Tsui Cham To
Chairman

29 March 2018

優先購買權

本公司章程細則或開曼群島法律並無優先購買權條文，規定本公司必須按現有股東之持股比例提呈發售新股份。

購買、出售或贖回本公司之上市股份

截至二零一七年十二月三十一日止年度，本公司或其任何附屬公司概無購回、出售或贖回本公司的任何上市證券。

核數師

財務報表已由畢馬威會計師事務所審核，該會計師事務所任滿告退。

充足的公眾持股量

根據本公司可獲得的資料及據董事所知，截至二零一七年十二月三十一日止年度及直至本年報日期，本公司一直維持充足的公眾持股量。

代表董事會
主席
徐湛滔

二零一八年三月二十九日



**Independent Auditor's Report to the shareholders
of CT Environmental Group Limited**
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of CT Environmental Group Limited (the "Company") and its subsidiaries ("the Group") set out on pages 101 to 247, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

致中滔環保集團有限公司股東的
獨立核數師報告
(於開曼群島註冊成立的有限公司)

保留意見

本核數師(以下簡稱「我們」)已審計列載於第101至247頁中滔環保集團有限公司(「貴公司」)及其附屬公司(以下合稱「貴集團」)的綜合財務報表,此綜合財務報表包括於二零一七年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

我們認為,除本報告保留意見的基準一節所述事項可能造成的影響外,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「香港財務報告準則」)真實而中肯地反映貴集團於二零一七年十二月三十一日的綜合財務狀況及貴集團截至該日止年度的綜合財務表現及綜合現金流量,並已按照香港《公司條例》的披露規定妥為編製。

Independent Auditor's Report 獨立核數師報告

BASIS FOR QUALIFIED OPINION

During the course of our audit of the consolidated financial statements for the year ended 31 December 2017, we identified that turnover amounting to HKD61.6 million as recorded in the provision of sludge and solid waste treatment services business segment of the Group was not substantiated with relevant supporting documents. We requested management to provide explanations and supporting documentation. However, the audit evidence which we obtained was insufficient to substantiate and ascertain the validity of the recorded transactions. Given these circumstances, we have been unable to complete satisfactorily our audit procedures to assess the recognition of turnover and the corresponding outstanding receivables arising from these transactions or the related tax expenses and outstanding value-added tax payable balances. There were no other practicable audit procedures that we could perform to satisfy ourselves that these transactions were properly accounted for and disclosed.

The current tax expenses relating to these transactions amounted to HKD5.8 million. The outstanding receivable balance relating to these transactions (including value-added tax) amounted to HKD72.1 million as at 31 December 2017 as disclosed in note 20 to the consolidated financial statements included as "trade and other receivables". The outstanding value-added tax payable balance and current taxation payable balance relating to these transactions amounted to HKD10.5 million and HKD5.8 million, respectively, as at 31 December 2017 as disclosed in note 22 to the consolidated financial statements included as "trade and other payables" and note 25 to the consolidated financial statements included as "current taxation", respectively.

保留意見的基準

於我們審核截至二零一七年十二月三十一日止年度的綜合財務報表的過程中，我們識別出61.6百萬港元的營業額入賬至貴集團有關提供污泥及固體廢物處理服務的業務分部，惟欠缺相關證明文件以資證實。我們曾要求管理層提供解釋及證明文件。然而，我們獲得的審計證據不足以證實及確定所記錄交易的有效性。鑒於此等情況，我們未能圓滿完成我們之審計程序，以評估營業額的確認及由該等交易產生的相應之未收取應收款項或相關稅項開支及未付增值稅應付結餘。我們並無其他切實可行的審計程序可予以執行，以使我們信納該等交易已妥為入賬及披露。

與該等交易有關的當期稅項開支為5.8百萬港元。誠如綜合財務報表附註20所披露，於二零一七年十二月三十一日，計入「貿易及其他應收款項」之與該等交易有關的未收取應收款項結餘（包括增值稅）為72.1百萬港元。誠如綜合財務報表附註22及綜合財務報表附註25披露，於二零一七年十二月三十一日，分別計入「貿易及其他應付款項」及「即期稅項」之與該等交易有關的未支付增值稅應付結餘及即期應付稅項結餘分別為10.5百萬港元及5.8百萬港元。

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項單獨發表意見。除保留意見的基準所述的事項外，我們已釐定下文所述的事項乃於本報告中將予溝通之關鍵審計事項。

<p>Recoverability of trade receivables</p>	<p>貿易應收款項的可收回性</p>
<p><i>Refer to note 20 to the consolidated financial statements and the accounting policies on page 119.</i> 請參閱綜合財務報表附註20及第119頁的會計政策。</p>	
<p>The Key Audit Matter 關鍵審計事項</p>	<p>How the matter was addressed in our audit 在審計中如何應對該事項</p>
<p>The carrying value of the Group's trade receivables totalled HKD713,372,000 as at 31 December 2017, which represented 7.9% of the Group's total assets as at that date. Allowance for doubtful debts of HKD33,907,000 was recorded as at 31 December 2017.</p> <p>於二零一七年十二月三十一日，貴集團貿易應收款項的賬面值合共為713,372,000港元，佔貴集團於該日總資產的7.9%。於二零一七年十二月三十一日，已入賬呆賬撥備33,907,000港元。</p> <p>Management estimates the required allowance for doubtful debts, if any, based on an assessment estimate of the recoverability of individual trade receivables with reference to the ageing of overdue balances, repayment histories of individual debtors, existing customer-specific and market conditions and the fulfilment of repayment arrangements agreed with specific debtors.</p> <p>管理層根據個別貿易應收款項的可收回性的評估估計並參考逾期結餘賬齡、個別債務人的還款記錄、現有客戶特定情況及市況以及與特定債務人協定的還款安排的履行情況來估計呆賬（如有）的所需撥備。</p>	<p>Our audit procedures to assess the recoverability of trade receivables included the following: 我們評估貿易應收款項可收回性的審計程序包括下列各項：</p> <ul style="list-style-type: none"> • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to customer acceptance, credit control, debt collection and the calculation of the allowance for doubtful debts; • 瞭解及評價與客戶接受、信貸控制、債項收回及計算呆賬撥備相關的關鍵內部監控的設計、執行及運作有效性； • assessing the classification of individual balances in the trade receivables ageing report by comparing details in the trade receivables ageing report with underlying invoices on a sample basis; • 透過抽樣比較貿易應收款項賬齡報告與相關發票，評估貿易應收款項賬齡報告內個別結餘的分類情況；

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獨立核數師報告

KEY AUDIT MATTERS (Cont'd)

關鍵審計事項 (續)

Recoverability of trade receivables	貿易應收款項的可收回性
<i>Refer to note 20 to the consolidated financial statements and the accounting policies on page 119.</i> 請參閱綜合財務報表附註20及第119頁的會計政策。	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 在審計中如何應對該事項
<p>Management is required to exercise significant judgement in assessing the allowance for doubtful debts for individual trade receivables. The ability of the debtors to repay the Group depends on customer-specific and market conditions which involves inherent uncertainty.</p> <p>管理層於釐定個別貿易應收款項的呆賬撥備時須行使重大判斷。債務人向貴集團償還款項的能力取決於客戶特定情況及市況，而這涉及固有不明朗因素。</p> <p>We identified the recoverability of trade receivables as a key audit matter because of the inherent uncertainty in assessing if trade receivables will be recovered in full and because the assessment of the allowance for doubtful debts requires the exercise of significant management judgement.</p> <p>我們認為貿易應收款項的可收回性屬關鍵審計事項，原因是評估時的固有不明朗因素（倘貿易應收款項將悉數收回）及呆賬撥備的評估需要管理層行使重大判斷。</p>	<ul style="list-style-type: none"> • obtaining an understanding of the basis of management's judgements about the recoverability of individual overdue balances and evaluating management's assessment of recoverability of these individual balances with reference to the industry in which the debtors are operating, the ageing of overdue balances, historical and post year-end payment records and repayment arrangements agreed with specific debtors. This included inspecting relevant correspondence with individual debtors; • 瞭解管理層有關個別逾期結餘可收回性的判斷基準，以及參考債務人的財務狀況、債務人經營所在行業、逾期結餘賬齡、歷史及年結日後的付款記錄及與特定債務人協定的還款安排，評價管理層就該等個別結餘的可收回性作出的估計。此程序包括檢查與個別債務人的相關通信； • assessing the historical accuracy of the estimates made by the management for the allowance for doubtful debts by comparing the level of provision made by management as at 31 December 2016 with the actual new provisions, write offs and recoveries in respect of trade receivables as at 31 December 2016 during the current year; and • 透過比較管理層於二零一六年十二月三十一日作出的撥備與本年度的實際新撥備、撇銷及與於二零一六年十二月三十一日的貿易應收款項有關的收回款項，評估管理層就呆賬撥備所作估計的歷史準確度；及 • comparing material cash receipts from debtors subsequent to the financial year end relating to trade receivable balances at 31 December 2017 with bank statements and relevant underlying documentation on a sample basis. • 抽樣比較該財政年度年結日後從債務人收回的現金（與於二零一七年十二月三十一日的貿易應收款項結餘有關）與銀行對賬單及相關文件。

KEY AUDIT MATTERS (Cont'd)

關鍵審計事項 (續)

<p>Assessment of the Group's ability to continue as a going concern</p>	<p>評估貴集團持續經營之能力</p>
<p>Refer to note 1(b) to the consolidated financial statements. 請參閱綜合財務報表附註1(b)。</p>	
<p>The Key Audit Matter 關鍵審計事項</p>	<p>How the matter was addressed in our audit 在審計中如何應對該事項</p>
<p>As at 31 December 2017, the Group has failed to fulfil certain covenants under certain bank loan arrangements with banks, and therefore certain banks have rights at any time by notice to the Group to require the loans of HKD839,293,000 to be immediately repaid.</p> <p>於二零一七年十二月三十一日，貴集團未能履行與銀行的若干銀行貸款安排下的若干契諾，因此若干銀行有權隨時向貴集團發出通知要求即時償還839,293,000港元的貸款。</p> <p>Accordingly, as at 31 December 2017, the Group has net current liabilities of HKD331,483,000. At 31 December 2017, bank loan of HKD1,042,168,000 and HKD839,293,000 are due for repayment within one year and repayable on demand respectively.</p> <p>因此，於二零一七年十二月三十一日，貴集團的流動負債淨額為331,483,000港元。於二零一七年十二月三十一日，銀行貸款1,042,168,000港元及839,293,000港元分別於一年內到期償還及須按要求償還。</p> <p>The Group finances its operating activities using a combination of cash on hand, operating cash inflows and borrowings. 貴集團結合利用手頭現金、經營現金流入及借款為其經營活動提供資金。</p> <p>Based on their review of the cash flow forecast of the Group, the Directors have concluded that the Group has adequate resources to remain in operation, and that the Directors intend to do so, for at least one year from the reporting date of the financial statements. 按照對貴集團現金流量預測的審閱，董事認為貴集團有足夠資源自財務報表報告日期起計至少一年繼續經營，且董事有意維持其營運。</p>	<p>Our audit procedures to assess the going concern assumption in the preparation of the consolidated financial statements included the following: 我們評估編製綜合財務報表的持續經營假設的審計程序包括下列各項：</p> <ul style="list-style-type: none"> • Understanding the business planning process and assessing the design, implementation and operating effectiveness of key internal controls over the assessment of the Group's ability to continue as a going concern, including the preparation of cash flow forecast; • 瞭解業務規劃流程，以及評估與貴集團持續經營能力評估（包括編製現金流量預測）相關的關鍵內部監控的設計、執行及運作的有效性； • evaluating the key assumptions in the cash flow forecast (including sales volumes, average selling prices, raw material costs and processing volumes, committed capital expenditure and foreign exchange rates) with reference to historical production information, current performance and internal investment and production plans; • 參考過往的生產信息、現時的業績以及內部投資及生產計劃，評估現金流量預測中的重大假設（包括銷售量、平均售價、原材料成本及處理量、已承諾資本開支及外匯匯率）； • comparing the available banking and other financing facilities and arrangements with underlying documentation and assessing the impact of covenants and other restrictive terms attached thereto; • 將可動用之銀行及其他財務融資及安排與相關文件進行比較，並評估契諾及其他附帶的限制性條款的影響；

Independent Auditor's Report

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KEY AUDIT MATTERS (Cont'd)

關鍵審計事項 (續)

Assessment of the Group's ability to continue as a going concern	評估貴集團持續經營之能力
Refer to note 1(b) to the consolidated financial statements. 請參閱綜合財務報表附註1(b)。	
The Key Audit Matter 關鍵審計事項	How the matter was addressed in our audit 在審計中如何應對該事項
<p>We identified the assessment of the Group's ability to continue as a going concern as a key audit matter because the bank loans amounting to HKD1,042,168,000 and HKD839,293,000 respectively will be due for repayment throughout the year 2018 and repayable on demand, respectively, which has increased the risk that the Group may not be able to continue to operate as a going concern and because the assessment of the Group's ability to continue as a going concern is dependent upon certain management assumptions and judgements, in particular in relation to future revenue from sales and the ability of the Group to renew or obtain new banking and other financing facilities upon expiry of the existing banking and other financing facilities.</p> <p>我們識別出，評估貴集團繼續持續經營之能力為關鍵審計事項，原因為銀行貸款1,042,168,000港元及839,293,000港元分別將於二零一八年內到期償還及須按要求償還，令貴集團可能無法持續經營的風險增加，且評估貴集團持續經營之能力乃取決於若干管理層假設及判斷，尤其是有關日後來自銷售的收入以及貴集團於現有銀行及其他融資到期後重續或獲取新銀行及其他融資的能力。</p>	<ul style="list-style-type: none"> • assessing the Group's ability to renew or refinance existing banking and other financing facilities upon maturity by performing a retrospective review of past renewal or roll-over history of banking and other financing facilities in prior years, and inspecting loan agreements and underlying documentation for bank loans borrowed and repaid after year end; • 透過對過往年度的銀行及其他融資的過往重續或續期記錄進行追溯審閱及核查於年後借取及償還的銀行貸款的貸款協議及相關文件，評估貴集團於現有銀行及其他融資到期時將有關融資重續或再融資的能力； • assessing the sensitivities of the key assumptions adopted by management in the going concern assessment and considering whether management had incorporated any bias in the selection of such assumptions; • 對管理層於持續經營評估中所使用的關鍵假設進行敏感性評估及考慮管理層於選擇該等假設時是否存在任何偏頗情況； • considering the accuracy and reliability of cash flow forecasts by comparing those made by management in prior years with the current year's results; and • 將過往年度由管理層編製的現金流量預測與本年度業績進行比較，以考慮現金流量預測的準確性及可靠性；及 • evaluating the disclosures in the consolidated financial statements in respect of the going concern assessment with reference to the requirements of the prevailing accounting standards. • 參考現行會計準則的規定，評估綜合財務報表內有關持續經營評估的披露。

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

綜合財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》之披露規定編製真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助董事履行監督貴集團的財務報告過程的責任。

Independent Auditor's Report 獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向整體成員報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審計準則進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足及適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

核數師就審計綜合財務報表承擔的責任 (續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表（包括資料披露）的整體列報方式、結構和內容，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責指導、監督和執行貴集團的審計工作。我們為審計意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

我們亦向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並就所有被合理認為可能影響我們獨立性的關係和其他事宜以及相關保障措施（如適用），與審核委員會進行溝通。

Independent Auditor's Report 獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lam Kai Wa.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 March 2018

核數師就審計綜合財務報表承擔的責任 (續)

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。除非法律或法規不容許公開披露此等事項或在極罕有的情況下，我們認為披露此等事項可合理預期的不良後果將超過公眾知悉此等事項的利益而不應在報告中予以披露，否則我們會在核數師報告中描述此等事項。

出具本獨立核數師報告的審計項目合夥人是林啟華。

畢馬威會計師事務所
執業會計師

香港中環
遮打道十號
太子大廈八樓

二零一八年三月二十九日

Consolidated statement of profit or loss 綜合損益表

for the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

(Expressed in Hong Kong dollars) (以港元呈列)

		Note 附註	2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated)* (經重列)*
Turnover	營業額	3	2,099,098	2,177,038
Cost of sales	銷售成本		(1,298,871)	(1,182,685)
Gross profit	毛利		800,227	994,353
Other revenue	其他收益	4(a)	327,563	193,705
Administrative expenses	行政開支		(276,625)	(298,924)
Other net income/(loss)	其他淨收益／(虧損)	4(b)	84,780	(68,895)
Profit from operations	經營溢利		935,945	820,239
Finance costs	融資成本	5(a)	(124,780)	(102,857)
Share of profits of associates	分佔聯營公司的溢利		1,333	1,782
Share of profit of a joint venture	分佔一家合營企業的溢利		362	621
Profit before taxation	除稅前溢利	5	812,860	719,785
Income tax	所得稅	6	(131,437)	(119,552)
Profit for the year	年內溢利		681,423	600,233
Attributable to:	以下各項應佔：			
Equity shareholders of the Company	本公司權益持有人		682,480	605,690
Non-controlling interests	非控股權益		(1,057)	(5,457)
Profit for the year	年內溢利		681,423	600,233
Earnings per share (HKD)	每股盈利(港元)	10		
Basic	基本		0.11	0.10
Diluted	攤薄		0.11	0.10

* See Note 1(c)(i).

* 見附註1(c)(i)。

The notes on pages 108 to 247 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 27(d).

第108至247頁所載附註為該等財務報表的一部分。應派發予本公司權益持有人之股息應佔年內溢利詳情載於附註27(d)。

Consolidated statement of profit or loss and other comprehensive income 綜合損益及其他全面收益表

for the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

(Expressed in Hong Kong dollars) (以港元呈列)

		Note 附註	2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated)* (經重列)*
Profit for the year	年內溢利		681,423	600,233
Other comprehensive income for the year	年內其他全面收益	9		
Item that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益的項目：			
Exchange differences on translation of financial statements of entities not using HKD as functional currency	換算並非使用港元作為功能貨幣的實體財務報表產生的匯兌差異		301,096	(236,977)
Total comprehensive income for the year	年內全面收益總額		982,519	363,256
Attributable to:	以下各項應佔：			
Equity shareholders of the Company	本公司權益持有人		983,576	368,713
Non-controlling interests	非控股權益		(1,057)	(5,457)
Total comprehensive income for the year	年內全面收益總額		982,519	363,256

* See Note 1(c)(i).

* 見附註1(c)(i)。

The notes on pages 108 to 247 form part of these financial statements.

第108至247頁所載附註為該等財務報表的一部分。

Consolidated statement of financial position 綜合財務狀況表

(Expressed in Hong Kong dollars) (以港元呈列)

		31 December 2017 二零一七年 十二月三十一日 HKD'000 千港元	31 December 2016 二零一六年 十二月三十一日 HKD'000 千港元 (Restated)* (經重列)*	1 January 2016 二零一六年 一月一日 HKD'000 千港元 (Restated)* (經重列)*
		Note 附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	11	3,496,201	2,696,799
Lease prepayments	租賃預付款項	12	335,443	320,823
Intangible assets	無形資產	13	1,703,829	1,455,213
Goodwill	商譽	14	170,240	159,089
Interest in associates	於聯營公司的權益	16	8,629	6,776
Interest in a joint venture	於一家合營企業的 權益	17	3,790	3,193
Gross amounts due from customers for contract work	應收客戶合約工程 款項總額	18	324,715	289,778
Other receivables	其他應收款項	20	611,521	370,723
Deferred tax assets	遞延稅項資產	25(b)	8,584	9,376
			6,662,952	5,311,770
			5,063,072	5,063,072
Current assets	流動資產			
Inventories	存貨	19	22,191	26,515
Trade and other receivables	貿易及其他應收款項	20	1,757,957	1,119,834
Gross amounts due from customers for contract work	應收客戶合約工程 款項總額	18	30,938	42,990
Deposits with a bank with original maturity date over three months	存放於銀行原始 到期日超過三個月 之存款		91,987	6,525
Cash and cash equivalents	現金及現金等價物	21	518,960	1,155,849
			2,422,033	2,351,713
			1,487,683	1,487,683
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	22	741,632	524,722
Bank loans	銀行貸款	23	1,881,461	1,171,223
Current taxation	即期稅項	25(a)	130,423	80,287
			2,753,516	1,776,232
			1,157,545	1,157,545
Net current (liabilities)/assets	流動(負債)/ 資產淨值		(331,483)	575,481
			330,138	330,138

* See Note 1 (c)(i)

* 見附註1(c)(i)

Consolidated statement of financial position (Cont'd)

綜合財務狀況表 (續)

(Expressed in Hong Kong dollars) (以港元呈列)

			31 December 2017 二零一七年 十二月三十一日 HKD'000 千港元	31 December 2016 二零一六年 十二月三十一日 HKD'000 千港元 (Restated)* (經重列)*	1 January 2016 二零一六年 一月一日 HKD'000 千港元 (Restated)* (經重列)*
	Note 附註				
Total assets less current liabilities		總資產減流動負債	6,331,469	5,887,251	5,393,210
Non-current liabilities		非流動負債			
Bank loans	23	銀行貸款	1,580,398	2,000,619	1,632,039
Deferred tax liabilities	25(b)	遞延稅項負債	268,114	253,978	285,707
Deferred income	26	遞延收入	17,613	16,592	18,047
			1,866,125	2,271,189	1,935,793
Net assets		資產淨值	4,465,344	3,616,062	3,457,417
CAPITAL AND RESERVES		資本及儲備			
Share capital	27	股本	157,920	157,920	157,920
Reserves		儲備	4,304,564	3,446,604	3,282,502
Total equity attributable to equity shareholders of the Company		本公司權益持有人應佔權益總額	4,462,484	3,604,524	3,440,422
Non-controlling interests		非控股權益	2,860	11,538	16,995
Total equity		權益總額	4,465,344	3,616,062	3,457,417

* See Note 1(c)(i)

* 見附註1(c)(i)

Approved and authorised for issue by the board of directors on 29 March 2018.

於二零一八年三月二十九日經董事會批准及授權刊發。

)
)
) Directors
) 董事
)

The notes on pages 108 to 247 form part of these financial statements.

第108至247頁所載附註為該等財務報表的一部分。

Consolidated statement of changes in equity

綜合權益變動表

for the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

(Expressed in Hong Kong dollars) (以港元呈列)

Attributable to equity shareholders of the Company
本公司權益持有人應佔以下各項

		Share capital	Share premium	Capital reserve	Statutory reserve	Shares held under the Share Award Scheme	Exchange reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	資本儲備	法定盈餘公積金	股份獎勵計劃項下持有股份	匯兌儲備	保留溢利	總計	非控股權益	總權益
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
		(note 27(a))	(note 27(b))	(note 27(b))	(note 27(b))	(note 24)	(note 27(b))	(note 27(b))	(note 27(b))	(note 27(b))	(note 27(b))
		(附註27(a))	(附註27(b))	(附註27(b))	(附註27(b))	(附註24)	(附註27(b))	(附註27(b))	(附註27(b))	(附註27(b))	(附註27(b))
Balance at 1 January 2016 (Restated)*	於二零一六年一月一日的結餘 (經重列)*	157,920	1,665,352	(90)	121,332	(10,205)	(122,446)	1,628,559	3,440,422	16,995	3,457,417
Changes in equity for 2016:	二零一六年的權益變動:										
Profit for the year (Restated)*	年內溢利 (經重列)*	-	-	-	-	-	-	605,690	605,690	(5,457)	600,233
Other comprehensive income (Restated)*	其他全面收益 (經重列)*	-	-	-	-	-	(236,977)	-	(236,977)	-	(236,977)
Total comprehensive income (Restated)*	全面收益總額 (經重列)*	-	-	-	-	-	(236,977)	605,690	368,713	(5,457)	363,256
Share purchased under the Share Award Scheme (note 24) (Restated)*	根據股份獎勵計劃購買股份 (附註24) (經重列)*	-	-	-	-	(23,846)	-	-	(23,846)	-	(23,846)
Equity settled share-based transactions (Restated)*	以權益結算的股份支付交易 (經重列)*	-	166	-	-	3,799	-	-	3,965	-	3,965
Transfer to statutory reserve (Restated)*	轉至法定儲備 (經重列)*	-	-	-	76,138	-	-	(76,138)	-	-	-
Dividends declared in respect of the previous years (note 27(d)) (Restated)*	就過往年度已宣派的股息 (附註27(d)) (經重列)*	-	(184,730)	-	-	-	-	-	(184,730)	-	(184,730)
Balance at 31 December 2016 (Restated)*	於二零一六年十二月三十一日的結餘 (經重列)*	157,920	1,480,788	(90)	197,470	(30,252)	(359,423)	2,158,111	3,604,524	11,538	3,616,062
Balance at 1 January 2017	於二零一七年一月一日的結餘	157,920	1,480,788	(90)	197,470	(30,252)	(359,423)	2,158,111	3,604,524	11,538	3,616,062
Changes in equity for 2017:	二零一七年的權益變動:										
Profit for the year	年內溢利	-	-	-	-	-	-	682,480	682,480	(1,057)	681,423
Other comprehensive income	其他全面收益	-	-	-	-	-	301,096	-	301,096	-	301,096
Total comprehensive income	全面收益總額	-	-	-	-	-	301,096	682,480	983,576	(1,057)	982,519
Equity contribution by shareholders (note 30(c))	股東權益出資 (附註30(c))	-	-	12,563	-	-	-	-	12,563	-	12,563
Contribution from non-controlling interests	非控股權益之出資	-	-	-	-	-	-	-	-	766	766
Disposal of subsidiaries (note 15(b)(i)(iii))	出售附屬公司 (附註15(b)(i)(iii))	-	-	6,887	-	-	-	-	6,887	(8,387)	(1,500)
Share purchased under the Share Award Scheme (note 24)	根據股份獎勵計劃購買股份 (附註24)	-	-	-	-	(36,005)	-	-	(36,005)	-	(36,005)
Equity settled share-based transactions	以權益結算的股份支付交易	-	(4,587)	-	-	13,643	-	-	9,056	-	9,056
Transfer to statutory reserve	轉至法定儲備	-	-	-	51,424	-	-	(51,424)	-	-	-
Dividends declared in respect of the previous years (note 27(d))	就過往年度已宣派的股息 (附註27(d))	-	(118,117)	-	-	-	-	-	(118,117)	-	(118,117)
Balance at 31 December 2017	於二零一七年十二月三十一日結餘	157,920	1,358,084	19,360	248,894	(52,614)	(58,327)	2,789,167	4,462,484	2,860	4,465,344

* See Note 1(c)(i)

* 見附註1(c)(i)

The notes on pages 108 to 247 form part of these financial statements.

第108至247頁所載附註為該等財務報表的一部分。

Consolidated cash flow statement 綜合現金流量表

for the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

(Expressed in Hong Kong dollars) (以港元呈列)

		Note 附註	2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated)* (經重列)*
Operating activities	經營活動			
Cash generated from operations	經營業務所得現金	21(b)	724,743	935,476
Income tax paid	已付所得稅	25(a)	(90,548)	(82,715)
Net cash generated from operating activities	經營活動所得現金淨額		634,195	852,761
Investing activities	投資活動			
Payment for acquisition of subsidiaries, net of cash acquired	收購附屬公司付款，扣除收購現金		-	(3,690)
Prepayment of acquisition deposits	收購按金預付款項	20(iii)	(4,187)	(64,170)
Refund of acquisition deposits	收購按金退款	20(iii)	27,949	102,816
Payment for purchase of lease prepayments and property, plant and equipment	租賃預付款及購買物業、廠房及設備付款		(1,113,246)	(719,397)
Payment for a construction project	建設項目付款		(130,327)	-
Placement of deposits with a bank with original maturity date over three months	存放原到期日超過三個月 的銀行存款		(85,462)	-
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備 所得款項		273	5,991
Net cash inflow from disposal of subsidiaries	出售附屬公司現金流入 淨額	15	44,730	-
Advance to related parties	向關聯方墊款		(42,962)	-
Repayment from related parties	來自關聯方還款		37,500	-
Finance income received	已收融資收入		8,219	664
Advance to third parties	向第三方墊款		(104,093)	(183,568)
Repayment from third parties	來自第三方還款		231,764	55,897
Net cash used in investing activities	投資活動所用現金淨額		(1,129,842)	(805,457)

Consolidated cash flow statement (Cont'd) 綜合現金流量表 (續)

for the year ended 31 December 2017 截至二零一七年十二月三十一日止年度

(Expressed in Hong Kong dollars) (以港元呈列)

			2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated)* (經重列)*
Financing activities	融資活動			
Proceeds from bank loans	銀行貸款所得款項	21(c)	1,927,411	1,945,313
Repayment of bank loans	償還銀行貸款	21(c)	(1,789,285)	(1,074,916)
Payment for purchase of shares under Share Award Scheme	就購買股份獎勵計劃項下股份之付款	24	(36,005)	(23,846)
Contribution from non-controlling interests	來自非控股權益之出資		766	-
Advance from related parties	來自關聯方墊款	21(c)	287,451	285,186
Repayment to related parties	向關聯方還款	21(c)	(287,674)	(181,858)
Advance from a third party	來自一名第三方墊款		-	93,907
Repayment to a third party	向一名第三方還款		-	(93,907)
Interests paid	已付利息	21(c)	(126,088)	(101,057)
Loan facility fees paid	已付貸款融資費用		(8,623)	-
Dividends paid to equity shareholders of the Company	向本公司權益持有人派付股息		(118,117)	(184,730)
Net cash (used)/generated from financing activities	融資活動(所用)/所得現金淨額		(150,164)	664,092
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額		(645,811)	711,396
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物		1,155,849	456,564
Effect of foreign exchange rate changes	外匯匯率變動影響		8,922	(12,111)
Cash and cash equivalents at 31 December	於十二月三十一日的現金及現金等價物		518,960	1,155,849

* See Note 1(c)(i)

* 見附註1(c)(i)

The notes on pages 108 to 247 form part of these financial statements.

第108至247頁所載附註為該等財務報表的一部分。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and a joint venture.

At 31 December 2017, as disclosed in note 23, the Group has failed to fulfil certain covenants under certain bank loan arrangements with banks, and therefore certain banks have rights at any time by notice to the Group to require the loans of HKD839,293,000 to be immediately repaid.

1 重大會計政策

(a) 合規聲明

該等財務報表乃按照所有適用的香港財務報告準則編製（包括所有由香港會計師公會頒佈的適用單獨香港財務報告準則、香港會計準則及相關詮釋）、香港公認會計原則及香港公司條例之披露規定。該等財務報表亦符合適用的香港聯合交易所有限公司證券上市規則的披露規定。本集團採納之重要會計政策於下文披露。

香港會計師公會頒佈了若干於本集團今個會計期間首次生效或可供本集團提早採納的新增及經修訂的香港財務報告準則。有關本集團本年度及過往會計期間之該等財務報表因初次執行此等頒佈而改變的會計政策詳述於附註1(c)。

(b) 財務報表編製基準

截至二零一七年十二月三十一日止年度之綜合財務報表包括本公司及其附屬公司（統稱「本集團」）及本集團於聯營公司及一家合營企業之權益。

於二零一七年十二月三十一日，誠如附註23所披露，本集團未能履行與銀行的若干銀行貸款安排下的若干契諾，因此若干銀行有權隨時向本集團發出通知要求即時償還839,293,000港元的貸款。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of preparation of the financial statements (Cont'd)

Accordingly, at 31 December 2017, the Group has net current liabilities of HKD331,483,000. At 31 December 2017, bank loan of HKD1,042,168,000 and HKD839,293,000 are due for repayment within one year and repayable on demand respectively.

The directors note that the Group generated net cash from operating activities of approximately HKD634,195,000 during the year ended 31 December 2017. The Group also made net profit after tax of HKD681,423,000. During the year ended 31 December 2017, based on future projection of the Group's profit and cash inflows from operations and the anticipated ability of the Group to renew or roll-over its banking and other financing facilities to finance its continuing operations for the year ending 31 December 2018, management believes that the Group has adequate resources to continue to operate as a going concern throughout the next twelve months and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, 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 judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 重大會計政策 (續)

(b) 財務報表編製基準 (續)

因此，於二零一七年十二月三十一日，本集團的流動負債淨額為331,483,000港元。於二零一七年十二月三十一日，銀行貸款1,042,168,000港元及839,293,000港元分別將於一年內到期償還及須按要求償還。

董事注意到，截至二零一七年十二月三十一日止年度，本集團產生經營活動所得現金淨額約634,195,000港元。本集團除稅後淨利潤為681,423,000港元。於截至二零一七年十二月三十一日止年度，根據本集團利潤及經營現金流入的未來預測，以及本集團重續或續期其銀行及其他融資額度，以撥資其截至二零一八年十二月三十一日止年度之持續經營業務的能力，管理層相信本集團擁有足夠資源在未來十二個月內持續經營，且並無有關重大不明朗事件或情況，單獨或匯總起來可能對本集團持續經營能力構成重大疑問。

該等財務報表乃按歷史成本計量基準編製。

財務報表的編製符合香港財務報告準則，要求管理層作出影響政策應用以及資產、負債、收入及開支的報告金額的判斷、估計及假設。該等估計及相關假設乃基於過往經驗及被認為在有關情況下屬合理的多項其他因素，有關結果構成判斷無法從其他來源得出的資產及負債賬面值的基準。實際結果或會有別於該等估計。

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) Basis of preparation of the financial statements (Cont'd)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

(i) Changes in presentation currency

The Company and other investment holding subsidiaries incorporated in the Cayman Islands, British Virgin Islands and Hong Kong have their functional currencies in Hong Kong dollars (“HKD”) and subsidiaries established in the People’s Republic of China (the “PRC”) have their functional currencies in Renminbi (“RMB”). For the year ended 31 December 2017, the Company determined to change its presentation currency from RMB to HKD, which could improve the investor’s ability to compare the Group’s financial results with other companies listed in Hong Kong and facilitate communication between stakeholders in the capital market and the Group. The consolidated financial statements for the year ended 31 December 2016 with the additional consolidated and Company statements of financial position as at 1 January 2016 have been re-translated into HKD from RMB. All financial information presented in HKD has been rounded to the nearest thousand.

1 重大會計政策 (續)

(b) 財務報表編製基準 (續)

管理層會持續審閱該等估計及相關假設。倘期內確認的會計估計修訂僅影響作出有關修訂的會計期間，則有關修訂僅於該期間內確認，或如對當期及未來期間均有影響，則會在作出有關修訂的期間及未來期間確認。

管理層應用香港財務報告準則時作出對財務報表構成重大影響之判斷以及估計不確定因素之主要來源於附註2論述。

(c) 會計政策變動

(i) 呈列貨幣變動

本公司及其他於開曼群島、英屬處女群島及香港註冊成立的投資控股附屬公司的功能貨幣為港元（「港元」），而於中華人民共和國（「中國」）成立的附屬公司的功能貨幣為人民幣（「人民幣」）。截至二零一七年十二月三十一日止年度，本公司決定將其呈列貨幣由人民幣更改為港元，其可改善投資者將本集團財務業績與其他於香港上市的公司作比較的能力，以及促進資本市場的持份者與本集團溝通。截至二零一六年十二月三十一日止年度的綜合財務報表連同於二零一六年一月一日的額外綜合及公司財務狀況表已由人民幣重新換算為港元。所有以港元呈列的財務資料均湊整至最接近千位。

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(c) Changes in accounting policies (Cont'd)

(ii) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these impact on the accounting policies of the Group. However, additional disclosure has been included in note 21(c) to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, Statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) 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.

1 重大會計政策 (續)

(c) 會計政策變動 (續)

(ii) 會計政策變動

香港會計師公會已頒佈數項於本集團的本會計期間首次生效的香港財務報告準則修訂本。該等修訂對本集團的會計政策並無影響。但附註21(c)中增加了額外的披露，以滿足香港會計準則第7號現金流量表：披露計劃之修訂所提出的新披露要求，即要求實體提供披露使財務報表使用者能評估融資活動導致的負債變化，包括現金流量及非現金方面引起的變化。本集團並無應用於本會計期間尚未生效之任何新準則或詮釋。

(d) 附屬公司及非控股權益

附屬公司指本集團控制的實體。倘本集團可透過其與一間實體的關係獲得或有權獲得可變回報並有能力通過其對有關實體的權力影響該等回報，則擁有該實體的控制權。在評估本集團是否具權力時，僅會考慮(本集團及其他團體持有的)實質權利。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised 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 statement of profit or loss and the consolidated statement of profit or loss and other 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.

1 重大會計政策 (續)

(d) 附屬公司及非控股權益 (續)

於附屬公司的投資自控制開始之日直至控制結束之日被併入綜合財務報表內。集團內公司間的結餘、交易及現金流量以及任何產生自集團內公司間交易的未變現溢利於編製綜合財務報表時予以悉數對銷。集團內公司間交易產生的未變現虧損按與未變現收益相同的方式予以對銷，惟僅以並無存在減值證據者為限。

非控股權益指並非由本公司於附屬公司直接或間接應佔的權益，就本集團並未與該等權益持有人達成協議的任何其他條款可能導致本集團在整體上就該等達到金融負債定義的權益具有合約責任。就各項業務合併而言，本集團可選擇按任何非控股權益的公平值或按其於附屬公司可識別淨資產分佔比例進行計量。

非控股權益在綜合財務狀況表的權益項下呈列，獨立於本公司權益股東應佔的權益。本集團產生的非控股權益呈列於綜合損益表及綜合損益及其他全面收益表，按非控股權益及本公司權益股東於年內損益總額及全面收益總額予以分配。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Subsidiaries and non-controlling interests (Cont'd)

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 recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(o)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

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

1 重大會計政策 (續)

(d) 附屬公司及非控股權益 (續)

當本集團失去一家附屬公司的控股權，則按出售該附屬公司的所有權益入賬，而所產生的收益或虧損將於損益確認。於失去控制權當日仍保留於前附屬公司的任何權益乃按公平值確認，而該金額將被視為一項金融資產初始確認的公平值（見附註1(o)）。

在本公司財務狀況表內，於附屬公司的投資按成本減減值虧損入賬（見附註1(l)）。

(e) 聯營公司及合營企業

聯營公司是本集團或本公司對其管理（包括參與財務及經營政策決策）有重大影響（但並非控制或共同控制）的實體。

合營企業乃合約上之安排，由本集團或本公司與其他團體以合約形式協定分享對該項安排之控制權，並享有該項安排之資產淨值。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(e) Associates and joint ventures (Cont'd)

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method. 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 investee'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 investee's net assets and any impairment loss relating to the investment (see notes 1(f) and (l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

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

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, investments in associates and joint venture are stated at cost less impairment losses (see note 1(l)).

1 重大會計政策 (續)

(e) 聯營公司及合營企業 (續)

於聯營公司或合營企業的投資使用權益法計入綜合財務報表。根據權益法，該投資初步按成本入賬，並就本集團分佔被投資公司可識別淨資產於收購日期的公平值超出投資成本（如有）的部分作出調整。其後，該投資按本集團分佔被投資公司淨資產於收購後的變動及任何有關該投資的減值虧損作出調整（見附註1(f)及(l)）。收購日期超出成本的任何部分、本集團年內分佔被投資公司於收購後及除稅後的業績及任何減值虧損均於綜合損益表內確認，而本集團分佔被投資公司於收購後及除稅後的其他全面收益項目則於綜合損益及其他全面收益表內確認。

本集團與其聯營公司及合營企業的交易產生的未變現溢利及虧損按本集團於被投資公司的權益對銷，惟如未變現虧損提供所轉讓資產減值的證據，則未變現溢利及虧損即時於損益內確認。

若屬其他情況，倘本集團不再對一家聯營公司或共同控制一間聯營公司擁有重大影響，則入賬作為出售於該被投資公司的全部權益，由此產生的收益或虧損則於損益內確認。

在本公司財務狀況表內，於聯營公司及合營企業的投資按成本減減值虧損入賬（見附註1(l)）。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(l)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Gross amounts due from customers for contract work

The Group recognises a financial asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or other financial asset from or at the direction of the grantor for the construction services provided. Such financial assets are measured at fair value on initial recognition and classified as gross amounts due from customers for contract work. Subsequent to initial recognition, the financial assets are measured at amortised cost using the effective interest method.

1 重大會計政策 (續)

(f) 商譽

商譽指

- (i) 所轉讓代價的公平值、本集團於被收購人的任何非控股權益以及本集團先前持有被收購人股權的公平值總額；超過
- (ii) 於收購日期於被收購人可識別資產及負債淨公平值的部分。

倘(ii)高於(i)，則超出的部分即時於損益確認為議價收購收益。

商譽按成本減累計減值虧損入賬。業務合併產生的商譽會分攤至預期將受惠於合併協同效應的各現金產生單位或各組現金產生單位，並將每年進行減值測試（見附註1(l)）。

年內出售現金產生單位時，所購入商譽的任何應佔金額會於出售時用於計算有關損益。

(g) 應收客戶合約工程款項總額

本集團於擁有無條件合約權利可就所提供的建築服務向授出人或按授出人的指示收取現金或其他金融資產時確認來自服務特許安排的金融資產。該等金融資產於初始確認時按公平值計量，並分類為應收客戶合約工程款項總額。初始確認後，金融資產以實際利率法按攤銷成本計量。

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(g) Gross amounts due from customers for contract work (Cont'd)

If the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, then each component of the consideration is accounted for separately and is initially recognised at the fair value of the consideration.

(h) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(l)):

- buildings held for own use which are situated on leasehold land classified as held under operating leases (note 1(k)); and
- other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, 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(x)).

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 recognised in profit or loss on the date of retirement or disposal.

No depreciation is provided in respect of construction in progress.

1 重大會計政策 (續)

(g) 應收客戶合約工程款項總額 (續)

倘本集團部分以金融資產及部分以無形資產的方式支付建築服務的費用，則組成代價的各部份會分開入賬，並初步按代價的公平值確認。

(h) 物業、廠房及設備

以下物業、廠房及設備項目以成本減累計折舊及減值虧損列賬（見附註1(l)）：

- 位於租賃土地上持作自用的樓宇分類為經營租賃項下持有（附註1(k)）；及
- 其他廠房及設備項目。

物業、廠房及設備自建項目的成本包括原料成本及直接工資（按最初估計（倘相關））、拆卸與搬運有關項目的成本及項目所在場地的清理費，以及應佔部份之製作費用及借貸成本（見附註1(x)）。

報廢或出售物業、廠房及設備項目所產生的損益以該項目的出售所得款項淨額與其賬面值之間的差額釐定，並於報廢或出售當日在損益內予以確認。

在建工程概不計提任何折舊。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Property, plant and equipment (Cont'd)

Depreciation is calculated to write off the cost or valuation 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 and other infrastructure held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being 20-50 years after the date of completion.
- Machinery 5 – 15 years
- Motor vehicles 3 – 5 years
- Office equipment and others 3 – 10 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(i) Intangible assets (other than goodwill)

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 1(x)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(l)). Other development expenditure is recognised as an expense in the period in which it is incurred.

1 重大會計政策 (續)

(h) 物業、廠房及設備 (續)

物業、廠房及設備項目折舊按下列估計可使用年期，在扣除其估計剩餘價值（如有）後，以直線法撇銷其成本或估值計算：

- 位於租賃土地上持作自用的樓宇及其他基礎設施按未屆滿的租期及估計可使用年期折舊，並以時間較短者為準，為竣工當日後20至50年。
- 機器 5 – 15年
- 汽車 3 – 5年
- 辦公室設備及其他 3 – 10年

資產的可使用年期及其剩餘價值（如有）均按年度進行檢討。

(i) 無形資產（商譽除外）

研究活動之開支乃於產生期間確認作開支。倘產品或過程在技術上及商業上可行，且本集團具備充裕資源並有意完成開發工作，則開發活動之開支將予以資本化。資本化之開支包括物料成本、直接勞工以及適當比例之間接成本及借貸成本（倘適用）（見附註1(x)）。資本化之開發成本乃按成本值減累計攤銷及任何減值虧損（見附註1(l)）列賬。其他開發開支乃於產生期間確認作開支。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(i) Intangible assets (other than goodwill) (Cont'd)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(l)).

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (see note 1(l)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The estimated useful life of an intangible asset in a service concession arrangement is the period from when the Group is able to charge the end user for the use of the infrastructure to the end of the concession period. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- Supply of industrial water operation right	15 years
- 供應工業用水經營權	15年
- Wastewater treatment plants operation rights	15 – 20 years
- 污水處理設施經營權	15 – 20年
- Sludge and solid waste treatment operation rights	15 – 30 years
- 污泥及固體廢物處理經營權	15 – 30年
- Hazardous waste treatment operation rights	15 – 20 years
- 危險廢物處理經營權	15 – 20年

Both the period and method of amortisation are reviewed annually.

1 重大會計政策 (續)

(i) 無形資產 (商譽除外) (續)

本集團所收購具有有限估計可使用年期的無形資產以成本減累計攤銷及減值虧損列賬 (見附註1(l))。

本集團於有權就使用經營基礎設施收費時，確認服務經營權安排產生的無形資產。作為於服務經營權安排中提供建設或升級服務的代價而獲得的無形資產於初始確認時參考所提供服務的公平值按公平值計量。於初始確認後，有關無形資產按成本減累計攤銷及累計減值虧損計量 (見附註1(l))。

具有有限使用年期的無形資產按直線法於資產估計使用年期內攤銷計入損益。屬服務經營權安排的無形資產的估計使用年限為自本集團可向終端用戶就使用有關基礎設施收費之時至該經營權期滿止。以下具有有限使用年期的無形資產自可供使用日期起攤銷，估計使用年期如下：

攤銷期及攤銷方法均按年度進行檢討。

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) Lease prepayments

Lease prepayments represent cost of land use rights paid to the PRC's government authorities. Land use rights are stated at cost less accumulated amortisation and impairment losses (note 1(l)). Amortisation is recognised in profit or loss on a straight-line basis over the respective period of the rights which are 35 years to 50 years.

(k) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments 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.

(l) Impairment of assets

(i) *Impairment of investments in trade and other receivables and gross amounts due from customers for contract work*

Investments in associates, joint ventures, other current and non-current receivables and gross amounts due from customers for contract work that are stated at cost or amortised 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;

1 重大會計政策 (續)

(j) 租賃預付款項

租賃預付款項指支付予中國政府機關的土地使用權成本。土地使用權按成本減累計攤銷及減值虧損列賬(附註1(l))。攤銷乃以直線法按各自35年至50年的租賃期於損益確認。

(k) 經營租賃費用

倘本集團有權使用根據經營租賃持有的資產，則根據租賃作出的付款將於租期所覆蓋的會計期間內分期以等額在損益中扣除，惟倘有其他基準更能代表自租賃資產取得的利益模式除外。

(l) 資產減值

(i) *貿易及其他應收款項以及應收客戶合約工程款項總額之投資減值*

按成本或攤銷成本列賬的於聯營公司、合營企業的投資、其他流動與非流動應收款項以及應收客戶合約工程款項總額會於各報告期末進行檢討，以判斷有否存在客觀減值證據。減值的客觀證據包括本集團注意到以下一項或多項虧損事項的顯著數據：

- 債務人有重大財務困難；

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Impairment of assets (Cont'd)

(i) *Impairment of investments in trade and other receivables and gross amounts due from customers for contract work (Cont'd)*

- 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 reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 1(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(I)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(I)(ii).

1 重大會計政策 (續)

(I) 資產減值 (續)

(i) *貿易及其他應收款項以及應收客戶合約工程款項總額之投資減值 (續)*

- 違反合約，如拖欠或逾期償還利息或本金；
- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境有重大改變而對債務人有不利影響；及
- 股本工具投資的公平值大幅或長期下跌至低於其成本值。

如存在任何上述證據，則會釐定及確認減值虧損如下：

- 就使用權益法於綜合財務報表入賬的於聯營公司及合營企業的投資（見附註1(e)）而言，減值虧損透過根據附註1(I)(ii)比較投資的可收回數額與其賬面值而計量。倘根據附註1(I)(ii)釐定可收回數額時所用的估計出現有利變動，則撥回減值虧損。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Impairment of assets (Cont'd)

(i) *Impairment of investments in trade and other receivables and gross amounts due from customers for contract work (Cont'd)*

- For trade and other current receivables, gross amounts due from customers for contract work and other financial assets carried at amortised cost, 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 experience for assets with credit risk characteristics similar to the collective group.

1 重大會計政策 (續)

(l) 資產減值 (續)

(i) *貿易及其他應收款項以及應收客戶合約工程款項總額之投資減值 (續)*

- 就按攤銷成本列賬的貿易及其他流動應收款項、應收客戶合約工程款項總額以及其他金融資產而言，減值虧損按資產的賬面值與按金融資產最初的實際利率（即此等資產最初確認時計算所得實際利率）（如貼現影響重大）估計的未來現金流量現值的差額計算。如該等金融資產具備類似的風險特徵，例如類似逾期情況及並未單獨被評估為出現減值，則有關評估會同時進行。金融資產的未來現金流量會根據與該組被評估資產具有類似信貸風險特徵資產的過往情況一同減值。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Impairment of assets (Cont'd)

(i) *Impairment of investments in trade and other receivables and gross amounts due from customers for contract work (Cont'd)*

- 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 recognised, 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 recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, 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 trade 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 recognised in profit or loss.

1 重大會計政策 (續)

(I) 資產減值 (續)

(i) *貿易及其他應收款項以及應收客戶合約工程款項總額之投資減值 (續)*

- 倘於其後期間減值虧損金額有所減少，而客觀上與確認減值虧損後發生的事件有關，有關減值虧損會撥回損益。減值虧損的撥回不應導致資產的賬面值超過其在以往年度沒有確認任何減值虧損而應已釐定的數額。

減值虧損從相應資產中直接撇銷，惟如包含在貿易及其他應收款項中的應收賬款是否可以收回屬難以預料，而非微乎其微，則就其確認的減值虧損不會從相應的資產中直接撇銷。在此情況下，呆賬的減值虧損以撥備賬記錄。倘本集團確認可收回的機會微乎其微，則被視為不可收回的金額會直接從應收賬款中撇銷，而在撥備賬中就有關債務保留的任何金額會被撥回。倘先前計入撥備賬的款項在其後收回，則有關款項於撥備賬撥回。撥備賬的其他變動及其後收回先前直接撇銷的款項均於損益確認。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Impairment of assets (Cont'd)

(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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets;
- lease prepayments;
- goodwill;
- interests in associates and joint ventures; and
- investments in subsidiaries in the Company's statement of financial position.

1 重大會計政策 (續)

(I) 資產減值 (續)

(ii) 其他資產減值

於各報告期末會審閱內部及外界所得資料，以識別以下資產或會減值或（商譽除外）過往所確認的減值虧損不再存在或可能已減少的跡象：

- 物業、廠房及設備；
- 無形資產；
- 租賃預付款項；
- 商譽；
- 於聯營公司及合營企業的權益；及
- 在本公司財務狀況表內於附屬公司的投資。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Impairment of assets (Cont'd)

(ii) Impairment of other assets (Cont'd)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, 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).

1 重大會計政策 (續)

(I) 資產減值 (續)

(ii) 其他資產減值 (續)

倘存在任何該等跡象，則估計資產的可收回數額。此外，就商譽及未可供使用的無形資產而言，其可收回金額會每年進行估計（無論是否存在任何減值跡象）。

– 計算可收回金額

資產的可收回金額乃指公平值減出售成本與使用價值兩者中的較高者。在評估使用價值時，估計日後現金流量乃根據除稅前貼現率貼現至現值，而該貼現率須能反映市場現行對款項的時間價值及資產獨有風險的評估。倘某項資產的現金流入大致上不能獨立於其他資產的現金流入，則就可獨立產生現金流入的最小資產組別（即現金產生單位）釐定可收回金額。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Impairment of assets (Cont'd)

(ii) Impairment of other assets (Cont'd)

– Recognition of impairment losses

An impairment loss is recognised 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 recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

1 重大會計政策 (續)

(I) 資產減值 (續)

(ii) 其他資產減值 (續)

– 確認減值虧損

倘資產或其所屬的現金產生單位的賬面值超過其可收回數額，則於損益確認減值虧損。就現金產生單位確認的減值虧損而言，其首先用作減少已分配至現金產生單位（或單位類別）的任何商譽的賬面值，其後按比例用作減少其他資產單位（或單位類別）的賬面值，惟資產的賬面值不得減少至低於其個別公平值減出售成本（如能計量）或使用價值（如能釐定）。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(I) Impairment of assets (Cont'd)

(ii) Impairment of other assets (Cont'd)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(I)(i) and (ii)).

1 重大會計政策 (續)

(I) 資產減值 (續)

(ii) 其他資產減值 (續)

– 減值虧損撥回

就商譽以外的資產而言，倘用作釐定可收回數額的估計出現有利變動，則須撥回減值虧損。商譽的減值虧損不會撥回。

減值虧損撥回限於該資產並未計算過往年度所確認的減值虧損時的賬面值。減值虧損撥回的數額於確認有關撥回的年度計入損益內。

(iii) 中期財務報告及減值

根據香港聯合交易所有限公司證券上市規則，本集團須就財政年度的首六個月編製符合香港會計準則第34號中期財務報告規定的中期財務報告。本集團在中期期末採用了在財政年度終結時會採用的相同減值測試、確認和轉回準則（見附註1(I)(i)和(ii)）。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Impairment of assets (Cont'd)

(iii) Interim financial reporting and impairment (Cont'd)

Impairment loss recognised in an interim period in respect of goodwill is not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(m) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any writedown of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

1 重大會計政策 (續)

(l) 資產減值 (續)

(iii) 中期財務報告及減值 (續)

於中期期間內就商譽確認的減值虧損不會在後續期間轉回。倘若在中期期間相關的財政年度完結時才評估減值，則不會確認虧損或確認較少虧損，即使在此情況下亦不會轉回減值虧損。

(m) 存貨

存貨按成本及可變現淨值中的較低者入賬。

成本值以加權平均成本法計算，並包括所有採購成本、兌換成本及將存貨運至現址和變成現狀的其他成本。

可變現淨值為估計正常商業情況下售價減去預計為完成生產所需的成本及為完成銷售所需費用。

當存貨出售時，該等存貨的賬面值於相關收入確認期間確認為支出。當發生須將存貨沖減至可變現淨值的情況或出現存貨虧損時，沖減金額及所有存貨虧損作為沖減時期支出入賬。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets under a service concession arrangement. The accounting policy for contract revenue is set out in note 1(v)(i). When the outcome of a construction contract can be estimated reliably, contract costs are recognised 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 recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(l)), 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.

(p) Interest-bearing borrowings

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

1 重大會計政策 (續)

(n) 建設合約

建設合約指根據服務特許權安排就建設一項或一組資產而與客戶具體商議的合約。合約收益的會計政策載於附註1(v)(i)。倘能可靠估計建設合約的結果，則合約成本於報告期末按合約完成進度確認為開支。如總合約成本可能超出總合約收益，則預期虧損即時確認為開支。倘無法可靠估計建設合約的結果，則合約成本於產生期間確認為開支。

(o) 貿易及其他應收款項

貿易及其他應收款項初始按公平值確認，其後使用實際利率法按攤銷成本減呆賬減值撥備列賬（見附註1(l)），惟在應收款項為向關聯方提供無固定還款期免息貸款或貼現的影響甚微情況下除外。該等情況下，應收款項按成本減呆賬減值撥備列賬。

(p) 附息借款

附息借款於起始時以公平值減應佔交易成本確認。於初始確認後，附息借款以攤銷成本列賬，而初始確認金額與贖回價值之間之任何差額，連同任何應付利息及費用，採用實質利率計演算法於借款期內於損益表中確認。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(u)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) 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.

(s) 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) Share-based payments

The fair value of shares granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date by reference to the market price of the Company's shares.

1 重大會計政策 (續)

(q) 貿易及其他應付款項

除金融擔保負債根據附註1(u)(i)計量外，貿易及其他應付款項最初按公平值確認，其後按攤銷成本列賬，若貼現影響屬輕微，則會按成本列賬。

(r) 現金及現金等價物

現金及現金等價物包括銀行及手頭現金、銀行及其他金融機構的活期存款及短期而高流動性的投資，此等投資可隨時兌換為已知金額的現金，且所須承受的價值變動風險不大，並於購入當日起計三個月內到期。

(s) 僱員福利

(i) 短期僱員福利及界定供款退休計劃供款

薪金、年度花紅、帶薪年假、界定供款退休計劃供款及非金錢福利的成本於僱員提供服務的年度計提。倘因付款遞延而造成重大分別，有關數額則按現值列賬。

(ii) 股份支付

授予僱員股份的公平價值會確認為僱員成本，並相應增加權益內的資本儲備。公平值於授予日期參考本公司股份的市價計量。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) Employee benefits (Cont'd)

(iii) Termination benefits

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

(t) 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 recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised 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.

1 重大會計政策 (續)

(s) 僱員福利 (續)

(iii) 終止福利

終止福利於本集團不再能取消提供該等福利時及本集團確認涉及支付終止福利的重組成本時(以較早者為準)確認。

(t) 所得稅

本年度所得稅包括即期稅項及遞延稅項資產及負債的變動。即期稅項及遞延稅項資產及負債的變動均在損益內確認，惟其於其他全面收益中確認或直接於權益中確認的項目有關，則相關稅款須分別於其他全面收益中確認或直接於權益中確認。

即期稅項是按本年度應課稅收入，以於報告期末採用或主要採用的稅率計算的預期應繳稅項，及任何有關以往年度應繳稅項的調整。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Income tax (Cont'd)

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 utilised, are recognised. 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 utilised.

1 重大會計政策 (續)

(t) 所得稅 (續)

遞延稅項資產及負債乃因作財務報告用途的資產及負債賬面值與作稅基用途的資產及負債賬面值兩者的可予扣減及應課稅的暫時差異所產生。遞延稅項資產亦可由未經使用的稅務虧損及未經使用的稅項抵免所產生。

除了若干有限的例外情況外，所有遞延稅項負債及所有遞延稅項資產（僅限於將來可能取得應課稅溢利而令該項資產得以運用的部分）均予確認。容許確認由可予扣減暫時差異所產生的遞延稅項資產的未來應課稅溢利包括其將由目前的應課稅暫時差異撥回產生的部分，而該等差異應由同一稅務當局向同一應課稅單位徵收，並預期在可予扣減暫時差異預期撥回的同一年間內撥回或在由遞延稅項資產產生的稅務虧損能轉回或轉入的期間內撥回。在評定目前的應課稅暫時差異是否容許確認由未經使用的稅務虧損及抵免所產生的遞延稅項資產時採用上述相同的標準，即該等暫時差異由同一稅務當局向同一應課稅單位徵收，並預期在稅務虧損或抵免能應用的期間內撥回方計算在內。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Income tax (Cont'd)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, 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 recognised is measured based on the expected manner of realisation 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 utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

1 重大會計政策 (續)

(t) 所得稅 (續)

確認遞延稅項資產及負債的有限例外情況為不可在稅務方面獲得扣減的商譽所產生的暫時差異、首次確認但並不影響會計溢利及應課稅溢利的資產或負債（惟其不可為企業合併的一部分），以及有關於附屬公司投資的暫時差異；如為應課稅差異，只限於本集團可以控制撥回時間，且在可預見將來不大可能撥回的暫時差異或如為可予扣減差異，則只限於可能在未來撥回的差異。

已確認遞延稅項數額是按照資產及負債賬面值的預期變現或清償方式，以報告期末採用或主要採用的稅率計算。遞延稅項資產及負債均不貼現。

各報告期末會檢討遞延稅項資產的賬面值。如果不再可能取得足夠的應課稅溢利以運用有關的稅務利益，賬面值則予以調低。如可能取得足夠的應課稅溢利，已扣減金額則予以撥回。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(t) Income tax (Cont'd)

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 Company or 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 Company or the Group intends either to settle on a net basis, or to realise 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 realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1 重大會計政策 (續)

(t) 所得稅 (續)

即期稅項結餘及遞延稅項結餘及其變動，乃各自分開列示及並無相互抵銷。若本公司或本集團在法律上擁有抵銷即期稅項資產及即期稅項負債的行使權利及能符合下列額外條件，則即期稅項資產可抵銷即期稅項負債，及遞延稅項資產可抵銷遞延稅項負債：

- 若為即期稅項資產及負債：本公司或本集團計劃以淨額清償，或計劃同時變現資產和清償負債；或
- 若為遞延稅項資產及負債：如其與同一稅務當局向下述者徵收的所得稅有關：
 - 同一應課稅實體；或
 - 如為不同的應課稅實體，預期在未來每一個週期將清償或收回顯著數目的遞延稅項負債或資產及計劃以淨額基準變現即期稅項資產及清償即期稅項負債或計劃同時變現即期稅項資產及清償即期稅項負債。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) 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 recognised as deferred income within trade and other payables. 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 recognised 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 recognised in profit or loss on initial recognition of any deferred income.

1 重大會計政策 (續)

(u) 已發出財務擔保、撥備及或有負債

(i) 已發出財務擔保

財務擔保為要求發行人(即擔保人)根據債務工具的條款支付特定款項就擔保的受益人(「持有人」)因特定債務人於到期時未能付款而蒙受的損失向持有人作出補償的合約。

倘本集團發出財務擔保，擔保的公平值於貿易及其他應付款項內初步確認為遞延收入。所發出財務擔保於發出時的公平值乃參照就類似服務的公平交易中所收取的費用(如可獲取有關資料)，或參照於提供擔保時放款人實際收取的費用與放款人在未有提供擔保時估計可收取的費用(如可就有關資料作出可靠估計)之間的利率差異釐定。倘就發行擔保收取或可收取代價，則根據本集團適用於該類別資產的政策確認代價。倘並無收取或可收取有關代價，則於初步確認任何遞延收入時即時於損益內確認開支。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(u) Financial guarantees issued, provisions and contingent liabilities (Cont'd)

(i) Financial guarantees issued (Cont'd)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(u) (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 trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company 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.

1 重大會計政策 (續)

(u) 已發出財務擔保、撥備及或有負債 (續)

(i) 已發出財務擔保 (續)

初步確認為遞延收入的擔保金額於擔保期內作為已發出財務擔保收入於損益內攤銷。此外，倘及當(i)擔保持有人可能要求本集團履行擔保，及(ii)向本集團提出申索的金額預期超出目前就該擔保在貿易及其他應付款項列賬的金額(即初步確認金額減累計攤銷)，則根據附註1(u)(ii)確認撥備。

(ii) 其他撥備及或有負債

倘本集團或本公司須就過去的事件承擔法定或推定責任，而履行該責任可能須動用能可靠估計的經濟利益，則就該時間或數額不確定的其他負債確認撥備。倘貨幣時間價值重大，則撥備乃按預期履行責任所需開支的現值列賬。

倘動用經濟利益的可能性不大，或無法可靠估計有關數額，則將該責任披露為或然負債，惟倘動用經濟利益的可能性極低者則除外。須視乎一件或多件未來事件是否發生方能確定存在與否的潛在責任，亦會披露為或然負債，惟倘動用經濟利益的可能性極低者則除外。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) 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 recognised in profit or loss as follows:

(i) Service concession arrangement

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed. When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss. Operation or service turnover is recognised 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 when the amounts are separately identifiable.

1 重大會計政策 (續)

(v) 收益確認

收益按已收或應收代價的公平值計量。在經濟效益預期會流入本集團，並且營業額及成本（倘適用）能可靠計算的情況下，以下各項營業額將會於損益中確認：

(i) 服務特許權安排

根據服務特許權安排提供建造服務所得相關收益按工程完成進度確認。如能可靠地估計建造工程合約的成果，則合約收益及開支於損益中按合約完成進度以比率方式確認。完成進度乃參考當前已產生的合約成本與該合約的估計合約成本總額的百分比來評估。如不能可靠地估計建造工程合約的成果，則僅將所產生而有可能收回的合約成本確認為收益。有關合約的預期虧損即時在損益中確認。運營或服務營業額於本集團提供有關服務的期間確認。如本集團在一項服務特許權安排下提供超過一種服務，則所收取的代價（倘金額可單獨識別）按已提供服務的相關公平值分配。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) Revenue recognition (Cont'd)

(ii) *Interest income*

Interest income is recognised as it accrues using the effective interest method.

(iii) *Revenue from supply of industrial water*

Revenue from supply of industrial water is recognised when industrial water is supplied to customers.

(iv) *Revenue from provision of other services*

Revenue from provision of other services is recognised when the service is rendered.

(v) *Sales of goods*

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(vi) *Government grants*

Government grants are recognised in the 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 recognised 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 deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

1 重大會計政策 (續)

(v) 收益確認 (續)

(ii) *利息收入*

利息收入按實際利息法於產生時確認。

(iii) *供應工業用水的收益*

供應工業用水的收益於工業用水供應予客戶時確認。

(iv) *提供其他服務的收益*

提供其他服務的收益於提供服務時確認。

(v) *貨品銷售*

收入於貨品交付客戶的處所時(即客戶收取貨品及所有權相關風險與報酬當時)確認。收入不包括增值稅或其他銷售稅，並已扣除任何交易折扣。

(vi) *政府補助*

倘可合理確定能夠收取政府補助，而本集團將符合政府補助的附帶條件，則政府補助將初步在財務狀況表中確認。至於補償本集團所產生開支的補助，乃於產生開支的同一期間有系統地於損益中確認為收入。補償本集團資產成本的補助，乃在相關資產賬面值中扣除，其後於該資產的可用年限內以減少折舊開支方式於損益中實際確認。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(w) 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 recognised 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.

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. 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 recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(x) Borrowing costs

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

The capitalisation 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 are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete.

1 重大會計政策 (續)

(w) 換算外幣

年內的外幣交易按交易日的匯率換算。以外幣計值的貨幣資產及負債則按報告期末的匯率換算。匯兌盈虧於損益中確認。

以外幣按歷史成本計量的非貨幣資產及負債乃採用交易日的匯率換算。

海外經營業務業績按與交易當日的匯率相若的匯率換算為港元。財務狀況表項目按報告期末的收市匯率換算為港元。所導致的匯兌差額已於分別確認為其他全面收益及在權益中的匯兌儲備內累積。

(x) 借貸成本

直接歸入購買或建設一項需要相當長時間才能用於指定用途的資產的借貸成本，會資本化作為該項資產的部分成本。其他借貸成本於產生期間確認為費用。

借貸成本在資產開支產生、借貸成本產生及使資產達致擬定用途所必需的活動正在進行時，作為合資格資產的一部分成本而予以資本化。在使資產達致擬定用途所必需的絕大部分活動中斷或完成時，借貸成本暫停或終止資本化。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(y) 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.

1 重大會計政策 (續)

(y) 關聯方

(a) 一名人士如符合以下條件，則該人士或該人士的直系親屬與本集團有關聯：

- (i) 控制或共同控制本集團；
- (ii) 對本集團有重大影響；或
- (iii) 為本集團或本集團母公司的主要管理層人員。

(b) 一家實體如符合下列任何條件，則該實體與本集團有關聯：

- (i) 該實體與本集團屬同一集團的成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關聯）。
- (ii) 一家實體為另一實體的聯營公司或合營企業（或另一實體所屬集團旗下成員公司的聯營公司或合營企業）。
- (iii) 兩家實體均為同一協力廠商的合營企業。
- (iv) 一家實體為協力廠商實體的合營企業，而另一實體為該協力廠商實體的聯營公司。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(y) Related parties (Cont'd)

(b) An entity is related to the Group if any of the following conditions applies: (Cont'd)

- (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.

1 重大會計政策 (續)

(y) 關聯方 (續)

(b) 一家實體如符合下列任何條件，則該實體與本集團有關聯：(續)

- (v) 該實體乃為本集團或與本集團有關聯的實體的僱員利益設立的離職福利計劃。
- (vi) 該實體受(a)所述人士控制或共同控制。
- (vii) (a)(i)所述人士對該實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
- (viii) 實體、或一個集團之任何成員公司(為集團之一部分)向本集團或本集團之母公司提供主要管理人員服務。

有關人士的直系親屬成員為預期買賣實體時，將影響該人士或受該人士影響的家族成員。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

1 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, 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 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, the key sources of estimation uncertainty are as follows:

(i) Service concession arrangements

The Group entered into Build-Operate-Transfer ("BOT") arrangements in wastewater treatment and solid waste treatment. The Group concluded that the BOT 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 addition, upon expiry of concession right agreement, the infrastructure has to be transferred to the local government at nil consideration.

1 重大會計政策 (續)

(z) 分部報告

經營分部及財務報表所呈報的各分部項目金額，乃根據就分配資源予本集團各業務及地區分部及評估其表現而定期提拱予本集團最高行政管理人員的財務資料確定。

就財務報告而言，個別重要經營分部不會綜合呈報，除非此等分部具有類似經濟特徵以及在產品及服務性質、生產程式性質、客戶類型或類別、分銷產品或提供服務所採用的方式及監管環境性質方面類似。倘個別並非屬重大的經營分部共同存在上述大部分特徵，則可綜合計算。

2 重大會計估計及判斷

在應用本集團會計政策時，估計不確定性的主要來源如下：

(i) 服務經營權安排

本集團就其污水處理及固體廢物處理訂立建設一營運一移交(「BOT」)安排。本集團認為有關BOT安排屬《香港(國際財務報告詮釋委員會)詮釋》第12號下的服務特許權安排，因為地方政府控制並監管有關服務，而本集團必須按預定服務費提供基礎建設。此外，在特許經營權協議到期後，有關基礎建設將無償轉歸地方政府。

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (Cont'd)

(ii) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews periodically the useful life of an asset and its residual value, if any. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

(iii) Impairment

In considering the impairment losses that may be required for certain property, plant and equipment, lease prepayments, recoverable amount of these assets needs to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be 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 items such as level of turnover and amount of operating costs. The Group uses all readily available information in determining an amount that is reasonable and supportable assumptions and projections of items such as turnover and operating costs.

Impairment losses for bad and doubtful debts are assessed and provided based on the management's regular review of ageing analysis and evaluation of collectability. A considerable level of judgment is exercised by the management when assessing the credit worthiness and past collection history of each individual customer. An increase or decrease in the above impairment losses would affect the profit or loss in future periods.

2 重大會計估計及判斷 (續)

(ii) 折舊

物業、廠房及設備於估計可使用年期內經計及估計剩餘價值後按直線法折舊。本集團定期檢討資產的可使用年期及其剩餘價值（如有）。倘過往估計出現重大變動，未來期間的折舊開支會予以調整。

(iii) 減值

考慮若干物業、廠房及設備、租賃預付款項可能需要作出的減值虧損時，須釐定該等資產的可收回金額。可收回金額為淨售價與使用值兩者之較高者。由於未必能輕易取得該等資產的市場報價，故難以精確估計售價。釐定使用值時，將有關資產預期產生的現金流量貼現至其現值，需要對營業額水平及經營成本等項目作出重大判斷。本集團會運用一切可得資料，釐定對營業額水平及經營成本等項目之合理且有證據支持之假設及預計。

呆壞賬減值虧損按管理層對賬齡分析的定期檢討及可收回性的評估進行評估及撥備。管理層在評估各客戶的信用評級及過往收賬記錄時作出大量判斷。上述減值虧損的增加或減少會影響未來期間的損益。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

3 TURNOVER AND SEGMENT REPORTING

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

- Supply of industrial water: this segment supplies industrial water.
- Provision of wastewater treatment plants operation services: this segment operates wastewater treatment plants under Build-Own-Operate ("BOO") arrangement.
- BOT project construction and operation services: this segment constructs and operates wastewater and solid waste treatment plants under BOT arrangement to generate turnover from construction, operation services and finance income.
- Provision of heating services and electricity generation: this segment provides heating services and electricity generation.
- Provision of sludge and solid waste treatment services: this segment provides sludge and solid waste treatment services.
- Provision of hazardous waste treatment services: this segment provides hazardous waste treatment services.

3 收入及分部呈報

本集團按部門（按業務線組成）管理業務。本集團按與就資源分配及表現評估向本集團最高行政管理人員內部呈報資料方式一致的方式，呈列以下六個可呈報分部。概無將任何經營分部匯總，以構成下列可呈報分部。

- 供應工業用水：該分部供應工業用水。
- 提供污水處理設施營運服務：該分部根據建設－擁有－營運（「BOO」）安排經營污水處理設施。
- BOT 項目建設及營運服務：該分部根據建設BOT安排建設及營運污水及固體廢物處理設施以自建設、營運服務以及融資收入產生營業額。
- 提供供熱服務及發電：該分部提供供熱服務及發電。
- 提供污泥及固體廢物處理服務：該分部提供污泥及固體廢物處理服務。
- 提供危險廢物處理服務：該分部提供危險廢物處理服務。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

3 TURNOVER AND SEGMENT REPORTING (Cont'd)

(a) Segment reporting

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 attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of wastewater treatment plants operation services, sludge and solid waste treatment services and hazardous waste treatment services, assistance provided by one segment to another, including sharing of assets, is not measured.

The measure used for reporting segment profit is gross profit. The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

3 收入及分部呈報 (續)

(a) 分部呈報

分部業績、資產及負債

為了評估分部表現及分配分部間之資源，本集團最高行政管理人員按以下基準監察各可呈報分部應佔之業績：

收益及開支乃參考該等分部所產生之銷售及該等分部所產生之開支或該等分部應佔資產折舊或攤銷所產生之其他開支分配至可報告分部。然而，除報告污水處理設施營運服務、污泥及固體廢物處理服務以及危險廢物處理服務之分部間銷售外，並無計量一個分部向另一個分部提供之協助（包括共用資產）。

用於報告分部溢利之計量方式為毛利。本集團最高行政管理人員獲取有關分部收入及溢利之分部資料。分部資產及負債並非定期向本集團最高行政管理人員報告。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

3 TURNOVER AND SEGMENT REPORTING (Cont'd)

(a) Segment reporting (Cont'd)

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

		Supply of industrial water	Provision of wastewater treatment plants operation services	BOT project construction and operation services	Provision of heating services and electricity generation	Provision of sludge and solid waste treatment services	Provision of hazardous waste treatment services	Total
		供應工業用水	提供污水處理設施營運服務	BOT項目營運服務	提供供熱服務及發電	提供污泥及固體廢物處理服務	提供危險廢物處理服務	總額
For the year ended 31 December 2017	截至二零一七年十二月三十一日止年度	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元
Revenue from external customers	來自外部客戶的收益	67,479	557,015	272,872	198,097	532,523	471,112	2,099,098
Inter-segment revenue	分部間收益	-	95,904	-	-	52,213	10,446	158,563
Reportable segment revenue	可呈報分部收益	67,479	652,919	272,872	198,097	584,736	481,558	2,257,661
Reportable segment profit (adjusted EBITDA)	可呈報分部溢利 (調整後EBITDA)	56,276	480,326	60,827	81,733	181,466	305,034	1,165,662
Share of profits of associates and a joint venture	分佔聯營公司及一家合營企業的溢利	-	362	-	-	-	1,333	1,695
Depreciation and amortisation for the year	年內折舊及攤銷	(13,198)	(94,618)	(658)	(6,211)	(71,675)	(85,936)	(272,296)
Gain on disposal of subsidiaries	出售附屬公司的收益	-	66,060	-	-	-	348	66,408
Impairment of intangible assets	無形資產減值	-	-	-	-	(8,325)	-	(8,325)

3 收入及分部呈報 (續)

(a) 分部呈報 (續)

截至二零一七年及二零一六年十二月三十一日止年度本集團最高行政管理人員就資源分配及分部業績評估所提供之可呈報分部有關之資料載列如下：

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

3 TURNOVER AND SEGMENT REPORTING (Cont'd)

3 收入及分部呈報 (續)

(a) Segment reporting (Cont'd)

(a) 分部呈報 (續)

		Supply of industrial water 供應工業用水	Provision of wastewater treatment plants and operation services 提供污水處理設施營運服務	BOT project construction and operation services BOT項目建設及營運服務	Provision of heating services and electricity generation 提供供熱服務及發電	Provision of sludge and solid waste treatment services 提供污泥及固體廢物處理服務	Provision of hazardous waste treatment services 提供危險廢物處理服務	Total
For the year ended 31 December 2016 (Restated)	截至二零一六年十二月三十一日止年度(經重列)	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元
Revenue from external customers	來自外部客戶的收益	67,280	558,878	389,176	140,884	513,114	507,706	2,177,038
Inter-segment revenue	分部間收益	-	87,047	-	-	104,082	12,178	203,307
Reportable segment revenue	可呈報分部收益	67,280	645,925	389,176	140,884	617,196	519,884	2,380,345
Reportable segment profit (adjusted EBITDA)	可呈報分部溢利(調整後EBITDA)	54,415	391,741	101,190	9,628	287,937	359,174	1,204,085
Share of profits of associates and a joint venture	分佔聯營公司及一家合營企業的溢利	-	621	-	-	-	1,782	2,403
Depreciation and amortisation for the year	年內折舊及攤銷	(15,564)	(90,007)	(593)	(1,423)	(67,961)	(88,685)	(264,233)
Impairment of	以下項目的減值							
- intangible assets	- 無形資產	-	-	-	-	-	(15,065)	(15,065)
- goodwill	- 商譽	-	-	-	-	-	(2,364)	(2,364)

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

3 TURNOVER AND SEGMENT REPORTING (Cont'd)

(a) Segment reporting (Cont'd)

The measure used for reporting segment profit is “adjusted EBITDA” i.e. “adjusted earnings before share of profits of associates and a joint venture, finance costs, taxes, interest income, depreciation and amortisation, impairment losses on non-current assets, gain on disposal of subsidiaries, net foreign exchange gain/(loss)”. To arrive at adjusted EBITDA the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as directors’ remuneration and other head office or corporate administration costs.

The Group has transactions with the PRC local government authorities (under common control from the PRC government) which in aggregate exceeded 10% of the Group’s turnover. Turnover from provision of wastewater treatment plants operation services, BOT project construction and operation services and provision of sludge and solid waste treatment services derived from local government authorities in the PRC for the year ended 31 December 2017 amounted to HKD376,673,000 (equivalent to RMB325,672,000) (2016: HKD565,040,000, equivalent to RMB484,296,000). Details of concentrations of credit risk arising from customers are set out in note 28(a).

3 收入及分部呈報 (續)

(a) 分部呈報 (續)

用於報告分部溢利的計量方式為「調整後EBITDA」，即「未計及分佔聯營公司及一家合營企業的溢利、融資成本、稅項、利息收入、折舊及攤銷、非流動資產的減值虧損、出售附屬公司的收益及匯兌收益／(虧損)淨額前的調整後盈利」。為達致調整後EBITDA，本集團之盈利乃對並未指定歸屬於個別分部之項目作出進一步調整，如董事薪酬及其他總部或企業行政成本。

本集團與中國地方政府機構（受中國政府共同控制）進行的交易合共超過本集團營業額的10%。截至二零一七年十二月三十一日止年度，為中國地方政府機構提供污水處理設施營運服務、BOT項目建設及營運服務及提供污泥及固體廢物處理服務帶來的收入為376,673,000港元（相當於人民幣325,672,000元）（二零一六年：565,040,000港元，相當於人民幣484,296,000元）。來自客戶之集中信貸風險詳情載於附註28(a)。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

3 TURNOVER AND SEGMENT REPORTING (Cont'd)

(b) Reconciliations of reportable segment profits

			2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Reportable segment profit	可呈報分部溢利		1,165,662	1,204,085
Elimination of inter-segment profits	分部間溢利對銷		(4,084)	(5,780)
Reportable segment profit derived from Group's external customers	來自本集團外部客戶的可呈報分部溢利		1,161,578	1,198,305
Share of profits of associates and a joint venture	分佔聯營公司及一家合營企業的溢利		1,695	2,403
Finance costs	融資成本	5(a)	(124,780)	(102,857)
Interest income	利息收入	4(a)	11,627	5,515
Depreciation and amortisation	折舊及攤銷	5(c)	(272,296)	(264,233)
Impairment losses on non-current assets	非流動資產的減值虧損		(8,325)	(17,429)
Gain on disposal of subsidiaries	出售附屬公司的收益	4(b)	66,408	-
Net foreign exchange gain/(loss)	匯兌收益／(虧損)淨額	4(b)	20,741	(64,773)
Unallocated head office and corporate expenses	未分配總部及公司開支		(43,788)	(37,146)
Consolidated profit before taxation	綜合除稅前溢利		812,860	719,785

(c) Geographic information

Analysis of the Group's turnover and assets by geographical market has not been presented as substantially all of the Group's revenue and assets are generated and located in the PRC.

3 收入及分部呈報(續)

(b) 可呈報分部溢利的對賬

			2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Reportable segment profit	可呈報分部溢利		1,165,662	1,204,085
Elimination of inter-segment profits	分部間溢利對銷		(4,084)	(5,780)
Reportable segment profit derived from Group's external customers	來自本集團外部客戶的可呈報分部溢利		1,161,578	1,198,305
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Finance costs	融資成本	5(a)	(124,780)	(102,857)
Interest income	利息收入	4(a)	11,627	5,515
Depreciation and amortisation	折舊及攤銷	5(c)	(272,296)	(264,233)
Impairment losses on non-current assets	非流動資產的減值虧損		(8,325)	(17,429)
Gain on disposal of subsidiaries	出售附屬公司的收益	4(b)	66,408	-
Net foreign exchange gain/(loss)	匯兌收益／(虧損)淨額	4(b)	20,741	(64,773)
Unallocated head office and corporate expenses	未分配總部及公司開支		(43,788)	(37,146)
Consolidated profit before taxation	綜合除稅前溢利		812,860	719,785

(c) 地區資料

由於本集團絕大部分收益及資產產生於及位於中國境內，故並未呈列本集團按地區市場劃分的營業額及資產分析。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

4 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

4 其他收益及其他淨收益／（虧損）

(a) Other revenue

(a) 其他收益

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Government grants	政府補助	24,587	9,924
– Unconditional subsidies (i)	– 無條件補貼 (i)	24,449	9,484
– Conditional subsidies (note 26)	– 有條件補貼 (附註26)	138	440
Value-added tax refund (ii)	增值稅退稅(ii)	142,021	145,173
Interest income	利息收入	11,627	5,515
Consultancy fees (iii)	諮詢服務費(iii)	18,506	–
Land levelling services (iv)	土地平整服務(iv)	129,370	32,018
Others	其他	1,452	1,075
		327,563	193,705

(i) Government grants represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.

(i) 政府補助指中國地方機關授予本集團不同形式之獎金及資助。

(ii) The Group was entitled to value-added tax refund of HKD142,021,000 (equivalent to RMB122,792,000) (2016: HKD145,173,000, equivalent to RMB124,428,000) during the year ended 31 December 2017 in relation to the provisions of wastewater, sludge and solid waste treatment services of the Group in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refund.

(ii) 截至二零一七年十二月三十一日止年度，本集團有權就本集團於中國提供的污水、污泥及固體廢物處理服務獲增值稅退稅142,021,000港元（相當於人民幣122,792,000元）（二零一六年：145,173,000港元，相當於人民幣124,428,000元）。概無有關收取該等退稅款項之未達成條件或其他或然事項。

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

4 OTHER REVENUE AND OTHER NET INCOME/(LOSS) (Cont'd)

(a) Other revenue (Cont'd)

- (iii) The Group has entered into an agreement with two independent parties in connection with the bidding of a construction project. Pursuant to the agreement, these two parties agreed to pay one-off consultancy fee amounting to HKD18,506,000 (equivalent to RMB16,000,000) (2016: Nil) to the Group upon the success of the bidding and sign-off of relevant project contracts. During the year ended 31 December 2017, the Group has fulfilled the above conditions.
- (iv) In the government project of Yulin (Fumian) Energy-Saving Environmental Protection Industrial Park ("Yulin Industrial Park"), Yulin Xintao acts as an overall representative of the local government authorities to provide agency services to appoint and manage the external construction suppliers to conduct land levelling projects for local entities who have subscribed for land use rights and will build up and operate production plants in the Yulin Industrial Park.

4 其他收益及其他淨收益／（虧損）（續）

(a) 其他收益（續）

- (iii) 本集團已就競投一項建設項目與兩家獨立機構訂立協議。根據協議，以上兩家機構同意於成功中標及簽署相關項目合約後向本集團支付一次性諮詢費用18,506,000港元（相當於人民幣16,000,000元）（二零一六年：零）。截至二零一七年十二月三十一日止年度，本集團已達成上述條件。
- (iv) 於玉林（福綿）節能環保產業園（「玉林產業園」）政府項目中，玉林新滔作為地方政府機關的總代表，須向已認購土地使用權，且將於玉林產業園內進行建設及運營生產廠房的當地實體提供代理服務，委聘及管理外部建設供應商為其進行土地平整項目。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

4 OTHER REVENUE AND OTHER NET INCOME/(LOSS) (Cont'd) 4 其他收益及其他淨收益／（虧損）（續）

(b) Other net income/(loss)

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Gain on disposal of subsidiaries (note 15(b)(ii)(iii))	出售附屬公司的收益 (附註15(b)(ii)(iii))	66,408	-
Net foreign exchange gain/(loss)	匯兌收益／（虧損）淨額	20,741	(64,773)
Others	其他	(2,369)	(4,122)
		84,780	(68,895)

(b) 其他淨收益／（虧損）

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Interest on bank loans	銀行貸款利息	124,181	109,659
Loan facility fees	貸款融資費用	19,943	-
Less: interest expenses capitalised into properties under development*	減：資本化入開發中物業的 利息開支*	(19,344)	(6,802)
Total finance costs	融資成本總額	124,780	102,857

* The borrowing costs have been capitalised at rates of 3.70% - 5.75% per annum (2016: 4.16% - 5.61%).

5 除稅前溢利

除稅前溢利經扣除／（計入）下列各項：

(a) 融資成本

* 借款成本已按年利率3.70%-5.75%資本化（二零一六年：4.16%-5.61%）。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

5 PROFIT BEFORE TAXATION (Cont'd)

(b) Staff costs

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Salaries, wages and other benefits	薪金、工資及其他福利	192,569	171,617
Contributions to defined contribution retirement plan	界定供款退休計劃供款	11,713	9,908
Equity-settled share-based payment expenses (note 24)	以權益結算的股份支付開支(附註24)	9,056	3,965
		213,338	185,490

The employees of the companies in the PRC participate in a defined contribution retirement scheme operated by the local government authorities whereby the Group is required to contribute to the scheme at rate of 13% to 20% of the eligible employees' basic salary (2016: 13% to 20%). The local government authorities are responsible for the entire pension obligations payable to the retired employees.

Contributions to the Mandatory Provident Fund ("MPF") are required under the Hong Kong Mandatory Provident Fund Schemes Ordinance. The Group and its employees in Hong Kong make monthly mandatory contributions to the MPF scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund Schemes Ordinance. The contributions from employees and employers are subject to a cap of monthly relevant income of HKD30,000 (2016: HKD30,000).

The Group has no other material obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

5 除稅前溢利(續)

(b) 員工成本

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Salaries, wages and other benefits	薪金、工資及其他福利	192,569	171,617
Contributions to defined contribution retirement plan	界定供款退休計劃供款	11,713	9,908
Equity-settled share-based payment expenses (note 24)	以權益結算的股份支付開支(附註24)	9,056	3,965
		213,338	185,490

於中國的公司僱員參與由地方政府機關運營的界定供款退休福利計劃，本集團須按合資格僱員基本薪金的13%至20%向計劃作出供款(二零一六年：13%至20%)。地方政府機關負責應付退休僱員的全部退休責任。

香港強制性公積金計劃條例規定向強制性公積金(「強積金」)作出供款。本集團及其香港僱員每月按強制性公積金計劃條例下界定的僱員相關收入的5%向強積金計劃作出強制性供款。僱員及僱主供款須受限於強積金強制性供款的每月相關收入上限為30,000港元(二零一六年：30,000港元)。

除上述供款外，本集團並無就支付僱員退休及其他退休後福利承擔其他重大責任。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

5 PROFIT BEFORE TAXATION (Cont'd)

(c) Other items

			2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
	Note 附註			
Cost of construction service		建設服務成本	185,802	279,573
Cost of inventories*	19	存貨成本*	141,411	130,210
Depreciation and amortisation (Reversal)/recognition of impairment losses	11,12,13	折舊及攤銷 減值虧損(撥回)/確認	272,296	264,233
- Trade and other receivables	20(b)	- 貿易及其他應收款項	(1,726)	34,809
- Intangible assets	13	- 無形資產	8,325	15,065
- Goodwill	14	- 商譽	-	2,364
Operating lease charges		經營租賃開支	9,215	9,799
Research and development expenses		研發開支	9,506	15,643
Auditors' remuneration		核數師酬金	6,653	4,877

* Cost of inventories represented raw materials consumed during the supply of industrial water, provision of wastewater treatment plants operation services, provision of heating services and electricity generation, provision of sludge and solid waste treatment services and provision of hazardous waste treatment services.

* 存貨成本指供應工業用水及提供污水處理設施營運服務、提供供熱服務及發電、提供污泥及固體廢物處理服務及提供危險廢棄物處理服務所消耗的原材料。

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

6 綜合損益表內的所得稅

(a) 綜合損益表內的稅項指：

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Current tax – PRC income tax	即期稅項 – 中國所得稅		
Provision for the year	年度撥備	145,930	139,694
(Over)/under – provision in respect of prior years	過往年度(超額撥備)/撥備不足	(12,351)	399
Sub-total	小計	133,579	140,093
Deferred tax	遞延稅項		
Origination and reversal of temporary differences (note 25(b))	暫時性差額的產生及撥回(附註25(b))	(2,142)	(20,541)
Income tax expenses	所得稅開支	131,437	119,552

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

6 綜合損益表內的所得稅(續)

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

(b) 按適用稅率計算的所得稅開支與會計溢利對賬：

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Profit before taxation	除稅前溢利	812,860	719,785
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (i)	按照在相關司法權區適用於溢利的比率就除稅前溢利計算的名義稅項(i)	218,154	198,530
Effect of non-deductible expenses	不可扣減開支的影響	45,176	10,324
Effect of non-taxable income	非應課稅收入的影響	(5,306)	(601)
Effect of preferential tax treatments (ii)	優惠稅項待遇的影響(ii)	(119,139)	(92,686)
Effect of tax losses not recognised (iii)	未確認稅項虧損的影響(iii)	9,882	17,221
Effect of reversal of previous accrued with-holding tax expense (note 25(d))	撥回過往應計預扣稅務開支的影響(附註25(d))	-	(13,410)
(Over)/under-provision in prior years	過往年度(超額撥備)/撥備不足	(12,351)	399
Use of previously unrecognised tax losses	使用先前未確認稅項虧損	(4,979)	(225)
Income tax expenses	所得稅開支	131,437	119,552

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates: (Cont'd)

Note:

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision for Hong Kong Profits Tax was made as the Group did not earn income subject to Hong Kong Profits Tax for the years ended 31 December 2017 (2016: Nil).

The statutory income tax rate for the PRC subsidiaries is 25%.

- (ii) Certain subsidiaries of the Group are entitled to the following PRC preferential tax treatments:

Guangzhou Xintao Wastewater Treatment Company Limited ("Guangzhou Xintao") was approved as a High and New Technology Enterprise in September 2015, which entitled it to the preferential income tax rate of 15% from 2015 to 2017.

Guangzhou Lvyou Industrial Waste Reclamation Treatment Company Limited ("Guangzhou Lvyou") was approved as a High and New Technology Enterprise in September 2015, which entitled it to the preferential income tax rate of 15% from 2015 to 2017.

Heyuan Solid Waste Centralized Treatment Centre Company Limited ("Heyuan Solid") was approved as a High and New Technology Enterprise in December 2016, which entitled it to the preferential income tax rate of 15% from 2016 to 2018.

6 綜合損益表內的所得稅(續)

(b) 按適用稅率計算的所得稅開支與會計溢利對賬：(續)

附註：

- (i) 根據開曼群島及英屬處女群島(「英屬處女群島」)的規則及法規，本集團於開曼群島及英屬處女群島毋須繳納任何所得稅。

由於截至二零一七年十二月三十一日止年度本集團並無賺取任何須繳納香港利得稅的收入，故並無就香港利得稅作出撥備(二零一六年：零)。

中國附屬公司的法定所得稅率為25%。

- (ii) 本集團的若干附屬公司享有以下中國優惠稅項待遇：

廣州新滔水質淨化有限公司(「廣州新滔」)於二零一五年九月被認定為高新技術企業，於二零一五年至二零一七年享有15%的優惠所得稅率。

廣州綠由工業棄置廢物回收處理有限公司(「廣州綠由」)於二零一五年九月被認定為高新技術企業，於二零一五年至二零一七年享有15%的優惠所得稅率。

河源市固體廢物集中處置中心有限公司(「河源固廢」)於二零一六年十二月被認定為高新技術企業，於二零一六年至二零一八年享有15%的優惠所得稅率。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates: (Cont'd)

Note: (Cont'd)

(ii) (Cont'd)

Guangzhou Haitao Environmental Protection Technology Company Limited (“Guangzhou Haitao”), being an entity engaged in wastewater treatment and sludge treatment, is entitled to a tax holiday of 3-year exemption and 3-year 50% reduction on income derived from its principal activities (the “3+3 tax holiday”) starting from the year in which the project starts to generate operating revenue. There are three phases of waste treatment facilities under Guangzhou Haitao. Phase I and Phase II facilities are subject to exemption from income tax from 2010 to 2012 and reduction of half of the income tax from 2013 to 2015; while Phase III facilities are subject to exemption from income tax from 2013 to 2015 and reduction of half of the income tax from 2016 to 2018. Additionally, in October 2015, Guangzhou Haitao was approved as a High and New Technology Enterprise, which then entitled it to the preferential income tax rate of 15% from 2016 to 2017. As a result, the effective income tax rate of Phase I and Phase II facilities is 15% from 2016 to 2017; while the effective income tax rate of Phase III facilities is 7.5% from 2016 to 2017.

Huaihua Tianyuan Wastewater Treatment Company Limited (“Huaihua Tianyuan”) being entities engaged in wastewater treatment, is entitled to the 3+3 tax holiday starting from the year in which the project starts to generate operating revenue. Huaihua Tianyuan is subject to exemption from income tax from 2011 to 2013 and reduction of half of the income tax from 2014 to 2016.

6 綜合損益表內的所得稅 (續)

(b) 按適用稅率計算的所得稅開支與會計溢利對賬：(續)

附註：(續)

(ii) (續)

廣州海滔環保科技有限公司(「廣州海滔」)為從事污水處理及污泥處理的實體，自項目開始產生營運收益年度起享有三年悉數豁免稅項優惠以及三年享有其主要活動收入之所得稅稅率減半之優惠(「3+3稅項優惠」)。廣州海滔的廢物處理設施有三個階段。第一期及第二期設施於二零一零年至二零一二年獲豁免徵收所得稅及於二零一三年至二零一五年獲減免一半所得稅；而第三期設施於二零一三年至二零一五年獲豁免徵收所得稅及於二零一六年至二零一八年獲減免一半所得稅。此外，於二零一五年十月，廣州海滔被認定為高新技術企業，其後於二零一六年至二零一七年享有15%的優惠所得稅率。因此，第一期及第二期設施於二零一六年至二零一七年的實際所得稅率為15%，而第三期設施於二零一六年至二零一七年的實際所得稅率為7.5%。

懷化天源污水處理投資有限公司(「懷化天源」)為從事污水處理的實體，從項目開始產生營運收益的年度起享有3+3稅項優惠。懷化天源於二零一一年至二零一三年獲豁免徵收所得稅及於二零一四年至二零一六年獲減免一半所得稅。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Cont'd)

(b) Reconciliation between tax expenses and accounting profit at applicable tax rates: (Cont'd)

Note: (Cont'd)

(ii) (Cont'd)

Guangzhou Yinglong Wastewater Treatment Company Limited ("Guangzhou Yinglong"), being entities engaged in wastewater treatment, is entitled to the 3+3 tax holiday starting from the year in which the project starts to generate operating revenue. Guangzhou Yinglong is subject to exemption from income tax from 2012 to 2014 and reduction of half of the income tax from 2015 to 2017. In November 2017, Guangzhou Yinglong was approved as a High and New Technology Enterprises, which then entitled it to the preferential income tax rate of 15% from 2018 to 2020.

Qingyuan Lvyou Environmental Protection Technology Company Limited ("Qingyuan Lvyou"), being an entity engaged in solid waste treatment, is entitled to the 3+3 tax holiday starting from the year in which the project starts to generate operating revenue. Qingyuan Lvyou is subject to exemption from income tax from 2014 to 2016 and reduction of half of the income tax from 2017 to 2019. Additionally, in October 2015, Qingyuan Lvyou was approved as a High and New Technology Enterprise, which then entitled it to the preferential income tax rate of 15% from 2016 to 2017. As a result, the effective income tax rate of Qingyuan Lvyou is 7.5% during the year ended 31 December 2017.

(iii) In accordance with the accounting policy set out in note 1(t), the Group has not recognised deferred tax assets of HKD3,316,000 (equivalent to RMB2,867,000) (2016: HKD13,528,000, equivalent to RMB11,595,000) and HKD6,566,000 (equivalent to RMB5,676,000) (2016: HKD3,693,000, equivalent to RMB3,165,000), in respect of cumulative tax losses of certain subsidiaries located in Hong Kong and subsidiaries in the PRC, respectively.

6 綜合損益表內的所得稅 (續)

(b) 按適用稅率計算的所得稅開支與會計溢利對賬：(續)

附註：(續)

(ii) (續)

廣州盈隆污水處理有限公司(「廣州盈隆」)為從事污水處理的實體，從項目開始產生營運收益的年度起享有3+3稅項優惠。廣州盈隆於二零一二年至二零一四年獲豁免徵收所得稅及於二零一五年至二零一七年獲減免一半所得稅。於二零一七年十一月，廣州盈隆被認為高新技術企業，其後於二零一八年至二零二零年享有15%的優惠所得稅率。

清遠綠由環保科技有限公司(「清遠綠由」)為從事固體廢物處理的實體，從項目開始產生營運收益的年度起享有3+3稅項優惠。清遠綠由二零一四年至二零一六年獲豁免徵收所得稅及於二零一七年至二零一九年獲減免一半所得稅。此外，於二零一五年十月，清遠綠由被認為高新技術企業，其後於二零一六年至二零一七年享有15%的優惠所得稅率。因此，清遠綠由於截至二零一七年十二月三十一日止年度的實際所得稅率為7.5%。

(iii) 根據載於附註1(t)之會計政策，本集團並未就分別位於香港的若干附屬公司及中國的附屬公司的累計稅項虧損3,316,000港元(相當於人民幣2,867,000元)(二零一六年：13,528,000港元，相當於人民幣11,595,000元)及6,566,000港元(相當於人民幣5,676,000元)(二零一六年：3,693,000港元，相當於人民幣3,165,000元)確認遞延所得稅資產。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation are as follows:

7 董事酬金

根據香港公司條例第383(1)條及公司(披露董事利益資料)規例第2部披露的董事酬金如下：

		Year ended 31 December 2017 截至二零一七年十二月三十一日止年度						
		Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note 24) 股份支付 (附註24)	Total	
		薪金、津貼及 實物福利	酌情花紅	退休計劃 供款	小計	(附註24)	總計	
		HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	HKD'000 千港元	
Executive directors	執行董事							
Mr. Tsui Cham To	徐湛滔先生	-	7,435	17	18	7,470	301	7,771
Mr. Lu Yili (note (i))	盧已立先生(附註(i))	-	3,323	-	12	3,335	-	3,335
Mr. Xu Shubiao	徐樹標先生	-	227	26	29	282	251	533
Mr. Gu Yaokun	古耀坤先生	-	284	-	2	286	-	286
Mr. Xu Juwen	徐炬文先生	-	446	23	30	499	201	700
Mr. Xu Zhencheng (note (ii))	許振成先生(附註(ii))	-	465	17	7	489	301	790
Sub-total	小計	-	12,180	83	98	12,361	1,054	13,415
Independent non-executive directors	獨立非執行董事							
Mr. Liu Yung Chau	廖榕就先生	-	124	-	-	124	-	124
Mr. Lien Jown Jing, Vincent (note (iii))	連宗正先生 (附註(iii))	-	375	-	-	375	-	375
Mr. Du Hequn (note (iv))	杜鶴群先生(附註(iv))	-	289	-	-	289	-	289
Mr. Chau Paul (note (vi))	周弋邦先生(附註(vi))	-	56	-	-	56	-	56
Sub-total	小計	-	844	-	-	844	-	844
Total	總計	-	13,024	83	98	13,205	1,054	14,259

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

7 DIRECTORS' REMUNERATION (Cont'd)

7 董事酬金 (續)

		Year ended 31 December 2016 (Restated) 截至二零一六年十二月三十一日止年度 (經重列)						
		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (note 24)	Total
		董事袍金	薪金、津貼及實物福利	酌情花紅	退休計劃供款	小計	股份支付 (附註24)	總計
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
Executive directors	執行董事							
Mr. Tsui Cham To	徐湛滔先生	-	8,984	18	36	9,038	254	9,292
Mr. Lu Yili (note (i))	盧己立先生 (附註(i))	-	5,615	-	36	5,651	254	5,905
Mr. Xu Shubiao	徐樹標先生	-	182	27	22	231	202	433
Mr. Gu Yaokun	古耀坤先生	-	652	-	5	657	-	657
Mr. Xu Juwen	徐炬文先生	-	379	23	11	413	100	513
Sub-total	小計	-	15,812	68	110	15,990	810	16,800
Independent non-executive directors	獨立非執行董事							
Mr. Liu Yung Chau	廖榕就先生	-	133	-	-	133	-	133
Mr. Lien Jown Jing, Vincent (note (iii))	連宗正先生 (附註(iii))	-	400	-	-	400	-	400
Mr. Du Hequn (note (iv))	杜鶴群先生 (附註(iv))	-	300	-	-	300	-	300
Sub-total	小計	-	833	-	-	833	-	833
Total	總計	-	16,645	68	110	16,823	810	17,633

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

7 DIRECTORS' REMUNERATION (Cont'd)

Notes:

- (i) Mr. Lu Yili resigned on 24 August 2017.
- (ii) Mr. Xu Zhencheng was appointed as executive director on 24 August 2017.
- (iii) Mr. Lien Jown Jing, Vincent resigned on 24 October 2017.
- (iv) Mr. Du Hequn resigned on 16 January 2018.
- (v) Mr. Zhang Lu Fu was appointed as independent non-executive director on 16 January 2018.
- (vi) Mr. Chau Paul was appointed as independent non-executive director on 24 October 2017 and resigned on 14 February 2018.
- (vii) Subsequent to the year ended 31 December 2017, Mr. Suen To Wai was appointed as independent non-executive director on 14 February 2018.

There were no amounts paid during the year ended 31 December 2017 (2016: Nil) to the directors as inducement to join or upon joining the Company or the Group or as compensation for loss of office. No directors waived or agreed to waive any emolument during the year.

7 董事酬金 (續)

附註：

- (i) 盧已立先生於二零一七年八月二十四日辭任。
- (ii) 許振成先生於二零一七年八月二十四日獲委任為執行董事。
- (iii) 連宗正先生於二零一七年十月二十四日辭任。
- (iv) 杜鶴群先生於二零一八年一月十六日辭任。
- (v) 張魯夫先生於二零一八年一月十六日獲委任為獨立非執行董事。
- (vi) 周弋邦先生於二零一七年十月二十四日獲委任為獨立非執行董事，並於二零一八年二月十四日辭任。
- (vii) 於截至二零一七年十二月三十一日止年度後，孫多偉先生於二零一八年二月十四日獲委任為獨立非執行董事。

截至二零一七年十二月三十一日止年度，概無向董事支付任何款項作為吸引其加入或加入本公司或本集團後之獎勵或作為其離職補償（二零一六年：零）。年內概無董事放棄或同意放棄任何薪酬。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2016: three) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other two (2016: two) individuals are as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Salaries and other benefits	薪金及其他福利	2,156	2,237
Share-based payments	股份支付	720	100
Retirement scheme contributions	退休計劃供款	20	41
Total	總計	2,896	2,378

The emoluments of the two (2016: two) individuals with the highest emoluments are within the following bands:

		2017 二零一七年 Number of individuals 人數	2016 二零一六年 Number of individuals 人數
Nil – HKD1,000,000	零至1,000,000港元	–	1
HKD1,000,001 – HKD1,500,000	1,000,001港元至1,500,000港元	1	–
HKD1,500,001 – HKD2,000,000	1,500,001港元至2,000,000港元	1	1

8 最高薪酬人士

五名最高薪酬人士中的其中三名(二零一六年:三名)為董事，其薪酬披露於附註7。其他兩名(二零一六年:兩名)人士的酬金總額如下：

兩名(二零一六年:兩名)最高薪酬人士的酬金位列以下範圍內：

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

9 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income.

9 其他全面收益

有關其他全面收益之各個組成部分的稅項影響。

		2017 二零一七年			2016 二零一六年		
		Before-tax amount 除稅前金額 HKD'000 千港元	Tax expense 稅項開支 HKD'000 千港元	Net-of tax amount 除稅後金額 HKD'000 千港元	Before-tax amount 除稅前金額 HKD'000 千港元 (Restated) (經重列)	Tax expense 稅項開支 HKD'000 千港元 (Restated) (經重列)	Net-of tax amount 除稅後金額 HKD'000 千港元 (Restated) (經重列)
Exchange differences on translation of financial statements of entities not using HKD as functional currency	換算並非使用港元作為功能貨幣的實體財務報表產生的匯兌差異	301,096	-	301,096	(236,977)	-	(236,977)

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HKD682,480,000 (2016: HKD605,690,000) and the weighted average of 6,285,031,000 ordinary shares (2016: 6,304,775,000 ordinary shares) in issue during the year, calculated as follows:

		2017 二零一七年 '000 千股	2016 二零一六年 '000 千股
Issued ordinary shares at 1 January	於一月一日已發行普通股	6,316,792	6,316,792
Effect of purchase of shares under the Share Award Scheme (note 24)	根據股份獎勵計劃購買股份的影響(附註24)	(35,109)	(12,737)
Effect of grant of shares under the Share Award Scheme (note 24)	根據股份獎勵計劃授予股份的影響(附註24)	3,348	720
Weighted average number of ordinary shares at 31 December	於十二月三十一日的普通股加權平均數	6,285,031	6,304,775

(b) Diluted earnings per share

During the years ended 31 December 2017 and 2016, there were no dilutive potential ordinary shares issued.

10 每股盈利

(a) 每股基本盈利

每股基本盈利的計算方法乃根據年內本公司普通權益持有人應佔溢利682,480,000港元(二零一六年: 605,690,000港元)以及已發行普通股的加權平均數6,285,031,000股普通股(二零一六年: 6,304,775,000股普通股)計算所得如下:

(b) 每股攤薄盈利

截至二零一七年及二零一六年十二月三十一日止年度，概無發行攤薄潛在普通股。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

11 PROPERTY, PLANT AND EQUIPMENT

11 物業、廠房及設備

		Buildings and other infrastructure 樓宇及 其他基礎設施 HKD'000 千港元	Machinery 機器 HKD'000 千港元	Motor vehicles 機動車 HKD'000 千港元	Office equipment and others 辦公設備及 其他 HKD'000 千港元	Construction In progress 在建工程 HKD'000 千港元	Total 總計 HKD'000 千港元
Cost:	成本:						
At 1 January 2016 (Restated)	於二零一六年一月一日 (經重列)	1,461,668	951,163	13,963	54,856	379,906	2,861,556
Additions (Restated)	添置 (經重列)	1,078	21,783	1,382	4,408	474,811	503,462
Transfer from construction in progress (Restated)	自在建工程轉出 (經重列)	177,934	167,819	-	-	(345,753)	-
Disposals (Restated)	處置 (經重列)	(356)	(9,666)	-	(5)	-	(10,027)
Exchange adjustments (Restated)	匯兌調整 (經重列)	(100,144)	(67,827)	(942)	(3,663)	(29,479)	(202,055)
At 31 December 2016 (Restated)	於二零一六年十二月三十一日 (經重列)	1,540,180	1,063,272	14,403	55,596	479,485	3,152,936
At 1 January 2017	於二零一七年一月一日	1,540,180	1,063,272	14,403	55,596	479,485	3,152,936
Additions	添置	4,353	8,768	1,311	7,056	797,160	818,648
Transfer from construction in progress	自在建工程轉出	433,072	112,094	-	-	(545,166)	-
Disposals	處置	-	(1,694)	(165)	(355)	-	(2,214)
Disposal of subsidiaries	出售附屬公司	-	(35,503)	-	(135)	-	(35,638)
Exchange adjustments	匯兌調整	122,966	77,258	992	4,127	42,259	247,602
At 31 December 2017	於二零一七年十二月三十一日	2,100,571	1,224,195	16,541	66,289	773,738	4,181,334
Accumulated depreciation:	累計折舊:						
At 1 January 2016 (Restated)	於二零一六年一月一日 (經重列)	(115,850)	(158,604)	(7,461)	(12,558)	-	(294,473)
Charge for the year (Restated)	年內扣除 (經重列)	(62,241)	(119,368)	(5,301)	(5,045)	-	(191,955)
Written back on disposals (Restated)	處置時撇銷 (經重列)	84	3,659	-	5	-	3,748
Exchange adjustments (Restated)	匯兌調整 (經重列)	9,941	14,889	694	1,019	-	26,543
At 31 December 2016 (Restated)	於二零一六年十二月三十一日 (經重列)	(168,066)	(259,424)	(12,068)	(16,579)	-	(456,137)
At 1 January 2017	於二零一七年一月一日	(168,066)	(259,424)	(12,068)	(16,579)	-	(456,137)
Charge for the year	年內扣除	(105,173)	(82,041)	(1,777)	(10,682)	-	(199,673)
Written back on disposals	處置時撇銷	-	1,458	162	347	-	1,967
Disposal of subsidiaries	出售附屬公司	-	7,024	-	124	-	7,148
Exchange adjustments	匯兌調整	(15,390)	(20,680)	(852)	(1,516)	-	(38,438)
At 31 December 2017	於二零一七年十二月三十一日	(288,629)	(353,663)	(14,535)	(28,306)	-	(685,133)
Carrying amount:	賬面值:						
At 31 December 2017	於二零一七年十二月三十一日	1,811,942	870,532	2,006	37,983	773,738	3,496,201
At 31 December 2016 (Restated)	於二零一六年十二月三十一日 (經重列)	1,372,114	803,848	2,335	39,017	479,485	2,696,799

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

11 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (i) Certain property, plant and equipment with carrying value of HKD199,542,000 (equivalent to RMB166,799,000) were pledged to secure the Group's bank loans as at 31 December 2017 (2016: HKD175,721,000, equivalent to RMB157,182,000) (note 23).
- (ii) As at 31 December 2017 and up to the date of approval of these financial statements, the Group is in the process of applying for the property title certificates in respect of the properties located in Qingyuan, in which the Group has interests and for which such certificates have not been granted. As at 31 December 2017, carrying value of such properties of the Group amounted to HKD40,410,000 (equivalent to RMB33,779,000) (2016: HKD34,947,000, equivalent to RMB31,260,000). The directors of the Group are of the opinion that the use of and the conduct of operating activities at the properties referred to above are not affected by the fact that the Group has not yet obtained the relevant property title certificates.
- (iii) During the year ended 31 December 2017, local government authorities commenced an industrial transformation and environmental remediation plan (the "Transformation Plan") on the two environmental industrial parks in Guangzhou (the "Industrial Parks"), which are Xiapu Industrial Park and Xinzhou Industrial Park, aiming at strengthening supervision and inspection of environmental protection. Certain dyeing factories in the Industrial Parks were closed and suspended.

11 物業、廠房及設備 (續)

- (i) 於二零一七年十二月三十一日，賬面值為199,542,000港元（相當於人民幣166,799,000元）的若干物業、廠房及設備已抵押作為本集團的銀行貸款的擔保（二零一六年：175,721,000港元，相當於人民幣157,182,000元）（附註23）。
- (ii) 於二零一七年十二月三十一日及直至該等財務報表批准日期，本集團正在就位於清遠之該等物業（本集團於該等物業中擁有權益，且尚未就該等物業獲授所有權證）申請物業所有權證。於二零一七年十二月三十一日，本集團該等物業之賬面值為40,410,000港元（相當於人民幣33,779,000元）（二零一六年：34,947,000港元，相當於人民幣31,260,000元）。本集團董事認為使用上文提述之該等物業及於有關物業進行營運活動並未受本集團尚未取得相關物業所有權證影響。
- (iii) 於截至二零一七年十二月三十一日止年度，地方政府機關於兩個於廣州之環境產業園（「產業園」）（分別為夏埔產業園及新洲產業園）內開展產業轉型及環境改善計劃（「轉型計劃」），旨在加強環境保護之監督及檢查。產業園內若干染廠已關閉及暫停營業。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

11 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

(iii) (Cont'd)

Wastewater treatment services to factories in the Industrial Parks are mainly provided by three of the Group's subsidiaries, Guangzhou Xintao, Guangzhou Yinglong and Guangzhou Xinzhou Environmental Industrial Park Company Limited ("Guangzhou Xinzhou"), and the industrial water supply to factories in the Xinzhou Industrial Park is mainly provided by the other subsidiary of the Group, Guangzhou Kaizhou Water Supply Company Limited ("Guangzhou Kaizhou"). According to the negotiation between the Group and local government authorities, as part of the Transformation Plan, wastewater treatment and water supply capacities of the above four subsidiaries will be utilised by new and less polluted factories in the Industrial Parks. Moreover, the Group is in negotiation with local government authorities to compensate the Group for any losses suffered from the Transformation Plan. Based on the discussion between the local government authorities and the Group, the management believe that they will have sufficient compensation for any loss as a result of the Transformation Plan.

The Group assessed the recoverable amounts of the cash-generating units of the above four subsidiaries. As at 31 December 2017, the carrying amounts of the related property, plant and equipment, lease prepayment, intangible asset and goodwill could be fully recovered and as a result no impairment have been made by the Group.

11 物業、廠房及設備 (續)

(iii) (續)

向產業園內之工廠提供之污水處理服務主要由本集團三間附屬公司(廣州新滔、廣州盈隆及廣州新洲環保工業園有限公司(「廣州新洲」))提供，而新洲產業園內之工廠之工業用水供應主要由本集團另一間附屬公司廣州凱洲自來水有限公司(「廣州凱洲」)提供。根據本集團與地方政府機關之磋商，作為轉型計劃一部分，以上四間附屬公司之污水處理及水供應能力將由產業園內，新增及較少污染之工廠使用。此外，本集團正與地方政府機關就本集團因轉型計劃蒙受之任何損失補償進行磋商。根據地方政府機關與本集團的討論，管理層相信彼等將就轉型計劃所導致的任何損失獲得足夠補償。

本集團評估以上四間附屬公司之現金產生單位之可收回金額。於二零一七年十二月三十一日，相關物業、廠房及設備、租賃預付款項、無形資產及商譽之賬面值可全數收回，因此本集團並無作出減值。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

12 LEASE PREPAYMENTS

12 租賃預付款項

		Land use rights
		土地使用權
		HKD'000
		千港元
Cost:	成本：	
At 1 January 2016 (Restated)	於二零一六年一月一日（經重列）	361,010
Exchange adjustments (Restated)	匯兌調整（經重列）	(22,892)
At 31 December 2016 (Restated)	於二零一六年十二月三十一日（經重列）	338,118
At 1 January 2017	於二零一七年一月一日	338,118
Additions	添置	51,111
Disposal of a subsidiary	出售一間附屬公司	(51,113)
Exchange adjustments	匯兌調整	20,528
At 31 December 2017	於二零一七年十二月三十一日	358,644
Accumulated amortisation:	累計攤銷：	
At 1 January 2016 (Restated)	於二零一六年一月一日（經重列）	(9,930)
Charge for the year (Restated)	年內扣除（經重列）	(8,343)
Exchange adjustments (Restated)	匯兌調整（經重列）	978
At 31 December 2016 (Restated)	於二零一六年十二月三十一日（經重列）	(17,295)
At 1 January 2017	於二零一七年一月一日	(17,295)
Charge for the year	年內扣除	(8,709)
Disposal of a subsidiary	出售一間附屬公司	4,062
Exchange adjustments	匯兌調整	(1,259)
At 31 December 2017	於二零一七年十二月三十一日	(23,201)
Carrying amount:	賬面值：	
At 31 December 2017	於二零一七年十二月三十一日	335,443
At 31 December 2016 (Restated)	於二零一六年十二月三十一日（經重列）	320,823

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

12 LEASE PREPAYMENTS (Cont'd)

Lease prepayments represent the Group's land use rights on leasehold land located in the PRC. At 31 December 2017, the remaining period of the land use rights ranges from 25 to 49 years (2016: 26 to 48 years).

As at 31 December 2017, lease prepayments with net book value of HKD114,216,000 (equivalent to RMB95,474,000) were pledged for bank loans (2016: HKD113,876,000, equivalent to RMB101,862,000) (note 23).

The amortisation charge of lease prepayments for the year is included in "cost of sales" and "administrative expenses" in the consolidated statement of profit or loss.

12 租賃預付款項 (續)

租賃預付款項指本集團有關位於中國的租賃土地的土地使用權。於二零一七年十二月三十一日，土地使用權的剩餘期限介乎25至49年（二零一六年：26至48年）。

於二零一七年十二月三十一日，賬面淨值為114,216,000港元（相當於人民幣95,474,000元）的租賃預付款項已予抵押以取得銀行貸款（二零一六年：113,876,000港元，相當於人民幣101,862,000元）（附註23）。

年內租賃預付款項的攤銷費用計入綜合損益表的「銷售成本」及「行政開支」。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

13 INTANGIBLE ASSETS

13 無形資產

		Supply of industrial water operation right 供應 工業用水 經營權 HKD'000 千港元	Wastewater treatment plants operation rights 污水處理廠 經營權 HKD'000 千港元	Sludge and solid waste treatment operation rights 污泥及 固體廢物 處理經營權 HKD'000 千港元	Hazardous waste treatment operation rights 危險 廢物處理 經營權 HKD'000 千港元	Total 總計 HKD'000 千港元
Cost:	成本：					
At 1 January 2016 (Restated)	於二零一六年一月一日 (經重列)	47,745	111,138	323,522	915,515	1,397,920
Additions (Restated)	添置 (經重列)	-	-	263,263	-	263,263
Exchange adjustments (Restated)	匯兌調整 (經重列)	(3,027)	(7,047)	(20,513)	(58,053)	(88,640)
At 31 December 2016 (Restated)	於二零一六年十二月三十一日 (經重列)	44,718	104,091	566,272	857,462	1,572,543
At 1 January 2017	於二零一七年一月一日	44,718	104,091	566,272	857,462	1,572,543
Additions (note)	添置 (附註)	-	-	221,339	-	221,339
Exchange adjustments	匯兌調整	3,134	7,285	39,702	60,100	110,221
At 31 December 2017	於二零一七年十二月三十一日	47,852	111,376	827,313	917,562	1,904,103
Accumulated amortisation	累計攤銷					
At 1 January 2016 (Restated)	於二零一六年一月一日 (經重列)	(265)	(8,312)	(15,357)	(20,517)	(44,451)
Charge for the year (Restated)	年內扣除 (經重列)	(3,111)	(5,840)	(8,859)	(46,125)	(63,935)
Impairment loss (Restated)	減值虧損 (經重列)	-	-	-	(15,065)	(15,065)
Exchange adjustments (Restated)	匯兌調整 (經重列)	146	770	1,344	3,861	6,121
At 31 December 2016 (Restated)	於二零一六年十二月三十一日 (經重列)	(3,230)	(13,382)	(22,872)	(77,846)	(117,330)
At 1 January 2017	於二零一七年一月一日	(3,230)	(13,382)	(22,872)	(77,846)	(117,330)
Charge for the year	年內扣除	(3,084)	(5,789)	(10,396)	(44,645)	(63,914)
Impairment loss	減值虧損	-	-	(8,325)	-	(8,325)
Exchange adjustments	匯兌調整	(332)	(1,137)	(2,246)	(6,990)	(10,705)
At 31 December 2017	於二零一七年十二月三十一日	(6,646)	(20,308)	(43,839)	(129,481)	(200,274)
Carrying amount:	賬面值：					
At 31 December 2017	於二零一七年十二月三十一日	41,206	91,068	783,474	788,081	1,703,829
At 31 December 2016 (Restated)	於二零一六年十二月三十一日 (經重列)	41,488	90,709	543,400	779,616	1,455,213

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

13 INTANGIBLE ASSETS (Cont'd)

Note:

For the year ended 31 December 2017, additions of intangible assets mainly represented the BOT arrangement from Guangdong Longtao Circular Economy Development Company Limited ("Guangdong Longtao"), whose principle activities are provision of sludge and solid waste treatment services in the PRC. Under the above BOT arrangement, Guangdong Longtao will operate the facilities for a period of 30 years. For the year ended 31 December 2017, the Group has recognised revenue of HKD222,962,000 (equivalent to RMB192,774,000) (2016: HKD332,534,000, equivalent to RMB285,015,000) and profit of HKD37,160,000 (equivalent to RMB32,129,000) (2016: HKD55,422,000, equivalent to RMB47,502,000) on construction of the sludge and solid waste treatment facilities of Guangdong Longtao. The revenue recognised in relation to construction represents the fair value of the construction services provided in constructing the sludge and solid waste treatment facilities.

The Group has the right to charge the grantor a fee for using the facilities. At the end of the concession period, the facilities will become the property of the grantor and the Group will have no further involvement in its operation or maintenance requirements.

The amortisation charge for the year is included in cost of sales in the consolidated statements of profit or loss.

Impairment loss

During the year ended 31 December 2016, operation right of hazardous waste treatment services of Foshan Sanshui Zhaofeng Energy Company Limited ("Sanshui Zhaofeng") was fully impaired. During the year ended 31 December 2016, the operation of Sanshui Zhaofeng was temporarily suspended. The Group assessed the recoverable amounts of the cash-generating unit of Sanshui Zhaofeng and as a result the carrying amounts of the intangible asset and goodwill (note 14) were fully written down based on the valuation by the independent valuer. Impairment losses of HKD15,065,000 (equivalent to RMB12,911,000) and HKD2,364,000 (equivalent to RMB2,026,000) of corresponding intangible asset and goodwill (note 14) were recognised in "Administrative expenses". No additional impairment loss was recognised for the year ended 31 December 2017.

13 無形資產 (續)

附註：

截至二零一七年十二月三十一日止年度，無形資產之添置主要指與廣東龍滔之BOT安排，廣東龍滔循環經濟發展有限公司（「廣東龍滔」）的主要業務是在中國提供污泥及固體廢物處理服務。根據上述BOT安排，廣東龍滔將營運設施為期30年。截至二零一七年十二月三十一日止年度，本集團已就廣東龍滔建設污泥及固體廢物處理設施確認222,962,000港元（相當於人民幣192,774,000元）（二零一六年：332,534,000港元，相當於人民幣285,015,000元）的收益及37,160,000港元（相當於人民幣32,129,000元）（二零一六年：55,422,000港元，相當於人民幣47,502,000元）的溢利。就工程確認之相關收益為建設污泥及固體廢物處理設施所提供建設服務之公平值。

本集團有權就使用有關設施向授予人收取費用。於特許權期末，有關設施將成為授予人的財產，而本集團將不再進一步參與其營運或維護。

年內攤銷費用計入綜合損益表的銷售成本。

減值虧損

截至二零一六年十二月三十一日止年度，佛山市三水肇豐能源有限公司（「三水肇豐」）的危險廢棄物處理服務經營權已全數減值。截至二零一六年十二月三十一日止年度，三水肇豐的經營暫時中止。本集團評估三水肇豐現金產生單位的可收回金額，因此，無形資產及商譽（附註14）的賬面值已基於獨立估值師的估值全數撇銷。相應無形資產及商譽（附註14）的減值虧損15,065,000港元（相當於人民幣12,911,000元）及2,364,000港元（相當於人民幣2,026,000元）於「行政開支」確認。截至二零一七年十二月三十一日止年度，概無確認額外減值虧損。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

13 INTANGIBLE ASSETS (Cont'd)

Impairment loss (Cont'd)

During the year ended 31 December 2017, operation right of solid waste treatment services of Xinfeng Lvzhi Industrial Waste Reclamation Treatment Co., Limited ("Xinfeng Lvzhi") was fully impaired. During the year ended 31 December 2017, the project of Xinfeng Lvzhi was terminated by the local government. The Group assessed the recoverable amount of the cash-generating unit of Xinfeng Lvzhi and as a result the carrying amount of the intangible asset were fully written down. Impairment losses of HKD8,325,000 (equivalent to RMB7,198,000) of intangible asset was recognised in "Administrative expenses".

14 GOODWILL

13 無形資產 (續)

減值虧損 (續)

截至二零一七年十二月三十一日止年度，新豐縣綠智工業廢物回收處理有限公司(「新豐綠智」)之固體廢物處理服務經營權已全數減值。截至二零一七年十二月三十一日止年度，新豐綠智之項目被地方政府終止。根據本集團評估新豐綠智之現金產生單位之可收回金額，導致無形資產之賬面值被全數撇銷。相應無形資產之減值虧損8,325,000港元(相當於人民幣7,198,000元)於「行政開支」內確認。

14 商譽

		HKD'000 千港元
Cost	成本	
At 1 January 2016 (Restated)	於二零一六年一月一日 (經重列)	172,278
Exchange adjustments (Restated)	匯兌調整 (經重列)	(10,825)
At 31 December 2016 (Restated) and 1 January 2017	於二零一六年十二月三十一日 (經重列) 及 二零一七年一月一日	161,453
Exchange adjustments	匯兌調整	11,210
At 31 December 2017	於二零一七年十二月三十一日	172,663
Accumulated impairment losses	累計減值虧損	
At 1 January 2016 (Restated)	於二零一六年一月一日 (經重列)	-
Impairment loss (Restated)	減值虧損 (經重列)	(2,364)
At 31 December 2016 (Restated) and 1 January 2017	於二零一六年十二月三十一日 (經重列) 及 二零一七年一月一日	(2,364)
Impairment loss	減值虧損	-
Exchange adjustments	匯兌調整	(59)
At 31 December 2017	於二零一七年十二月三十一日	(2,423)
Carrying amount	賬面值	
At 31 December 2017	於二零一七年十二月三十一日	170,240
At 31 December 2016 (Restated)	於二零一六年十二月三十一日 (經重列)	159,089

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14 GOODWILL (Cont'd)

Goodwill acquired through acquisition of subsidiaries is allocated to the Group's cash-generating unit ("CGU") identified as follows:

14 商譽 (續)

通過收購附屬公司獲得之商譽於本集團之已識別現金產生單位(「現金產生單位」)進行分配如下:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Water supply services	供應工業用水		
– Shunde Hanyang Industrial Water Supply Company Limited (“Hanyang Shuiwu”)	– 順德區韓洋水務工程有限公司 (「韓洋水務」)	27,684	25,870
Wastewater treatment services	污水處理服務		
– Guangzhou Yinglong (note 11(iii))	– 廣州盈隆 (附註11(iii))	20,379	19,043
– Foshan Shunde Ganghui Wastewater Treatment Company Limited (“Ganghui Huanbao”)	– 佛山市順德區港匯環保污水處理有限公司 (「港匯環保」)	5,837	5,454
– Zhongshan Hailan Water Resources Development Company Limited (“Zhongshan Hailan”)	– 中山市海藍水資源開發有限公司 (「中山海藍」)	7,683	7,179
Sludge and solid waste treatment services	污泥及固體廢物處理服務		
– Qingyuan Lvyou	– 清遠綠由	59,749	55,836
– Heyuan Solid	– 河源固廢	11,469	10,718
– Guangzhou Kangxiang Mental Reclamation Company Limited (“Guangzhou Kangxiang”)	– 廣州康翔物資金屬回收有限公司 (「廣州康翔」)	6,187	5,782
– Foshan Haoying Solid Waste Centralized Treatment Centre Company Limited (“Haoying Solid”)	– 佛山市浩盈固體廢物處置中心有限公司 (「浩盈固廢」)	2,245	2,098
Hazardous waste treatment services	危險廢物處理服務		
– Guangzhou Liangang Vessel Wastewater Treatment Company Limited (“Guangzhou Liangang”)	– 廣州市蓮港船舶清油有限公司 (「廣州蓮港」)	29,007	27,109
		170,240	159,089

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

14 GOODWILL (Cont'd)

The recoverable amount of the CGU is determined based on either value-in-use calculations or compensation from local government authorities. These calculations use cash flow projections based on financial budgets approved by management covering a period from 13 to 17 years. Cash flows beyond the period are extrapolated using an estimated weighted average growth rate of 3% which is consistent with the forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a discount rate of 14% – 15%. The discount rates used are after-tax and reflect specific risks relating to the relevant segments. The impairment loss recognised during the year ended 31 December 2016 related to Sanshui Zhaofeng (note 13).

14 商譽 (續)

現金產生單位之可收回金額乃根據使用價值計算或來自地方政府之補償而釐定。該等計算根據管理層批准之財務預算使用現金流預測，為期十三至十七年。超出年期的現金流量乃使用估計加權平均增長率3%推算，其與行業報告中的預測一致。所用增長率並無超過現金產生單位經營所在業務的長期平均增長率。現金流量以貼現率14%至15%貼現。所用貼現率為稅後，並反映相關分部之有關特定風險。於截至二零一六年十二月三十一日止年度確認之減值虧損與三水肇豐有關(附註13)。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

15 INVESTMENTS IN SUBSIDIARIES

(a) List of subsidiaries

The following list contains only the particulars of major subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of company 公司名稱	Place of incorporation and business 註冊成立及營業地點	Particulars of issued and paid up capital 已發行及實繳資本詳情	Proportion of ownership interest 擁有權益比例		Principal activities 主要業務
			Group's effective interest 本集團的實際權益	Held by a subsidiary 由附屬公司持有	
Guangzhou Kaizhou (i)(ii) 廣州凱洲(i)(ii)	Guangzhou, the PRC 中國廣州	HKD20,000,000 20,000,000港元	100%	100%	Supply of industrial water 提供工業用水
Guangzhou Xintao (i)(ii) 廣州新滔(i)(ii)	Guangzhou, the PRC 中國廣州	HKD730,000,000 730,000,000港元	100%	100%	Provision of wastewater processing and heating service 提供污水處理及供熱服務
Guangzhou Haitao (i) 廣州海滔(i)	Guangzhou, the PRC 中國廣州	RMB80,000,000 人民幣80,000,000元	100%	100%	Design construction, operation and maintenance of wastewater treatment plant 設計、製造營運及維護污水處理廠

15 於附屬公司的投資

(a) 附屬公司名單

下表僅包括主要影響本集團業績、資產或負債的主要附屬公司詳情。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

(a) List of subsidiaries (Cont'd)

Name of company 公司名稱	Place of incorporation and business 註冊成立 及營業地點	Particulars of issued and paid up capital 已發行及 實繳資本詳情	Proportion of ownership interest 擁有權益比例		Principal activities 主要業務
			Group's effective interest 本集團的 實際權益	Held by a subsidiary 由附屬 公司持有	
Guangzhou Yinglong (i)	Guangzhou, the PRC	RMB80,000,000	100%	100%	Provision of wastewater treatment plants operation services
廣州盈隆(i)	中國廣州	人民幣80,000,000元	100%	100%	提供污水處理廠 營運服務
Qingyuan Lvyou (i)	Qingyuan, the PRC	RMB10,000,000	100%	100%	Provision of sludge and solid waste treatment services
清遠綠由(i)	中國清遠	人民幣10,000,000元	100%	100%	提供污泥及 固體廢物處理服務
Guangzhou Lvyou (i)(ii)	Guangzhou, the PRC	RMB81,870,000	100%	100%	Provision of sludge and solid waste and hazardous waste treatment services
廣州綠由(i)(ii)	中國廣州	人民幣81,870,000元	100%	100%	提供污泥及固體廢物及 危險廢物處理服務
Yulin Xintao Environmental Protection Technology Company Limited (i)	Guangxi, the PRC	RMB150,000,000	100%	100%	Supply of industrial water, provision of wastewater processing, heating services and electricity generation
玉林市新滔環保科技有限公司(i)	中國廣西	人民幣150,000,000元	100%	100%	提供工業用水及 污水處理、 供熱服務及發電

15 於附屬公司的投資(續)

(a) 附屬公司名單(續)

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

(a) List of subsidiaries (Cont'd)

Note:

- (i) These are private limited liability companies in the PRC. The official names of these entities are in Chinese. The English translation of the names is for reference only.
- (ii) These are wholly foreign owned enterprises in the PRC. The official names of these entities are in Chinese. The English translation of the names is for reference only.

(b) Disposal of subsidiaries

- (i) *Disposal of Guangzhou Zhongtao Environmental Investment Company Limited ("Guangzhou Zhongtao")*

During the year ended 31 December 2017, the Group disposed of 100% equity interests in Guangzhou Zhongtao and its subsidiary ("Zhongtao Group") to Guangzhou To Kee Enterprises Development Group Limited ("Guangzhou To Kee"), a company effectively owned by the controlling shareholder, at a total cash consideration of HKD28,805,000 (equivalent to RMB25,000,000). Guangzhou Zhongtao held 70% equity interests in its subsidiary, Sanshui Zhaofeng (note 30(b)). All the assets and liabilities of Zhongtao Group have been derecognised upon disposal.

15 於附屬公司的投資 (續)

(a) 附屬公司名單 (續)

附註：

- (i) 該等公司為位於中國的有限責任公司。該等公司的官方名稱為中文，英文譯名僅供識別。
- (ii) 該等公司為中國的外商獨資企業。該等公司之正式名稱為中文名稱，英文譯名僅供參考。

(b) 出售附屬公司

- (i) *出售廣州中滔環保投資有限公司 (「廣州中滔」)*

截至二零一七年十二月三十一日止年度，本集團向廣州滔記實業發展集團有限公司 (「廣州滔記」，一家由控股股東實際控制的公司) 出售廣州中滔及其附屬公司 (「中滔集團」) 100% 股權，現金代價總額為 28,805,000 港元 (相當於人民幣 25,000,000 元)。廣州中滔持有其附屬公司三水肇豐 (附註 30(b)) 70% 股權。中滔集團全部資產及負債已於出售後終止確認。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Disposal of subsidiaries (Cont'd)

(i) Disposal of Guangzhou Zhongtao Environmental Investment Company Limited ("Guangzhou Zhongtao") (Cont'd)

The effect of such disposal on the Group's assets and liabilities is set out below:

		Net book value as of the disposal date 於出售日期的賬面淨值 HKD'000 千港元
Cash and cash equivalents	現金及現金等價物	614
Inventories	存貨	528
Trade and other receivables	貿易及其他應收款項	34,713
Property, plant and equipment	物業、廠房及設備	28,476
Bank loans	銀行貸款	(6,913)
Trade and other payables	貿易及其他應付款項	(29,313)
Net identifiable assets	可識別資產淨值	28,105
Attributable to:	以下各項應佔：	
– Equity shareholders of the Company	– 本公司權益持有人	20,702
– Non-controlling interests	– 非控股權益	8,145
– Exchange adjustments	– 匯兌調整	(742)
Total consideration	代價總額	28,805
Net assets disposed of	已出售資產淨值	20,702
Equity contribution by shareholders before tax	除稅前股東權益出資	8,103
Effective income tax rate	實際所得稅稅率	15%
Equity contribution by shareholders after tax	除稅後股東權益出資	6,887
Reconciliation between amounts settled and receivable and the consideration is as follows:	已清償金額及應收款項與代價的對賬如下：	
Consideration settled by offsetting the amounts due to Guangzhou To Kee	透過對銷應付廣州滔記金額以結清代價	5,968
Cash received during the year ended 31 December 2017	截至二零一七年十二月三十一日止年度收取的現金	22,837
Total consideration	代價總額	28,805
Analysis of the net cash inflow in respect of the disposal:	有關出售的現金流入淨額分析：	
Cash received during the year ended 31 December 2017	截至二零一七年十二月三十一日止年度收取的現金	22,837
Cash and cash equivalents disposed of	所出售現金及現金等價物	(614)
Net cash inflow during the year ended 31 December 2017	截至二零一七年十二月三十一日止年度的現金流入淨額	22,223

15 於附屬公司的投資 (續)

(b) 出售附屬公司 (續)

(i) 出售廣州中滔環保投資有限公司 (「廣州中滔」) (續)

該出售對本集團資產及負債之影響載列如下：

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Disposal of subsidiaries (Cont'd)

(ii) *Disposal of Guangzhou Xintao Environmental Technology Company Limited ("Xintao Environmental")*

During the year ended 31 December 2017, the Group disposed of 99% equity interests in a previously wholly owned subsidiary, Xintao Environmental, to a third party at a total cash consideration of HKD112,640,000 (equivalent to RMB100,000,000). Pursuant to the supplementary agreement between the parties, value-added taxes and surcharges of HKD13,739,000 (equivalent to RMB12,197,000) would be borne by the third party. All the assets and liabilities of Xintao Environmental have been derecognised upon disposal.

15 於附屬公司的投資 (續)

(b) 出售附屬公司 (續)

(ii) 出售廣州新滔環保科技
有限公司 (「新滔環保」)

截至二零一七年十二月三十一日止年度，本集團向一家第三方出售新滔環保（前全資附屬公司）99%股權，現金代價總額為112,640,000港元（相當於人民幣100,000,000元）。根據訂約方之間訂立之補充協議，增值稅及附加費13,739,000港元（相當於人民幣12,197,000元）將由第三方承擔。新滔環保全部資產及負債已於出售後終止確認。

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Disposal of subsidiaries (Cont'd)

(ii) Disposal of Guangzhou Xintao Environmental Technology Company Limited ("Xintao Environmental") (Cont'd)

The effect of such disposal on the Group's assets and liabilities is set out below:

		Net book value as of the disposal date 於出售日期的賬面淨值 HKD'000 千港元
Cash and cash equivalents	現金及現金等價物	350
Inventories	存貨	410
Other receivables	其他應收款項	34,158
Lease prepayments	租賃預付款項	47,051
Other payables	其他應付款項	(34,918)
Net identifiable assets	可識別資產淨值	47,051
Share of net identifiable assets disposed of	分佔已出售可識別資產淨值	99%
Net assets disposed of	已出售資產淨值	46,580
Total consideration	代價總額	126,379
Value-added taxes and surcharges borne by and receivable from the third party	由第三方承擔之增值稅及附加費及來自第三方之應收款項	(13,739)
Net assets disposed of	出售資產淨值	(46,580)
Gain on disposal	出售收益	66,060
Reconciliation between amounts settled and receivable and the consideration is as follows:	已清償金額及應收款項與代價的對賬如下：	
Cash received during the year ended 31 December 2016	截至二零一六年十二月三十一日止年度已收現金	33,792
Cash received during the year ended 31 December 2017	截至二零一七年十二月三十一日止年度已收現金	22,528
Consideration receivable* (note 20)	應收代價* (附註20)	70,059
Total consideration	代價總額	126,379
Analysis of the net cash inflow in respect of the disposal:	有關出售的現金流入淨額分析：	
Cash received during the year ended 31 December 2017	截至二零一七年十二月三十一日止年度收取的現金	22,528
Cash and cash equivalents disposed of	所出售現金及現金等價物	(350)
Net cash inflow during the year ended 31 December 2017	截至二零一七年十二月三十一日止年度的現金流入淨額	22,178

15 於附屬公司的投資 (續)

(b) 出售附屬公司 (續)

(ii) 出售廣州新滔環保科技有限公司 (「新滔環保」) (續)

該出售對本集團資產及負債的影響載列如下：

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Disposal of subsidiaries (Cont'd)

(ii) Disposal of Guangzhou Xintao Environmental Technology Company Limited ("Xintao Environmental") (Cont'd)

* Up to the approval date of these financial statements, the third party has settled HKD23,926,000 (equivalent to RMB20,000,000) in aggregate. It is agreed that the remaining balance will be settled during the year ending 31 December 2018.

Lease prepayments represented a land use right on leasehold land located in the PRC with net book value of HKD47,051,000 (equivalent to RMB41,771,000) as at the date of disposal.

(iii) Disposal of Guangzhou Rizhijian Soil Remediation Technology Company Limited ("Guangzhou Rizhijian")

During the year ended 31 December 2017, the Group disposed of 51% equity interests in Guangzhou Rizhijian to a third party at a total cash consideration of HKD610,000 (equivalent to RMB510,000). All the assets and liabilities of Guangzhou Rizhijian have been derecognised upon disposal.

15 於附屬公司的投資 (續)

(b) 出售附屬公司 (續)

(ii) 出售廣州新滔環保科技有限公司 (「新滔環保」) (續)

* 截至此等財務報表之批准日期，第三方已償付合共23,926,000港元（相當於人民幣20,000,000元）。餘下結餘已協定將截至二零一八年十二月三十一日止年度償付。

租賃預付款項指於出售日期賬面淨值為47,051,000港元（相當於人民幣41,771,000元）之位於中國之租賃土地之土地使用權。

(iii) 出售廣州日之建土壤修復科技有限公司 (「廣州日之建」)

截至二零一七年十二月三十一日止年度，本集團向一名第三方出售廣州日之建51%股權，現金代價總額為610,000港元（相當於人民幣510,000元）。廣州日之建全部資產及負債已於出售後終止確認。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

15 INVESTMENTS IN SUBSIDIARIES (Cont'd)

(b) Disposal of subsidiaries (Cont'd)

(iii) Disposal of Guangzhou Rizhijian Soil Remediation Technology Company Limited ("Guangzhou Rizhijian") (Cont'd)

The effect of such disposal on the Group's assets and liabilities is set out below:

		Net book value as of the disposal date 於出售日期的 賬面淨值 HKD'000 千港元
Property, plant and equipment	物業、廠房及設備	14
Cash and cash equivalents	現金及現金等價物	281
Trade and other receivables	貿易及其他應收款項	228
Trade and other payables	貿易及其他應付款項	(10)
Net identifiable assets	可識別資產淨值	513
Attributable to:	以下各項應佔：	
– Equity shareholders of the Company	– 本公司權益持有人	262
– Non-controlling interests	– 非控股權益	242
– Exchange adjustments	– 匯兌調整	9
Total consideration	代價總額	610
Net assets disposed of	已出售資產淨值	262
Gain on disposal	出售收益	348
Analysis of the net cash inflow in respect of the disposal:	有關出售的現金流入淨額分析：	
Cash received during the year ended 31 December 2017	截至二零一七年十二月三十一日止年度收取的現金	610
Cash and cash equivalents disposed of	所出售現金及現金等價物	(281)
Net cash inflow during the year ended 31 December 2017	截至二零一七年十二月三十一日止年度的現金流入淨額	329

15 於附屬公司的投資 (續)

(b) 出售附屬公司 (續)

(iii) 出售廣州日之建土壤修復科技有限公司 (「廣州日之建」) (續)

該出售對本集團資產及負債的影響載列如下：

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

16 INTEREST IN ASSOCIATES

16 於聯營公司的權益

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Share of net assets	分佔資產淨值		
– Guangzhou Huayue Environmental Protection Technology Co., Ltd. (“Guangzhou Huayue”)	– 廣州華越環保技術有限公司 (「廣州華越」)	4,120	3,079
– Guangzhou Suiqin Dangerous Waste Transportation Co., Ltd. (“Guangzhou Suiqin”)	– 廣州穗勤危險貨物運輸有限公司 (「廣州穗勤」)	4,509	3,697
Carrying amount in the consolidated financial statements	綜合財務報表賬面值	8,629	6,776

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

16 INTEREST IN ASSOCIATES (Cont'd)

The following list contains the particulars of the associates, both of which are unlisted corporate entities whose quoted market price is not available:

Name	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest		Principal activity
				Group's effective interest	Held by a subsidiary	
名稱	業務結構形式	註冊成立及營業地點	已發行及實繳資本詳情	本集團的實際權益	由附屬公司持有	主要業務
Guangzhou Huayue (i)	Limited liability company	Guangzhou, the PRC	RMB3,000,000	41%	41%	Provision of environmental protection consulting service
廣州華越(i)	有限責任公司	中國廣州	人民幣3,000,000元	41%	41%	提供環保諮詢服務
Guangzhou Suiqin (i)	Limited liability company	Guangzhou, the PRC	RMB5,000,000	41%	41%	Transportation of hazardous wastes
廣州穗勤(i)	有限責任公司	中國廣州	人民幣5,000,000元	41%	41%	有害廢棄物運送

Note:

(i) Guangzhou Huayue and Guangzhou Suiqin are private limited liability companies in the PRC. The official names of the entities are in Chinese. The English translation of the names is for reference only.

16 於聯營公司的權益(續)

下表載列聯營公司之詳情，兩者均為非上市公司實體且並無市價：

附註：

(i) 廣州華越和廣州穗勤於中國均為私人有限責任公司。該實體官方名稱為中文。英文譯名僅供參考。

All of the above associates are accounted for using the equity method in the consolidated financial statements.

上述所有聯營公司的權益於綜合財務報表以權益法入賬。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

17 INTEREST IN A JOINT VENTURE

17 於一家合營企業之權益

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Share of net assets	分佔資產淨值	3,291	2,727
Goodwill	商譽	499	466
Carrying amount in the consolidated financial statements	綜合財務報表賬面值	3,790	3,193

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

本集團於合營企業的權益於綜合財務報表以權益法入賬，詳情如下：

Name	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest 擁有權益比例		Principal activity
				Group's effective interest 本集團的實際權益	Held by a subsidiary 由附屬公司持有	
Guangzhou Haiqin Tiancheng Technical Testing Services Co., Ltd (“Haiqin Tiancheng”)	Limited liability company	Guangzhou, the PRC	RMB3,000,000	50%	50%	Pollutants measurement
廣州海沁天誠技術檢測服務有限公司 (「海沁天誠」)	有限責任公司	中國廣州	人民幣3,000,000元	50%	50%	污染物測量

Note: This is a private limited liability company in the PRC. The official name of the entity is in Chinese. The English translation of the name is for reference only.

附註：該公司於中國為私人有限責任公司。該實體官方名稱為中文。英文譯名僅供參考。

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18 GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

18 應收客戶合約工程款項總額

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Gross amounts due from customers for contract work	應收客戶合約工程款項總額		
– Non-current	– 非即期	324,715	289,778
– Current	– 即期	30,938	42,990
		355,653	332,768

The aggregate amount of costs incurred plus recognized profits, included in the gross amounts due from customers for contract work at 31 December 2017, is HKD23,131,000 (2016: HKD50,979,000).

已產生成本總額加已確認溢利(包括於二零一七年十二月三十一日應收客戶合約工程費用總額)為23,131,000港元(二零一六年: 50,979,000港元)。

Certain subsidiaries of the Group entered into service concession arrangements with the grantors. Pursuant to the service concession arrangements, the Group has to design, construct and operate wastewater and solid waste treatment plants in the PRC, with operation periods varying from 20 years to 30 years. The Group has the obligations to maintain the wastewater and solid waste treatment plants in good condition. The grantors guarantee that the Group will receive minimum annual payments for certain service concession arrangements. Upon expiry of the concession periods, the wastewater and solid waste treatment plants and the related facilities will be transferred to the grantors.

本集團的若干附屬公司已與授予人訂立服務特許權安排。根據服務特許權安排，本集團須於中國設計、建築、經營污水及固體廢物處理設施，經營期介乎20至30年。本集團有義務維持污水及固體廢物處理設施處於良好狀態。授予人保證本集團將就若干服務特許權安排收取最低年度費用。於特許權期屆滿後，污水及固體廢物處理廠及有關設施將轉讓予授予人。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

18 GROSS AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK (Cont'd)

The service concession arrangements do not contain renewal options. The standard rights of the grantors to terminate the agreements include failure of the Group to construct or operate the wastewater and solid waste treatment plants and in the event of a material breach of the terms of the agreements. The standard rights of the Group to terminate the agreements include failure of the grantors to make payment under the agreements and in the event of a material breach of the terms of the agreements.

Revenue relates to the construction services provided in constructing the wastewater and solid waste treatment plants is recognised as “Gross amounts due from customers for contract work” and intangible assets in the financial statements according to accounting policies as set out in note 1(g) and note 1(i).

“Gross amounts due from customers for contract work” represent revenue from construction under BOT arrangements and bear interest at rates ranging from 5.94% – 6.80% per annum for the year ended 31 December 2017 (2016: 5.94%-6.80%). The amounts for BOT arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

18 應收客戶合約工程款項總額 (續)

服務特許權安排不可續期。授予人可行使標準權利終止協議的情況包括：本集團未能建造或經營污水及固體廢物處理廠，以及協議條款遭重大違反。本集團可行使標準權利終止協議的情況包括：授予人未能根據協議支付款項，以及協議條款遭重大違反。

根據附註1(g)及附註1(i)所載會計政策，因建造污水及固體廢物處理設施而提供建造服務所得的相關收益在財務報表中確認為「應收客戶合約工程款項總額」及無形資產。

截至二零一七年十二月三十一日止年度，「應收客戶合約工程款項總額」指來自BOT安排項下建設項目的收益，並按年利率5.94%至6.80%（二零一六年：5.94%至6.80%）計息。BOT安排的款項屬未到期付款，並將於BOT安排經營期以將會產生的收益支付。

Notes to the financial statements

財務報表附註

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19 INVENTORIES

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Raw materials	原材料	14,241	16,349
Work in progress	在製品	3,524	3,879
Finished goods	製成品	1,032	2,788
Low value consumables	低價值消耗品	3,394	3,499
Total	總計	22,191	26,515

Inventories mainly comprise materials consumed during the sludge and solid waste treatment and the hazardous waste treatment process.

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

19 存貨

存貨主要包括於污泥及固體廢物及危險廢物處理過程中所耗用的材料。

確認為開支並計入損益之存貨金額分析如下：

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Carrying amount of inventories consumed	已消耗存貨賬面值	140,948	129,884
Write down of inventories	存貨撇減	463	326
Total	總計	141,411	130,210

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20 TRADE AND OTHER RECEIVABLES

20 貿易及其他應收款項

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Current	即期		
Trade debtors	貿易債務人	747,279	653,644
Less: Allowance for doubtful debts (note 20(b))	減：呆賬撥備 (附註20(b))	(33,907)	(33,354)
		713,372	620,290
Prepayment for purchase of equipment (i)	購買設備的預付款項(i)	23,926	-
Advances to third parties and interest receivables (ii)	給予第三方的墊款及 應收利息(ii)	-	132,319
Prepayment of acquisition deposits (iii)	收購按金的預付款項(iii)	35,889	27,949
Consideration receivable from disposal of a subsidiary (note 15(b))	出售一間附屬公司的應收代價 (附註15(b))	70,059	-
Wealth management product (iv)	理財產品(iv)	11,963	-
Receivables from local government (v)	應收當地政府款項(v)	212,855	-
Receivables of value-added tax refund	增值稅退稅應收款項	91,546	37,628
Prepayment for inventories	存貨的預付款項	40,161	19,138
Prepayment for consultancy and commission fee	諮詢及佣金費用的 預付款項	18,774	18,130
Receivables of land levelling services	土地平整服務應收款項	182,250	38,742
Other prepayments and other receivables	其他預付款項及其他應收款項	193,567	72,457
Amounts due from related parties (note 30 (d)(i))	應收關聯方款項 (附註30(d)(i))	163,595	153,181
		1,757,957	1,119,834
Non-current	非即期		
Prepayments for purchase of lease prepayments and equipment	購買租賃預付款項及 設備預付款項	344,064	230,271
Prepayments of acquisition deposits (iii)	收購按金的預付款項(iii)	4,187	33,538
Receivables of a construction project from a local government (vi)	地方政府建設項目的 應收款項(vi)	130,327	-
Other prepayments and other receivables	其他預付款項及其他應收款項	132,943	106,914
		611,521	370,723
Total	總計	2,369,478	1,490,557

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20 TRADE AND OTHER RECEIVABLES (Cont'd)

All of the prepayments and other receivables (including amounts due from related parties), apart from those classified as non-current portion, are expected to be recovered or recognised as expense within one year.

- (i) During the year ended 31 December 2017, a prepayment of HKD23,926,000 (equivalent to RMB20,000,000) were paid to a third party for acquisition of equipment. However, the purchase order was subsequently cancelled. Subsequent to the year ended 31 December 2017, the amount had been fully refunded to the Group.
- (ii) As at 31 December 2016, short-term advances of HKD127,671,000 (equivalent to RMB114,201,000) were paid by the Group to certain third-party individuals. Annualised interest rates of these advances were fixed and ranged from 9% to 10%. As at 31 December 2016, interest receivables of HKD4,648,000 (equivalent to RMB4,158,000) were recognised by the Group. During the year ended 31 December 2017, the principal and interest were fully refunded to the Group.

20 貿易及其他應收款項 (續)

所有預付款項及其他應收款項(包括應收關聯方款項)預期將於一年內收回或確認為開支，惟不包括分類為非即期的部分。

- (i) 截至二零一七年十二月三十一日止年度，已就購買設備向一名第三方支付預付款項23,926,000港元(相當於人民幣20,000,000元)。然而，該購買訂單於其後取消。截至二零一七年十二月三十一日止年度後，本集團已獲全數退回有關金額。
- (ii) 於二零一六年十二月三十一日，本集團向若干第三方個人支付短期墊款127,671,000港元(相當於人民幣114,201,000元)。該等墊款的按年利息為固定，介乎於9%至10%。於二零一六年十二月三十一日，本集團確認4,648,000港元(相當於人民幣4,158,000元)的應收利息。截至二零一七年十二月三十一日止年度，本集團已獲全數退回有關本金及利息。

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20 TRADE AND OTHER RECEIVABLES (Cont'd)

- (iii) As at 31 December 2017, prepayment of HKD4,187,000 (equivalent to RMB3,500,000) was paid as an acquisition deposit for the Group's acquisition intention on an agricultural company for the Group's development in the organic and environmental industry.

As at 31 December 2017, prepayment of HKD35,889,000 (equivalent to RMB30,000,000) was paid as an acquisition deposit for the Group's acquisition intention on a company, whose principle activities include provision of sludge, solid waste and hazardous waste treatment services. Such prepayment was made by the Group during the year ended 31 December 2016. As at 31 December 2017, the Group finally decided to terminate the acquisition of the above company, and the prepayment was fully refunded to the Group subsequent to the year ended 31 December 2017.

As at 31 December 2016, another prepayment of HKD27,949,000 (equivalent to RMB25,000,000) were paid as an acquisition deposit for the Group's acquisition intention on another company, whose principle activities include provision of sludge, solid waste and hazardous waste treatment services. As at 31 December 2016, the Group decided to terminate the acquisition of the above company, and the deposit was finally refunded to the Group during the year ended 31 December 2017.

20 貿易及其他應收款項 (續)

- (iii) 於二零一七年十二月三十一日，本集團支付4,187,000港元（相當於人民幣3,500,000元）的預付款項作為本集團為本集團於有機及環保行業的發展有意收購一間農業公司的收購按金。

於二零一七年十二月三十一日，本集團支付35,889,000港元（相當於人民幣30,000,000元）的預付款項作為本集團有意收購一間公司（其主要業務包括提供污泥、固體廢物及危險廢物處理服務）的收購按金。本集團於截至二零一六年十二月三十一日止年度已支付有關預付款項。於二零一七年十二月三十一日，本集團決定終止收購上述公司，截至二零一七年十二月三十一日止年度後，本集團已獲全數退回有關預付款項。

於二零一六年十二月三十一日，本集團支付27,949,000港元（相當於人民幣25,000,000元）的另一筆預付款項作為本集團有意收購另一間公司（其主要業務包括提供污泥、固體廢物及危險廢物處理服務）的收購按金。於二零一六年十二月三十一日，本集團最終決定終止收購上述公司，截至二零一七年十二月三十一日止年度，本集團最終已獲退回有關按金。

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20 TRADE AND OTHER RECEIVABLES (Cont'd)

- (iv) The Group has purchased a wealth management product from an insurance company in the PRC during the year ended 31 December 2017. The total principal of HKD11,963,000 (equivalent to RMB10,000,000) is fully guaranteed with fixed return of 3% per annum plus a floating return up to 1.1%. Returns above are calculated on daily basis. The Group can withdraw the wealth management product anytime. Subsequent to the year ended 31 December 2017, the Group had withdrawn the product and the principal of HKD11,963,000 (equivalent to RMB10,000,000) and investment return of HKD490,000 (equivalent to RMB410,000) were fully paid to the Group.
- (v) As at 31 December 2017, payment of HKD212,855,000 (equivalent to RMB178,000,000) were paid by the Group on behalf of Yulin Municipal People's Government in Guangxi Zhuang Autonomous Region (the "Yulin Government") for compensation of land acquired from local residents. Yulin Government agreed to repay in full by 30 June 2018.
- (vi) On 31 December 2016, the Group entered into a project agreement with Transportation Bureau of Fumian District, Yulin Municipal People's Government in Guangxi Zhuang Autonomous Region. Pursuant to the agreement, the Group will jointly collaborate to involve the construction of the project with the Yulin Government. The Group is responsible for the financing activities of the project while other parties are responsible for construction work. Total estimated capital expenditure for construction is approximately HKD287,112,000 (equivalent to RMB240,000,000) and expenditure estimated to be financed by the Group and the Yulin Government are HKD258,401,000 and HKD28,711,000, equivalent to RMB216,000,000 and RMB24,000,000, respectively.

20 貿易及其他應收款項 (續)

- (iv) 截至二零一七年十二月三十一日止年度，本集團向一間中國保險公司購買理財產品。本金總額11,963,000港元（相當於人民幣10,000,000元）獲全數擔保固定回報為每年3%加浮動回報最多1.1%。上述回報按日計算。本集團可隨時撤銷理財產品。於截至二零一七年十二月三十一日止年度後，本集團已贖回該產品，且本集團已獲全數支付本金11,963,000港元（相當於人民幣10,000,000元）及投資回報490,000港元（相當於人民幣410,000元）。
- (v) 於二零一七年十二月三十一日，本集團代表廣西壯族自治區玉林市人民政府（「玉林政府」）就土地收購賠償向當地居民支付212,855,000港元（相當於人民幣178,000,000元）。玉林政府同意於二零一八年六月三十日前全數償還有關款項。
- (vi) 於二零一六年十二月三十一日，本集團與廣西壯族自治區玉林市人民政府及福綿區交通運輸局訂立一份項目協議。根據該協議，本集團將與玉林政府就該項目的建設共同合作。本集團負責該項目的融資活動，而其他人士負責建設工程。估計建設資本開支總額約為287,112,000港元（相當於人民幣240,000,000元），而估計將由本集團及玉林政府提供資金的開支分別為258,401,000港元及28,711,000港元，分別相當於人民幣216,000,000元及人民幣24,000,000元。

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20 TRADE AND OTHER RECEIVABLES (Cont'd)

(vi) (Cont'd)

The amount financed by the Group is provided with a guaranteed return of 7.8% per annum by the Yulin Government. The investment returns would be received along with the receivables by 10 equal instalments in 10 years upon completion of the construction of the project. At 31 December 2017, the construction work is estimated to be completed in the first half of the year ended 31 December 2018. The management expect that the first instalment will be paid in 2019 or later.

During the year ended 31 December 2017, the Yulin Government proposed to speed up its repayment schedule to the Group and to adjust the return rate from 7.8% to 6.5% per annum. Up to the approval date of these financial statements, the proposed repayment schedule and return rate have not been agreed by the Yulin Government and the Group. During the year ended 31 December 2017, total amount financed by the Group was HKD258,401,000 (equivalent to RMB216,000,000) and as at 31 December 2017, an amount of HKD135,639,000 (equivalent to RMB113,382,000) had been repaid by the Yulin Government. As at 31 December 2017, interest receivable of HKD7,565,000 (equivalent to RMB6,325,000) was recognised by the Group.

20 貿易及其他應收款項 (續)

(vi) (續)

由本集團提供資金的金額獲玉林政府提供每年7.8%的擔保回報。投資回報將於項目建設完成後連同應收款項於10年內分10期等額分期付款收取。於二零一七年十二月三十一日，建設工程估計將於截至二零一八年十二月三十一日止年度上半年完成。管理層預期，第一期款項將於二零一九年或之後支付。

截至二零一七年十二月三十一日止年度，玉林政府建議加快其向本集團還款的時間表及將回報率由每年7.8%調整為6.5%。直至該等財務報表獲批准日期，玉林政府與本集團尚未協定建議還款時間表及回報率。於截至二零一七年十二月三十一日止年度，由本集團提供資金的總金額為258,401,000港元（相當於人民幣216,000,000元），而於二零一七年十二月三十一日，玉林政府已償還135,639,000港元（相當於人民幣113,382,000元）。於二零一七年十二月三十一日，本集團確認應收利息7,565,000港元（相當於人民幣6,325,000元）。

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20 TRADE AND OTHER RECEIVABLES (Cont'd)

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors, based on the invoice date and net of allowance for doubtful debts, is as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Within 1 month	一個月內	372,075	212,157
1 to 3 months	一至三個月	171,891	174,440
Over 3 months but within 1 year	多於三個月但一年內	169,406	233,693
		713,372	620,290

Trade debtors are usually due within 30 days from the date of billing. The Group does not hold any collateral over these balances. Further details on the Group's credit policy are set out in note 28(a).

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 1(l)(i)).

20 貿易及其他應收款項 (續)

(a) 賬齡分析

截至報告期末，貿易應收賬款按發票日期及經扣除呆賬撥備的賬齡分析如下：

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Within 1 month	一個月內	372,075	212,157
1 to 3 months	一至三個月	171,891	174,440
Over 3 months but within 1 year	多於三個月但一年內	169,406	233,693
		713,372	620,290

貿易應收賬款通常自開票日期起計三十日內到期。本集團並無就該等結餘持有任何抵押品。本集團信貸政策之進一步詳情載於附註28(a)。

(b) 貿易應收賬款減值

貿易應收賬款的減值虧損計入撥備賬，除非本集團相信收回有關款項的機會極微，於該情況下，減值虧損直接與貿易應收款項對銷（見附註1(l)(i)）。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

20 TRADE AND OTHER RECEIVABLES (Cont'd)

(b) Impairment of trade debtors (Cont'd)

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
At 1 January	於一月一日	33,354	-
Impairment loss recognised	已確認減值虧損	7,522	34,809
Reversal of impairment loss	撥回減值虧損	(9,248)	-
Exchange adjustments	匯兌調整	2,279	(1,455)
At 31 December	於十二月三十一日	33,907	33,354

At 31 December 2017, trade debtors of HKD70,538,000 (equivalent to RMB58,963,000) (2016: HKD91,226,000, equivalent to RMB81,602,000) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of HKD33,907,000 (equivalent to RMB28,343,000) (2016: HKD33,354,000, equivalent to RMB29,835,000) were recognised.

20 貿易及其他應收款項 (續)

(b) 貿易應收賬款減值 (續)

年內呆賬撥備變動 (包括特別及綜合虧損部分) 如下:

於二零一七年十二月三十一日，貿易應收賬款70,538,000港元 (相當於人民幣58,963,000元) (二零一六年: 91,226,000港元，相當於人民幣81,602,000元) 個別被釐定減值。個別減值的應收款項與陷入財務困難的客戶有關，管理層預計僅可收回部分應收款項。因此，呆賬特別撥備33,907,000港元 (相當於人民幣28,343,000元) (二零一六年: 33,354,000港元，相當於人民幣29,835,000元) 獲確認。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

20 TRADE AND OTHER RECEIVABLES (Cont'd)

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Neither past due nor impaired	既未逾期亦未減值	362,572	207,662
Less than 3 months past due	逾期三個月以內	161,362	161,305
Over 3 months but within 1 year past due	逾期多於三個月但一年內	152,807	193,451
		676,741	562,418

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of local government authorities and industrial entities in the PRC that have a good track record with the Group. 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.

20 貿易及其他應收款項 (續)

(c) 未減值的貿易應收賬款

並無個別或集體視作減值的貿易應收款項賬齡分析如下：

並無逾期亦未減值的應收款項與多名近期無拖欠紀錄的客戶有關。

已逾期但尚未減值的應收款項與多個和本集團有良好交易紀錄的中國當地政府機構及工業實體有關。基於過往經驗，由於信貸質素並無重大改變且餘額仍被視為可全數收回，管理層認為毋須就該等逾期餘額計提減值撥備。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

21 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Cash on hand	手頭現金	5,949	3,162
Cash at bank	銀行現金	513,011	1,152,687
		518,960	1,155,849

At 31 December 2017, cash and cash equivalents placed with banks in the mainland China amounted to HKD505,407,000 (equivalent to RMB422,475,000) (2016: HKD1,110,882,000, equivalent to RMB993,684,000). Remittance of funds out of mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

21 現金及現金等價物

(a) 現金及現金等價物包括：

於二零一七年十二月三十一日，存放於中國內地銀行的現金及現金等價物金額為505,407,000港元（相當於人民幣422,475,000元）（二零一六年：1,110,882,000港元，相當於人民幣993,684,000元）。將資金匯出中國境外須遵守中國政府頒佈的相關的外匯管制的規章制度。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

21 CASH AND CASH EQUIVALENTS (Cont'd)

(b) Reconciliation of profit before taxation to cash generated from operations:

		Note 附註	2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Profit before taxation	除稅前溢利		812,860	719,785
Adjustments for:	經調整以下各項：			
Depreciation	折舊	11	199,673	191,955
Amortisation of lease prepayments	租賃預付款項攤銷	12	8,709	8,343
Amortisation of intangible assets	無形資產攤銷	13	63,914	63,935
Impairment loss of intangible assets	無形資產減值虧損	13	8,325	15,065
Impairment of goodwill	商譽減值	14	-	2,364
Finance costs	融資成本	5(a)	124,780	102,857
Foreign exchange loss	外匯虧損		32,809	33,590
Interest income	利息收入	4(a)	(11,627)	(5,515)
Share of profits of associates	分佔聯營公司的溢利		(1,333)	(1,782)
Share of profit of a joint venture	分佔一家合營企業的溢利		(362)	(621)
Net (gain)/loss on disposal of property, plant and equipment	處置物業、廠房及設備(溢利)/虧損淨值		(26)	288
Gain on disposal of subsidiaries	出售附屬公司之收益	15(b)		
		(ii)(iii)	(66,408)	-
Write down of inventories	存貨撇減	19	463	326
(Reversal)/recognition of impairment of trade receivables	(撥回)/確認應收貿易款項減值	20(b)	(1,726)	34,809
Equity settled share based payments	以權益結算的股份支付	24	9,056	3,965
Deemed rental charges	視作租賃費用	30(c)	12,563	-
Changes in working capital:	營運資本變動：			
Decrease in inventories	存貨減少		4,576	6,903
Increase in trade and other receivables	貿易及其他應收款項增加		(482,340)	(36,763)
Decrease/(increase) in gross amount due from customers for contract work	應收客戶合約工程款項總額減少/(增加)		424	(37,785)
Increase/(decrease) in deferred income	遞延收入增加/(減少)		1,021	(310)
Increase/(decrease) in trade and other payables	貿易及其他應付款項增加/(減少)		9,392	(165,933)
Cash generated from operations	經營業務所得現金		724,743	935,476

21 現金及現金等價物(續)

(b) 除稅前溢利與經營活動所得現金的對賬：

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

21 CASH AND CASH EQUIVALENTS (Cont'd)

(c) Reconciliation of liabilities arising from financing activities

		Bank loans	Interest payable	Liabilities arising from related parties	Total
		銀行貸款 HKD'000 千港元 (Note 23) (附註23)	應付利息 HKD'000 千港元 (Note 22) (附註22)	自關聯方 產生之負債 HKD'000 千港元	總計 HKD'000 千港元
At 1 January 2017	於二零一七年一月一日	3,171,842	6,819	-	3,178,661
Changes from financing cash flows:	融資現金流量變動：				
Proceeds from new bank loans	獲得新增銀行貸款	1,927,411	-	-	1,927,411
Repayment of bank loans	償還銀行貸款	(1,789,285)	-	-	(1,789,285)
Disposal of a subsidiary (note 15(b)(i))	出售一家附屬公司 (附註15(b)(i))	(6,913)	-	-	(6,913)
Interest paid	已支付利息	-	(126,088)	-	(126,088)
Advance from related parties (note 30(c))	來自關聯方之墊款 (附註30(c))	-	-	287,451	287,451
Repayment to related parties	向關聯方還款	-	-	(287,674)	(287,674)
Total changes from financing cash flows	融資現金流量變動總額	131,213	(126,088)	(223)	4,902
Exchange adjustments	匯兌調整	158,804	3,814	223	162,841
Other Changes:	其他變動：				
Interest on bank loans (note 5(a))	銀行貸款利息(附註5(a))	-	124,181	-	124,181
Total other charges	其他費用總額	-	124,181	-	124,181
At 31 December 2017	於二零一七年十二月三十一日	3,461,859	8,726	-	3,470,585

21 現金及現金等價物(續)

(c) 融資活動所產生負債之對賬

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

22 TRADE AND OTHER PAYABLES

22 貿易及其他應付款項

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Trade payables	貿易應付款項	117,326	107,711
Other payables and accruals	其他應付款項及應計費用	564,382	406,945
Receipt in advance for land levelling services	就土地平整服務預先收取 的款項	35,883	-
Deposits	按金	11,620	-
Interest payable (note 21(c))	應付利息(附註21(c))	8,726	6,819
Amounts due to related parties (note 30(d)(ii))	應付關聯方款項 (附註30(d)(ii))	3,695	3,247
		741,632	524,722

All of the trade payables, other payables, accruals and amounts due to related parties are expected to be settled within one year or are repayable on demand.

所有貿易應付款項、其他貿易應付款項及應計費用以及應付關聯方款項預期將於一年內結算或按要求償還。

The credit period granted by the suppliers ranges from 30 days to 90 days.

供應商授出的信貸期介乎三十日至九十日不等。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

22 TRADE AND OTHER PAYABLES (Cont'd)

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Within 1 month	一個月內	57,068	52,885
1 to 3 months	一至三個月	37,993	34,354
Over 3 months but within 1 year	多於三個月但一年內	13,616	13,168
Over 1 year	一年以上	8,649	7,304
		117,326	107,711

22 貿易及其他應付款項 (續)

截至報告期末，貿易應付款項按發票日期的賬齡分析如下：

23 BANK LOANS

At 31 December 2017, the bank loans were repayable as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Within 1 year or on demand	一年內或按要求	1,881,461	1,171,223
After 1 year but within 2 years	一年後但兩年內	303,940	798,766
After 2 years but within 5 years	兩年後但五年內	775,714	997,363
After 5 years	五年後	500,744	204,490
Sub-total	小計	1,580,398	2,000,619
Total	總計	3,461,859	3,171,842

23 銀行貸款

於二零一七年十二月三十一日，應償還銀行貸款如下：

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

23 BANK LOANS (Cont'd)

Notes:

- (i) Bank loans of the Group as at 31 December 2017 were floating-interest rate loans with interest rates ranged from 2.08% to 6.37% (2016: 1.18% to 7.00% per annum).
- (ii) At 31 December 2017, the bank loans were secured as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Secured	有抵押	2,927,013	2,888,847
Unsecured	無抵押	534,846	282,995
		3,461,859	3,171,842

Secured bank loans as at 31 December 2017 and 2016 were secured by certain of the Group's charge rights of water supply, wastewater processing, waste processing and property, plant and equipment (note 11), lease prepayments (note 12), the equity interests of Qingyuan Lvyou, Guangzhou Yinglong and Guangzhou Liangang.

As at 31 December 2016, a secured bank loan amounted to HKD7,827,000 (equivalent to RMB7,000,000) which was past due and secured by a minority shareholder's property. The security was released from the Group as a result of disposal of subsidiary during the year ended 31 December 2017.

Bank loans amounted to HKD105,289,000 (equivalent to RMB88,012,000) as at 31 December 2017 were guaranteed by former shareholder of Guangzhou Yinglong (2016: HKD165,040,000, equivalent to RMB147,629,000).

23 銀行貸款 (續)

附註：

- (i) 於二零一七年十二月三十一日，本集團之銀行貸款為浮息貸款，年利率介乎2.08%至6.37%（二零一六年：1.18%至7.00%）。
- (ii) 於二零一七年十二月三十一日，銀行貸款抵押情況如下：

於二零一七年及二零一六年十二月三十一日，有抵押銀行貸款乃以本集團若干供水、污水處理、廢物處理的收費權、物業、廠房及設備（附註11）、租賃預付款項（附註12）、清遠綠由、廣州盈隆及廣州蓮港的股權作抵押。

於二零一六年十二月三十一日，有抵押銀行貸款7,827,000港元（相當於人民幣7,000,000元）為已逾期及由少數股東物業作抵押。本集團獲解除有關抵押，原因為於截至二零一七年十二月三十一日止年度出售附屬公司。

於二零一七年十二月三十一日，金額為105,289,000港元（相當於人民幣88,012,000元）的銀行貸款由廣州盈隆的前股東作擔保（二零一六年：165,040,000港元，相當於人民幣147,629,000元）。

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23 BANK LOANS (Cont'd)

Notes: (Cont'd)

- (iii) Bank loans amounted to HKD3,461,859,000 (equivalent to RMB2,893,804,000) as at 31 December 2017 (2016: HKD3,164,017,000, equivalent to RMB2,830,213,000) are subject to the fulfillment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 28(b). In addition, pursuant to the terms of the bank loan agreements, certain subsidiaries are not allowed to distribute profit and/or to obtain other external financing prior to the lender's approval and/or to exceed/below the financial ratio.

As at 31 December 2017, covenants relating to restrictions on controlling shareholder, the consolidated EBITDA to long-term borrowings matured within one year and consolidated finance cost ratio, and adjusted cash flow to consolidated debt services ratio had been breached (2016: nil). Accordingly, such bank loans amounted to HKD747,364,000 became payable on demand and have been classified as current liabilities.

24 EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 12 November 2015, the board of directors of the Company approved the adoption of a share award scheme (the "Share Award Scheme") under which shares of the Company (the "Awarded Shares") may be awarded to selected employees (the "Selected Employees") in accordance with the provisions of the Share Award Scheme. The Board shall not make any further award of Awarded Shares which will result in the aggregate nominal value of the Shares awarded under the Scheme exceeding 10% of the issued share capital of the Company at the time of such Award. The maximum number of Awarded Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the issued share capital of the Company at the time of such award.

23 銀行貸款 (續)

附註：(續)

- (iii) 由於屬一般常見之金融機構借款安排，於二零一七年十二月三十一日金額為3,461,859,000港元（相當於人民幣2,893,804,000元）（二零一六年：3,164,017,000港元，相當於人民幣2,830,213,000元）的銀行貸款須履行有關本集團若干資產負債表比率的契諾。倘本集團違反契諾，則已提取融資將須按要求償還。本集團定期監察其遵守該等契諾的情況。本集團之流動風險管理之進一步詳情載於附註28(b)。此外，根據銀行貸款協議條款，若干附屬公司在獲得借方批准前不得進行溢利分派及／或獲取其他外部融資及／或超出／低於財務比率。

於二零一七年十二月三十一日，已違反有關限制控股股東、綜合EBITDA對一年內到期之長期借款及綜合融資成本比率、調整後現金流量對綜合債務服務比率之契諾（二零一六年：無）。因此，金額為747,364,000港元的有關銀行貸款須按要求償還及已分類為流動負債。

24 以權益結算的股份支付交易

於二零一五年十一月十二日，本公司董事會已經批准採納股份獎勵計劃（「股份獎勵計劃」），根據股份獎勵計劃之條款，本公司股份（「獎勵股份」）可授予獲選僱員（「獲選僱員」）。倘董事會授出獎勵股份後會導致根據計劃已授出的股份的總面值超過本公司於授出時已發行股本之10%，則不應再進一步授出獎勵股份。獲選僱員根據計劃獲授的獎勵股份的最高數目不得超過本公司於授出時的已發行股本的1%。

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

24 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Cont'd)

The Share Award Scheme was adopted in order to recognise and motivate the contributions of the Selected Employees and to provide them with the incentives or awards for their commitment and contribution to the Group. By providing a competitive incentive package, the Share Award Scheme also serves to retain and attract suitable personnel for the further development of the Group, and to align the interests of the Selected Employees with those of the shareholders of the Company in attaining long-term business objectives of the Group.

The Share Award Scheme shall terminate on the earlier of (i) the 10th anniversary date of the date of adoption; and (ii) such date of early termination as determined by the board by a resolution of the board. Termination of the Scheme shall not affect any subsisting rights of any Selected Employee under the Scheme.

Details of the shares held under the Share Award Scheme are set out below:

		Average purchase price	No. of shares held	Value of shares
		平均購買價	持有股份數目	股份價值
		HKD	'000	HKD'000
		港元	千股	千港元
At 1 January 2016	於二零一六年一月一日		3,827	10,205
Shares purchased during year 2016	於二零一六年購買的股份	2.04	11,700	23,846
Shares granted during year 2016	於二零一六年授出的股份		(1,653)	(3,799)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日		13,874	30,252
Shares purchased during year 2017	於二零一七年購買的股份	1.49	24,238	36,005
Shares granted during year 2017	於二零一七年授出的股份		(7,872)	(13,643)
At 31 December 2017	於二零一七年十二月三十一日		30,240	52,614

24 以權益結算的股份支付交易 (續)

採納股份獎勵計劃旨在認可及激勵獲選僱員之貢獻並就其對本集團的奉獻及貢獻提供激勵或獎勵。通過提供競爭性的激勵方案，股份獎勵計劃亦可挽留及吸引適合本集團進一步發展的員工並在實現本集團長期業務目標中使獲選僱員的利益與本公司股東的利益保持一致。

股份獎勵計劃於(i)採納日期的第10個週年日；及(ii)董事會透過董事會決議案決定提早終止的有關日期(以較早者為準)終止。終止計劃不會影響該計劃項下任何獲選僱員的任何存續權。

根據股份獎勵計劃所持股份之詳情如下：

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

24 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Cont'd)

As at the 31 December 2017 and 2016, the Company purchased 39,764,000 and 15,526,000 shares, respectively.

During the year ended 31 December 2017, the Company granted 7,872,000 shares (2016: 1,653,000) to 113 employees (2016: 72) of the Group. The fair value of these Awarded Shares amounted to HKD9,056,000 (2016: HKD3,965,000).

The estimated fair value of the Awarded Shares on the grant date is determined by reference to the market price of the Company's shares.

The Group recognised share award expenses of HKD9,056,000 during the year ended 31 December 2017 (2016: HKD3,965,000) with a corresponding decrease in reserve within equity.

24 以權益結算的股份支付交易 (續)

於二零一七年及二零一六年十二月三十一日，本公司分別購買39,764,000股及15,526,000股股份。

截至二零一七年十二月三十一日止年度，本公司向本集團113名（二零一六年：72名）僱員授出7,872,000股（二零一六年：1,653,000股）股份。該等獎勵股份的公平值為9,056,000港元（二零一六年：3,965,000港元）。

獎勵股份於授出日期的估計公平值參考本公司股份的市價釐定。

本集團於截至二零一七年十二月三十一日止年度確認股份獎勵開支為9,056,000港元（二零一六年：3,965,000港元），而權益內的儲備相應減少。

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財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

25 綜合財務狀況表的所得稅

(a) 綜合財務狀況表中的即期稅項為：

		HKD'000 千港元
At 1 January 2016 (Restated)	於二零一六年一月一日 (經重列)	27,026
Provision for PRC income tax (note 6(a)) (Restated)	中國所得稅撥備 (附註6(a)) (經重列)	140,093
PRC income tax paid (Restated)	中國所得稅支付 (經重列)	(82,715)
Exchange adjustments (Restated)	匯兌調整 (經重列)	(4,117)
At 31 December 2016 (Restated)	於二零一六年十二月三十一日 (經重列)	80,287
At 1 January 2017	於二零一七年一月一日	80,287
Provision for PRC income tax (note 6(a))	中國所得稅撥備 (附註6(a))	133,579
PRC income tax paid	中國所得稅支付	(90,548)
Exchange adjustments	匯兌調整	7,105
At 31 December 2017	於二零一七年十二月三十一日	130,423

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

25 綜合財務狀況表的所得稅 (續)

(b) Deferred tax assets and liabilities recognised:

(b) 已確認遞延稅項資產及負債：

Movement of each component of deferred tax assets and liabilities

遞延稅項資產及負債各組成部分之變動

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

於綜合財務狀況表內確認的遞延稅項(資產)/負債組成部分及年內變動如下：

Deferred tax arising from:		PRC dividend withholding tax	Revenue recognition	Intangible assets	Government grant	Provisions	Total
所產生的遞延稅項：		中國股息 預扣稅 HKD'000 千港元	收益確認 HKD'000 千港元	無形資產 HKD'000 千港元	政府補助 HKD'000 千港元	撥備 HKD'000 千港元	總計 HKD'000 千港元
At 1 January 2016 (Restated)	於二零一六年一月一日 (經重列)	13,720	21,040	250,947	(3,531)	-	282,176
(Credited)/charged to profit or loss (Restated)	於損益內(計入)/扣除 (經重列)	(13,410)	14,311	(15,108)	-	(6,334)	(20,541)
Exchange adjustments (Restated)	匯兌調整(經重列)	(310)	(1,931)	(15,281)	224	265	(17,033)
At 31 December 2016 (Restated)	於二零一六年十二月三十一日 (經重列)	-	33,420	220,558	(3,307)	(6,069)	244,602
At 1 January 2017	於二零一七年一月一日	-	33,420	220,558	(3,307)	(6,069)	244,602
Charged/(credited) to profit or loss	於損益內扣除/(計入)	-	8,836	(12,379)	-	1,401	(2,142)
Exchange adjustments	匯兌調整	-	2,645	15,034	(231)	(378)	17,070
At 31 December 2017	於二零一七年十二月三十一日	-	44,901	223,213	(3,538)	(5,046)	259,530

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(b) Deferred tax assets and liabilities recognised: (Cont'd)

Reconciliation to the consolidated statement of financial position

The deferred taxation is recognised on the consolidated statement of financial position as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Net deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表確認的遞延稅項負債淨額	268,114	253,978
Net deferred tax assets recognised in the consolidated statement of financial position	於綜合財務狀況表確認的遞延稅項資產淨值	(8,584)	(9,376)
		259,530	244,602

25 綜合財務狀況表的所得稅 (續)

(b) 已確認遞延稅項資產及負債：(續)

與綜合財務狀況表對賬

於綜合財務狀況表確認的遞延稅項如下：

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(c) Deferred tax assets not recognised

Cumulative tax losses

In accordance with the accounting policy set out in note 1(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of certain subsidiaries located in Hong Kong and subsidiaries in the PRC of HKD165,944,000 and HKD44,918,000 (equivalent to RMB143,476,000 and RMB37,548,000) as at 31 December 2017 (2016: HKD149,779,000 and HKD26,459,000, equivalent to RMB128,383,000 and RMB22,678,000), respectively, as it is not probable that future taxable income against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses of subsidiaries located in Hong Kong do not expire under current tax legislation.

(d) Deferred tax liabilities not recognised

Dividend withholding tax

According to the CIT Law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding income tax at 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Pursuant to the Sino-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident will be liable for a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the PRC enterprise. As all of the Group's PRC subsidiaries are directly or indirectly owned by a Hong Kong incorporated subsidiary which is the qualified Hong Kong tax resident, a rate of 5% is applicable to the calculation of the PRC dividend withholding tax.

25 綜合財務狀況表的所得稅 (續)

(c) 未確認遞延稅項資產

累計稅項虧損

根據附註1(t)所載會計政策，本集團並無就若干香港及中國附屬公司於二零一七年十二月三十一日金額分別為165,944,000港元及44,918,000港元（相當於人民幣143,476,000元及人民幣37,548,000元）（二零一六年：149,779,000港元及26,459,000港元，相當於人民幣128,383,000元及人民幣22,678,000元）的累計稅項虧損確認遞延稅項資產，因為日後於稅務司法管轄區及實體獲得可用來抵扣虧損的應課稅收入的可能性並不大。香港附屬公司之稅務虧損在現有的稅務環境下將不會過期。

(d) 未確認遞延稅項負債

股息預扣稅

根據企業所得稅法及其實施條例，非中國企業居民自中國企業應收的股息須就自二零零八年一月一日起賺取的溢利繳納10%的預扣所得稅，除非獲稅務協定或安排減免。根據內地與香港訂立的《雙重徵稅安排》及相關法規，倘一名合資格香港稅務居民為一間中國企業之「實益擁有人」並持有其25%或以上的股權，則該香港稅務居民須就其來自該中國企業的股息按優惠稅率5%繳納預扣稅。由於本集團所有中國附屬公司歸一間於香港註冊成立的附屬公司（其為合資格香港稅務居民）直接或間接擁有，故計算中國股息預扣稅項適用的稅率為5%。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

(d) Deferred tax liabilities not recognised (Cont'd)

Dividend withholding tax (Cont'd)

At 31 December 2017, deferred tax liabilities in respect of the dividend withholding tax relating to the undistributed profits of the Company's subsidiaries were not recognised as the Company controls the dividend policy of these subsidiaries. Based on the assessment made by management as at the end of each reporting period, it was determined that certain of the undistributed profits of the Company's subsidiaries would not be distributed in the foreseeable future. Deferred tax liabilities with carrying value of HKD13,410,000 (equivalent to RMB11,494,000) was thus reversed for the year ended 31 December 2016. The amounts of undistributed profit of the Company's subsidiaries are set out below:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Distributable profits earned by PRC subsidiaries on or after 1 January 2008	中國附屬公司於二零零八年一月一日或之後賺取之可分派溢利	2,860,021	2,126,016

25 綜合財務狀況表的所得稅 (續)

(d) 未確認遞延稅項負債 (續)

股息預扣稅 (續)

於二零一七年十二月三十一日，並未確認與本公司附屬公司未分派溢利有關的股息預扣稅的遞延稅項負債，乃由於本公司控制該等附屬公司的股息政策。根據管理層於各報告期末作出的評估，本公司附屬公司若干未分配溢利已確定不會於可見未來進行分派。因此，賬面值為13,410,000港元（相當於人民幣11,494,000元）的遞延稅項負債於截至二零一六年十二月三十一日止年度被撥回。本公司附屬公司未分派溢利金額載列如下：

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

26 DEFERRED INCOME

26 遞延收入

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
At 1 January	於一月一日	16,592	18,047
Other additions	其他添置	-	112
Credited to profit or loss (note 4(a))	計入損益(附註4(a))	(138)	(440)
Exchange adjustments	匯兌調整	1,159	(1,127)
At 31 December	於十二月三十一日	17,613	16,592

Deferred income consists of deferred government grants. The grants from local government was conditional and the conditions would be fulfilled upon the completion of construction of certain fixed assets of Guangyuan Xizhou Environmental Enterprises Company Limited ("Guangyuan Xizhou") and Guangzhou Lvyou. The grant will be recognised as income in profit or loss on a systematic basis over the useful life of the fixed assets.

遞延收入包括遞延政府補貼。來自地方政府的補貼為有條件，且該等條件將於廣元西洲環保實業有限公司（「廣元西洲」）及廣州緣由若干固定資產的建設完成後達成。該補貼將於固定資產的可使用年期內按系統基準於損益表確認為收入。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

27 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

Issued share capital of the Company

At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017 (Ordinary shares of HKD0.025 each)	於二零一六年一月一日、 二零一六年十二月三十一日、 二零一七年一月一日及 二零一七年十二月三十一日 (每股普通股面值0.025港元)
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The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

27 資本、儲備及股息

(a) 股本

本公司已發行股本

Number of shares 股份數目	'000 千股	HKD'000 千港元
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6,316,792	157,920
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普通股持有人有權收取不時宣派的股息，並於本公司大會上享有每股一票投票權。就本公司的剩餘資產而言，所有普通股享有同等地位。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

27 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

27 資本、儲備及股息 (續)

(b) 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 statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

(b) 權益組成部份的變動

本集團綜合權益各組成部分年初及年末之間結餘的對賬載於綜合權益變動表。本公司各權益組成部分年初及年末之間變動的詳情載列如下：

		Share capital	Share premium	Shares held under the Share Award Scheme 根據股份獎勵計劃 所持有股份 HKD'000 千港元	Capital reserve	Accumulated losses	Total
		股本 HKD'000 千港元	股份溢價 HKD'000 千港元	股份 HKD'000 千港元	資本儲備 HKD'000 千港元	累計虧損 HKD'000 千港元	總計 HKD'000 千港元
At 1 January 2016 (Restated)	於二零一六年一月一日 (經重列)	157,920	1,665,352	(10,205)	197,537	(32,497)	1,978,107
Loss for the year (Restated)	年內虧損 (經重列)	-	-	-	-	(48,344)	(48,344)
Total comprehensive income (Restated)	全面收益總額 (經重列)	-	-	-	-	(48,344)	(48,344)
Share purchased under Share Award Scheme (note 24) (Restated)	根據股份獎勵計劃 所購回股份 (附註24) (經重列)	-	-	(23,846)	-	-	(23,846)
Equity settled share-based transactions (note 24) (Restated)	以權益結算的股份支付交易 (附註24) (經重列)	-	166	3,799	-	-	3,965
Dividends (Restated)	股息 (經重列)	-	(184,730)	-	-	-	(184,730)
At 31 December 2016 (Restated) and 1 January 2017	於二零一六年十二月三十一日 (經重列) 及 二零一七年一月一日	157,920	1,480,788	(30,252)	197,537	(80,841)	1,725,152
Loss for the year	年內虧損	-	-	-	-	(74,398)	(74,398)
Total comprehensive income	全面收益總額	-	-	-	-	(74,398)	(74,398)
Share purchased under Share Award Scheme (note 24)	根據股份獎勵計劃 所購回股份 (附註24)	-	-	(36,005)	-	-	(36,005)
Equity settled share-based transactions (note 24)	以權益結算的股份 支付交易 (附註24)	-	(4,587)	13,643	-	-	9,056
Dividends	股息	-	(118,117)	-	-	-	(118,117)
At 31 December 2017	於二零一七年 十二月三十一日	157,920	1,358,084	(52,614)	197,537	(155,239)	1,505,688

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

27 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(b) Movements in components of equity (Cont'd)

(i) Share premium

Under the Companies Law of the Cayman Islands, the funds in the Company's share premium account are distributable to the equity shareholders 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) PRC statutory reserves

According to the current PRC Company Law, the Group's entities in the PRC are required to transfer 10% of their profit after taxation to statutory surplus reserve until the surplus reserve balance reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined based on the statutory financial statements prepared in accordance with PRC accounting standards. The transfer to this reserve has to be made before distribution of dividend by these entities.

Statutory surplus reserve can be used to make good previous years' losses, if any, and for capitalisation issue provided that the balance after such issue is not less than 25% of the registered capital of the respective entities.

27 資本、儲備及股息 (續)

(b) 權益組成部份的變動 (續)

(i) 股份溢價

根據開曼群島公司法，倘緊隨建議派發股息當日後，本公司將能夠償付於日常業務過程中到期之債務，則本公司之股份溢價賬之資金可分派予權益股東。

(ii) 中國法定儲備

根據現行中國公司法，本集團於中國之實體須將除稅後溢利之10%轉撥至法定盈餘儲備，直至盈餘儲備結餘達至註冊資本的50%。就計算轉撥至儲備之金額而言，除稅後溢利須按照根據中國會計準則編製之法定財務報表進行釐定。該項轉撥須於該等實體分派股息之前進行。

法定盈餘儲備可用於彌補過往年度虧損（如有）及資本化發行，惟有關發行後之結餘不得低於各相關實體註冊資本之25%。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

27 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(b) Movements in components of equity (Cont'd)

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currencies other than the RMB presentation currency. The reserve is dealt with in accordance with the accounting policy set out in note 1(w).

(iv) Capital reserve

The capital reserve of the Group represents the difference between (a) the nominal value of share capital of a subsidiary acquired; and (b) the nominal value of the shares issued by the Company in exchange under the reorganisation of the Group on 31 May 2011.

The capital reserve of the Company represents the excess of the consolidated net assets represented by the shares acquired over the nominal value of shares issued by the Company in exchange under the reorganisation.

(c) Distributability of reserves

As at 31 December 2017, the aggregate amounts of reserves available for distribution to equity shareholders of the Company was around HKD1,347,768,000 (2016: HKD1,567,232,000), which comprises of share premium, capital reserve, offset by shares held under Share Award Scheme and accumulated losses of the Company.

27 資本、儲備及股息(續)

(b) 權益組成部份的變動(續)

(iii) 匯兌儲備

匯兌儲備包括換算功能貨幣為人民幣呈列貨幣以外的業務財務報表產生的所有相關外匯差額。該儲備乃根據附註1(w)所載的會計政策處理。

(iv) 資本儲備

本集團的資本儲備指(a)所收購附屬公司股本的面值；及(b)本公司於二零一一年五月三十一日根據本集團的重組為交換而發行的股份的面值之間的差額。

本公司的資本儲備指所收購股份所佔綜合資產淨值超過本公司根據重組為換取該等股份而發行之股份面值的部份。

(c) 可供分派儲備

於二零一七年十二月三十一日，可供分派予本公司權益股東的儲備總額約為1,347,768,000港元(二零一六年：1,567,232,000港元)，包括本公司的股份溢價、資本儲備、根據股份獎勵計劃所持有股份所抵銷及累計虧損。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

27 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(d) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the year

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Interim dividend declared and paid of HKD0.0103 per ordinary share and a special dividend HKD0.0018 per ordinary share (2016: HKD0.0119 per ordinary share)	已宣派及派付中期股息每股普通股0.0103港元及特別股息每股普通股0.0018港元(二零一六年：每股普通股0.0119港元)	75,985	75,035
Final dividend of HKD0.0095 per ordinary share and a special dividend of HKD0.0198 per ordinary share proposed after the end of the reporting period (2016: final dividend HKD0.0067 per ordinary share)	於報告期末後擬派的末期股息每股普通股0.0095港元及特別股息每股普通股0.0198港元(二零一六年：末期股息每股普通股0.0067港元)	184,352	42,132
		260,337	117,167

27 資本、儲備及股息(續)

(d) 股息

- (i) 本年度應付本公司權益持有人股息：

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

27 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(d) Dividends (Cont'd)

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Final dividend in respect of the previous financial year of HKD0.0067 per ordinary share (2016: final dividend in respect of the previous financial year of HKD0.0073 and a special dividend of HKD0.0101 per ordinary share)	過往財政年度末期股息每股普通股0.0067港元 (二零一六年：過往財政年度末期股息每股普通股0.0073港元及特別股息每股普通股0.0101港元)	42,132	109,695

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

27 資本、儲備及股息 (續)

(d) 股息 (續)

- (ii) 過往財政年度應佔並於年內批准及支付的應付本公司權益持有人股息：

(e) 資本管理

本集團管理資本的主要目標為保障本集團持續經營的能力，以便其能為股東持續提供回報，及維持最佳資本結構以減低資本成本。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

27 CAPITAL, RESERVES AND DIVIDENDS (Cont'd)

(e) Capital management (Cont'd)

The Group monitors its capital structure on the basis of an adjusted net debt-to-equity ratios. For this purpose, adjusted net debt is calculated as total bank loans less deposits with a bank with original maturity date over three months and cash and cash equivalents. The Group's adjusted net debt-to-equity ratio at 31 December 2017 and 2016 was as follows:

		Note 附註	2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Bank loans:	銀行貸款：			
Current liabilities	流動負債	23	1,881,461	1,171,223
Non-current liabilities	非流動負債	23	1,580,398	2,000,619
Total debt	總債務		3,461,859	3,171,842
Less: Cash and cash equivalents	減：現金及現金等價物	21	(518,960)	(1,155,849)
Deposits with a bank with original maturity date over three months	存放於銀行原始到期日超過三個月之存款		(91,987)	(6,525)
Adjusted net debt	經調整淨債務		2,850,912	2,009,468
Total equity	權益總額		4,465,344	3,616,062
Adjusted net debt-to-equity ratio	經調整淨債務權益比率		0.64	0.56

27 資本、儲備及股息 (續)

(e) 資本管理 (續)

本集團採用經調整淨債務權益比率監察其資本架構。就此而言，經調整淨債務以總銀行貸款減現金及現金等價物及存放於銀行原始到期日超過三個月之存款計算得出。於二零一七年及二零一六年十二月三十一日，本集團的經調整淨債務權益比率如下：

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

28 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

The Group's credit risk is primarily attributable to trade and other receivables and gross amounts due from customers for contract work. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing. Debtors with balances that are more than 12 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers. For the BOT arrangements, since the debtors are local government authorities in the PRC, the Group considers the credit risk is low.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

28 金融風險管理及金融工具的公平值

信貸、流動資金、利率及貨幣風險乃於本集團的日常業務過程中產生。下文載述本集團所面對的風險及本集團就管理該等風險所採取的金融風險管理政策及慣例。

(a) 信貸風險

本集團之信貸風險主要來自貿易及其他應收款項以及應收客戶合約工程款項總額。管理層設有信貸政策，並持續監察此等信貸風險。

就貿易及其他應收款項而言，信貸超過某數額之客戶均需接受獨立信貸評估。此等評估主要針對客戶以往到期時之還款記錄及現時的還付能力，並考慮客戶的個別資料及客戶所處的經濟環境的資料。貿易應收款項由發出賬單當日起計30日內到期。尚有結餘逾期超過12個月之債務人須結算所有未償還結餘後方可獲進一步信貸。一般而言，本集團並無向客戶收取抵押品。於BOT安排方面，由於債務人為中國地方政府機構，故本集團認為信貸風險屬低。

本集團所面對的信貸風險主要受每名客戶的個別特性所影響，而非客戶經營所在的行業或國家，因此當本集團面對個別客戶的重大風險時，將產生高度集中的信貸風險。最高信貸風險指綜合財務狀況表內各項金融資產的賬面值。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(a) Credit risk (Cont'd)

As at 31 December 2017, trade and other receivables and gross amounts due from customers for contract work of the Group amounted to HKD2,725,131,000 (equivalent to RMB2,277,966,000) (2016: HKD1,823,325,000, equivalent to RMB1,630,963,000), of which HKD153,835,000 (equivalent to RMB128,592,000) (2016: HKD143,637,000, equivalent to RMB128,483,000) was due from the largest customer and HKD437,013,000 (equivalent to RMB365,304,000) (2016: HKD391,818,000, equivalent to RMB350,481,000) was due from the five largest customers in aggregate of the Group.

The Group does not provide any other guarantees which would expose the Group to credit risk as at 31 December 2017.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from gross amounts due from customers for contract work and trade and other receivables are set out in notes 18 and 20, respectively.

28 金融風險管理及金融工具的公平值 (續)

(a) 信貸風險 (續)

於二零一七年十二月三十一日，本集團的貿易及其他應收款項以及應收客戶合約工程款項總額為2,725,131,000港元（相當於人民幣2,277,966,000元）（二零一六年：1,823,325,000港元，相當於人民幣1,630,963,000元），其中153,835,000港元（相當於人民幣128,592,000元）（二零一六年：143,637,000港元，相當於人民幣128,483,000元）為應收最大客戶款項，而437,013,000港元（相當於人民幣365,304,000元）（二零一六年：391,818,000港元，相當於人民幣350,481,000元）為本集團五大客戶欠款總額。

於二零一七年十二月三十一日，本集團並無提供任何會使本集團面臨信貸風險的其他擔保。

有關本集團所面臨自應收客戶合約工程款項總額及貿易及其他應收款項產生的信貸風險的進一步量化披露分別載列於附註18及20。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(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, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. 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.

28 金融風險管理及金融工具的公平值 (續)

(b) 流動資金風險

本集團旗下之獨立營運實體須自行負責現金管理工作，包括現金盈餘之短期投資及籌措貸款以應付預期現金需求，惟如借貸超出若干預定授權水準，則須獲本公司董事會之批准方可作實。本集團之政策是定期監察流動資金所需及遵守借貸契諾，確保本集團維持充裕的現金儲備，以及從主要財務機構取得足夠的承諾信貸融資，以應付其短期及長期流動資金需求。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(b) Liquidity risk (Cont'd)

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

		31 December 2017					Carrying amount
		Contractual undiscounted cash outflow					
		二零一七年十二月三十一日					
		合約未貼現現金流出					
		Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
		一年內或按要 求	超過一年 但少於兩年	超過兩年 但少於五年	五年以上	總計	賬面 值
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
		千港元	千港元	千港元	千港元	千港元	千港元
Bank loans	銀行貸款	1,958,915	275,184	811,181	526,761	3,572,041	3,461,859
Trade and other payables	貿易及其他應付款項	741,632	-	-	-	741,632	741,632
Total	總計	2,700,547	275,184	811,181	526,761	4,313,673	4,203,491

		31 December 2016 (Restated)					Carrying amount
		Contractual undiscounted cash outflow					
		二零一六年十二月三十一日 (經重列)					
		合約未貼現現金流出					
		Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	
		一年內或按要 求	超過一年 但少於兩年	超過兩年 但少於五年	五年以上	總計	賬面 值
		HKD'000	HKD'000	HKD'000	HKD'000	HKD'000	HKD'000
		千港元	千港元	千港元	千港元	千港元	千港元
Bank loans	銀行貸款	1,223,293	826,414	1,035,704	214,662	3,300,073	3,171,842
Trade and other payables	貿易及其他應付款項	524,722	-	-	-	524,722	524,722
Total	總計	1,748,015	826,414	1,035,704	214,662	3,824,795	3,696,564

28 金融風險管理及金融工具的公平 值 (續)

(b) 流動資金風險 (續)

下表列示本集團的非衍生金融負債於各報告期末的剩餘合約到期日，其乃根據合約未貼現現金流量（包括利用報告期末的即期利率計算的利息款項）及本集團須付款的最早日期計算得出：

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28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Cont'd)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans issued at variable rates, which expose the Group to cash flow interest rate risk.

As at 31 December 2017, it is estimated that a general increase 100 basis points in interest rates, with all other variables held constant, would have decreased the Group's profit after tax for the year by approximately HKD30,904,000 (equivalent to RMB26,720,000) (2016: HKD28,830,000, equivalent to RMB24,710,000), mainly as a result of higher finance costs on bank loans. The impact on the Group's profit after tax is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis for 2016.

(d) Currency risk

Individual companies within the Group has limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as the principal subsidiaries mainly carried out transactions in RMB, therefore any appreciation or depreciation of HKD against RMB will affect the Group's financial position and be reflected in the exchange reserve.

(e) Fair value measurement

The carrying amounts of the Group's financial instruments are not materially different from their fair values as at 31 December 2017 and 2016.

28 金融風險管理及金融工具的公平價值 (續)

(c) 利率風險

本集團的利率風險主要來自按浮動利率發出的銀行貸款，使本集團面臨現金流利率風險。

於二零一七年十二月三十一日，在所有其他可變因素維持不變的情況下，倘利率增加100個基點，本集團於年內之除稅後溢利將會分別減少約30,904,000港元（相當於人民幣26,720,000元）（二零一六年：28,830,000港元，相當於人民幣24,710,000元），主要由於銀行貸款融資成本增加所致。本集團除稅後溢利所受之影響會按有關利率變動對年度利息支出之影響估計。二零一六年之分析乃按相同基準進行。

(d) 貨幣風險

由於本集團內部個別公司之大部分交易均以與彼等營運有關之功能貨幣屬相同之貨幣計值，故彼等之外匯風險有限。然而，由於主要附屬公司主要人民幣進行交易，因此，港元兌人民幣之匯率任何上升或下降將影響本集團財務狀況並將於匯兌儲備中反映。

(e) 公平值計量

本集團金融工具的賬面值與其於二零一七年及二零一六年十二月三十一日的公平值並無重大不同。

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財務報表附註

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29 COMMITMENTS

- (a) Capital commitments outstanding at 31 December 2017 not provided for in the financial statements were as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Contracted for	已訂約	502,181	248,590
Authorised but not contracted for	已批准但未訂約	1,085,289	1,661,460
		1,587,470	1,910,050

- (b) At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Within 1 year	一年內	8,037	8,187
After 1 year but within 5 years	一年後但五年內	21,572	19,149
After 5 years	五年後	32,273	33,450
		61,882	60,786

Operating leases mainly represent a land use right leasing arrangement with a total leasing period of 16 years.

經營租賃主要指總租期為16年的土地使用權租賃安排。

29 承擔

- (a) 於二零一七年十二月三十一日，尚未清償且並無於財務報表撥備的資本承擔如下：

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Contracted for	已訂約	502,181	248,590
Authorised but not contracted for	已批准但未訂約	1,085,289	1,661,460
		1,587,470	1,910,050

- (b) 於二零一七年十二月三十一日，根據不可撤銷經營租賃應付之未來最低租賃付款總額如下：

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Within 1 year	一年內	8,037	8,187
After 1 year but within 5 years	一年後但五年內	21,572	19,149
After 5 years	五年後	32,273	33,450
		61,882	60,786

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30 MATERIAL RELATED PARTY TRANSACTIONS

The directors are of the view that related parties of the Group include the following individuals/companies:

30 重大關聯方交易

董事認為本集團的關聯方包括以下人士／公司：

Name of related party 關聯方姓名／名稱	Relationship with the Group 與本集團的關係
Mr. Tsui Cham To 徐湛滔先生	Controlling Shareholder 控股股東
Mr. Xu Juwen 徐炬文先生	Executive Director 執行董事
Mr. Gu Yaokun 古耀坤先生	A minority shareholder of the Company/ Executive Director 本公司少數股東／執行董事
Mr. Gan Yongxiong (ii) 甘永雄先生(ii)	Key management personnel 主要管理人員
Mr. Xu Zhencheng(iii) 許振成先生(iii)	Key management personnel 主要管理人員
Guangzhou To Kee (i) 廣州滔記(i)	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Guangzhou Tian Tian Cleaning and Washing Company Limited (“Tian Tian”)(i) 廣州天天快潔洗滌有限公司(「天天」)(i)	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Haiqin Tiancheng (i) 海沁天誠(i)	Joint Venture of the Group 本集團合營企業
Guangzhou Haiqin Tiancheng Environmental Consultancy Company Limited (“Haiqin Tiancheng Consultancy”) (i) 廣州市海沁天誠環境諮詢有限公司 (「海沁天誠諮詢」)(i)	Effectively owned by the Controlling Shareholder 由控股股東實際擁有

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

30 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

30 重大關聯方交易(續)

Name of related party 關聯方姓名／名稱	Relationship with the Group 與本集團的關係
Zuhai Yingrun Environmental Protection Technology Company Limited (“Zuhai Yingrun”) (i) 珠海市盈潤環保科技有限公司(「珠海盈潤」) (i)	Effectively owned by the close family member of Mr. Gu Yaokun 由古耀坤先生之關係密切的家庭成員實際擁有
Guangzhou Nansha Development Zone Lvjie Disposal Recycling Store (“Nansha Lvjie”) (i) 廣州南沙開發區綠傑廢舊金屬物品回收站(「南沙綠傑」) (i)	Effectively owned by Mr. Gu Yaokun 由古耀坤先生實際擁有
Guangzhou Panyu Luopu Kunrun Information Technology and Consulting Services Department (“Luopu Kunrun”) (i) 廣州市番禺區洛浦坤潤信息技術諮詢服務部(「洛浦坤潤」) (i)	Effectively owned by Mr. Gu Yaokun 由古耀坤先生實際擁有
Guangzhou Wofeng Biological Technology Company Limited (“Guangzhou Wofeng”) (i) 廣州市沃豐生物科技有限公司(「廣州沃豐」) (i)	Effectively owned by Mr. Gu Yaokun 由古耀坤先生實際擁有
Guangzhou Lvchi Environmental Protection Technology Company Limited (“Guangzhou Lvchi”) (i) 廣州綠馳環保科技有限公司(「廣州綠馳」) (i)	Effectively owned by Mr. Gu Yaokun 由古耀坤先生實際擁有
Guangzhou Lvhao Technology Service Company Limited (“Guangzhou Lvhao”) (i) 廣州綠灝技術服務有限公司(「廣州綠灝」) (i)	Effectively owned by Mr. Gu Yaokun 由古耀坤先生實際擁有
Guangzhou Anjing Environmental Protection Technology Company Limited (“Guangzhou Anjing”) (i) 廣州市安淨環保科技有限公司(「廣州安淨」) (i)	Effectively owned by Mr. Gu Yaokun 由古耀坤先生實際擁有

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示·惟另有註明者除外)

30 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

30 重大關聯方交易 (續)

Name of related party 關聯方姓名／名稱	Relationship with the Group 與本集團的關係
Guangzhou Lvcheng Industrial Company Limited ("Guangzhou Lvcheng") (i) 廣州市綠城工業有限公司(「廣州綠城」) (i)	Effectively owned by Mr. Gu Yaokun 由古耀坤先生實際擁有
Guangzhou Yanchen Zhili Profession Company Limited ("Guangzhou Yanchen Zhili") (i) 廣州煙塵治理專業有限公司(「廣州煙塵治理」) (i)	Mr. Tsui Cham To is a member of key management personnel of the entity 徐湛滔先生為該實體的主要管理人員之一
Hengyang Lvtao Environmental Ceramsite Equipment Company Limited ("Hengyang Lvtao") (i) 衡陽綠陶環保陶粒設備有限公司(「衡陽綠陶」) (i)	Mr. Gu Yaokun is a member of key management personnel of the entity 古耀坤先生為該實體的主要管理人員之一
Guangzhou Changbao Environmental Management Company Limited ("Guangzhou Changbao") (i) (iii) 廣州昌寶環境治理有限公司(「廣州昌寶」) (i) (iii)	Mr. Xu Zhencheng is a member of key management personnel of the entity 許振成先生為該實體的主要管理人員之一
Guangzhou Longdao Investment Company Limited ("Guangzhou Longdao") (i) 廣州隆道投資有限責任公司(「廣州隆道」) (i)	Effectively owned by key management personnel 由主要管理人員實際擁有
Longmen Hutiao Station Company Limited ("Longmen Hutiao Station") (i) 龍門虎跳電站有限公司(「龍門虎跳電站」) (i)	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Guangzhou Zhongtao (i) 廣州中滔(i)	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Sanshui Zhaofeng (i) 三水肇豐(i)	Effectively owned by the Controlling Shareholder 由控股股東實際擁有
Golden Oasis China Development Limited ("Golden Oasis") 金海中國發展有限公司(「金海」)	Effectively owned by the Controlling Shareholder 由控股股東實際擁有

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

30 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

Notes:

- (i) The English translation of the names is for reference only. The official names of these companies are in Chinese.
- (ii) Mr. Gan Yongxiong resigned on 10 June 2017 and was no longer related party of the Group.
- (iii) Mr. Xu Zhencheng was appointed as executive director on 24 August 2017 (note 7(ii)). The following disclosure of the related party transactions related to Mr. Xu Zhencheng and Guangzhou Changbao is for the period since 24 August 2017.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's director as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Salaries and other benefits	薪金及其他福利	16,882	19,592
Share-based payments	股份支付	2,577	1,113
Retirement scheme contributions	退休計劃供款	198	187
		19,657	20,892

30 重大關聯方交易 (續)

附註：

- (i) 英文版中名稱的英譯僅供參考。該等公司的官方名稱為中文名稱。
- (ii) 甘永雄先生已於二零一七年六月十日辭任並不再為本集團之關聯方。
- (iii) 許振成先生於二零一七年八月二十四日獲委任為執行董事(附註7(ii))。以下關聯方交易披露中與許振成先生及廣州昌寶有關的交易為自二零一七年八月二十四日起期間。

(a) 主要管理人員薪酬

本集團主要管理人員薪酬(包括向附註7所披露本公司董事及附註8所披露若干最高薪酬僱員支付的款項)如下：

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

30 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(b) Recurring transactions

Particulars of significant transactions between the Group and the above related parties during the year ended 31 December 2017 and 2016 are as follows:

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Provision of wastewater processing services to Tian Tian (i)	向天天提供污水處理服務(i)	3,672	4,791
Receive of technical testing services from Haiqin Tiancheng	自海沁天誠獲得技術測試服務	1,207	918
Receive of consulting services from Haiqin Tiancheng Consultancy	自海沁天誠諮詢獲得諮詢服務	1,051	1,597
Receive of consultancy services from:	自以下公司獲得顧問服務：		
- Nansha Lvjie	- 南沙綠傑	994	905
- Luopu Kunrun	- 洛浦坤潤	677	3,066
- Guangzhou Wofeng	- 廣州沃豐	1,078	1,993
- Guangzhou Lvchi	- 廣州綠馳	1,117	1,667
- Guangzhou Lvhao	- 廣州綠灝	6,368	372
- Guangzhou Anjing	- 廣州安淨	4,884	1,133
		15,118	9,136

30 重大關聯方交易 (續)

(b) 經常性交易

截至二零一七年及二零一六年十二月三十一日止年度，本集團與上述關聯方所進行的重大交易詳情如下：

Notes to the financial statements

財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

30 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(b) Recurring transactions (Cont'd)

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Disposal of equity shares in Guangzhou Zhongtao to Guangzhou To Kee (note 15(b)(i))	向廣州滔記出售於廣州中滔的 權益股份 (附註15(b)(i))	28,805	-
Provision of management services to:	向以下公司提供管理服務：		
- Nansha Lvjie	- 南沙綠傑	44	-
- Luopu Kunrun	- 洛浦坤潤	44	-
- Guangzhou Wofeng	- 廣州沃豐	44	-
- Guangzhou Lvchi	- 廣州綠馳	44	-
- Guangzhou Lvhao	- 廣州綠灝	44	-
- Guangzhou Anjing	- 廣州安淨	44	-
		264	-

30 重大關聯方交易 (續)

(b) 經常性交易 (續)

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

30 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

30 重大關聯方交易 (續)

(c) Non-recurring transactions

(c) 非經常性交易

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Provision of technical testing services to Mr. Gu Yaokun	向古耀坤先生 提供技術測試服務	-	226
Provision of other services to Nansha Lvjie	向南沙綠傑提供其他服務	15	-
Receive of other services from Nansha Lvjie	自南沙綠傑獲得其他服務	203	-
Equity contribution by Mr. Gu Yaokun (ii)	古耀坤先生權益出資(ii)	12,563	-
Purchase of equipment from Hengyang Lvtao	自衡陽綠陶購買設備	-	16,476

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

30 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(c) Non-recurring transactions (Cont'd)

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Advances to:	向以下各方作出的墊款：		
- Guangzhou Lvcheng	- 廣州綠城	21,975	115,506
- Mr. Gu Yaokun	- 古耀坤先生	18,736	-
- Guangzhou Yanchen Zhili	- 廣州煙塵治理	-	5,250
- Mr. Gan Yongxiong	- 甘永雄先生	-	292
- Haiqin Tiancheng Consultancy	- 海沁天誠諮詢	578	1,167
- Zhuhai Yingrun	- 珠海盈潤	748	1,310
- Longmen Hutiao Station	- 龍門虎跳電站	347	-
- Guangzhou Changbao	- 廣州昌寶	578	-
		42,962	123,525

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Advances from:	來自以下各方的墊款：		
Mr. Gu Yaokun	古耀坤先生	286,525	58,333
Guangzhou Changbao	廣州昌寶	926	-
		287,451	58,333

30 重大關聯方交易 (續)

(c) 非經常性交易 (續)

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

30 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

30 重大關聯方交易 (續)

(d) Balances with related parties

(d) 與關聯方的結餘

(i) Amounts due from related parties

(i) 應收關聯方款項

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Current	即期		
Trade receivables from:	應收以下方貿易款項：		
– Tian Tian	– 天天	1,879	3,621
Other receivables from:	其他應收以下各方款項：		
– Mr. Tsui Cham To	– 徐湛滔先生	–	553
– Mr. Gu Yaokun	– 古耀坤先生	149,338	135,964
– Haiqin Tiancheng	– 海沁天誠	–	1,627
– Haiqin Tiancheng Consultancy	– 海沁天誠諮詢	890	1,145
– Nansha Lvjie	– 南沙綠傑	134	53
– Luopu Kunrun	– 洛浦坤潤	1,961	2,011
– Guangzhou Wofeng	– 廣州沃豐	511	690
– Guangzhou Lvchi	– 廣州綠馳	1,243	1,117
– Guangzhou Lvhao	– 廣州綠灝	1,665	3,769
– Guangzhou Anjing	– 廣州安淨	–	1,677
– Longmen Hutiao Station	– 龍門虎跳電站	359	–
– Zhuhai Yingrun	– 珠海盈潤	114	954
– Guangzhou Changbao	– 廣州昌寶	215	–
– Guangzhou Longdao	– 廣州隆道	5,286	–
Sub-total	小計	161,716	149,560
Total	總計	163,595	153,181

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

30 MATERIAL RELATED PARTY TRANSACTIONS (Cont'd)

(d) Balances with related parties (Cont'd)

(ii) Amounts due to related parties

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)
Trade payables to	應付海沁天誠之貿易款項	359	395
Other payables to:	其他應付以下各方款項：		
– Guangzhou Zhongtao	– 廣州中滔	2,501	–
– Haiqin Tiancheng	– 海沁天誠	–	56
– Hengyang Lvtao	– 衡陽綠陶	252	2,796
– Longmen Hutiao Station	– 龍門虎跳電站	239	–
– Guangzhou Anjing	– 廣州安淨	344	–
		3,695	3,247

The balances with these related parties are unsecured, interest free and have no fixed repayment terms.

- (i) The related party transaction constitutes continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the paragraph headed “Continuing connected transactions” of the section headed “Report of the Directors” of this annual report.
- (ii) The Group has been using certain assets mainly comprised of sludge treatment facilities and landfill sites located in Qingyuan City and their titles have been transferred to Mr. Gu Yaokun, a director of the Company. The Group used these assets with free of charge. Such transactions are recognised as deemed rental charges and equity contribution paid by shareholders with amount of HKD12,563,000 for the year ended 31 December 2017.

30 重大關聯方交易 (續)

(d) 與關聯方的結餘 (續)

(ii) 應付關聯方款項

與該等關聯方的結餘為無抵押、免息且無固定償還期限。

- (i) 該關聯方交易構成上市規則第14A章所界定的持續關連交易。上市規則第14A章所規定的披露呈列在本年報「董事會報告」一節的「持續關連交易」一段。
- (ii) 本集團一直使用若干資產（主要包括位於清遠市的若干污泥處理設施及填埋場），其所有權已轉讓予本公司董事古耀坤先生。本集團無償使用該等資產。截至二零一七年十二月三十一日止年度，有關交易確認為視作租賃費用及由股東支付之權益出資12,563,000港元。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

31 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

- (i) On 14 February 2018, the Group entered into a termination agreement (the “Termination Agreement”) with Mr. Gu Yaokun, the director of the Company, in regard of an agreement (the “Original Agreement”). The Original Agreement was entered by Qingyuan Lvyou and Mr. Gu Yaokun on 30 April 2014, pursuant to which Qingyuan Lvyou transferred the title of certain fixed assets and land-use rights (together as the “Assets”) to Mr. Gu Yaokun on 30 April 2014. On the other hand, as agreed in the Original Agreement, Qingyuan Lvyou would purchase the Assets back upon the issuance of the formal land and property registration certificates for the Assets by local government authorities. Moreover, on 30 April 2014, the Group acquired 100% equity interests of Qingyuan Lvyou from Mr. Gu Yaokun. As at 31 December 2017, Mr. Gu Yaokun had not obtained the formal land and property registration certificates for all of the Assets. On 14 February 2018, the Group entered into the Termination Agreement with Mr. Gu Yaokun, and the title of the Assets without formal land and property registration certificates were transferred to the Group.
- (ii) On 2 February 2018, the Group entered into a conditional loan facility agreement with China Construction Bank (“CCB”). The amount of loan to be granted to the Group pursuant to the loan facility agreement shall be applied towards the financing of acquisition of fixed assets, working capital, trading, merger and acquisitions, bills, guarantees and other funds. According to the terms of the loan facility agreement, the maximum amount of the facility consists of ordinary loans of HKD2.87 billion (equivalent to RMB2.4 billion) subject to the final approval by CCB.

31 報告期後非調整事項

- (i) 於二零一八年二月十四日，本集團與本公司董事古耀坤先生就一份協議（「原協議」）訂立終止協議（「終止協議」）。原協議由清遠綠由與古耀坤先生於二零一四年四月三十日訂立，據此，清遠綠由於二零一四年四月三十日將若干固定資產之所有權及土地使用權（統稱「該等資產」）轉讓予古耀坤先生。另一方面，誠如原協議中協定，於當地政府機關發出該等資產之正式土地及物業登記證書後，清遠綠由將購回該等資產。此外，於二零一四年四月三十日，本集團向古耀坤先生收購清遠綠由100%股權。於二零一七年十二月三十一日，古耀坤先生並未就所有該等資產取得正式土地及物業登記證書。於二零一八年二月十四日，本集團與古耀坤先生訂立終止協議，已將無正式土地及物業登記證書之該等資產之所有權轉讓予本集團。
- (ii) 於二零一八年二月二日，本集團與中國建設銀行（「中國建設銀行」）訂立有條件貸款融資協議。根據貸款融資協議將向本集團授出之貸款金額將用於為收購固定資產、營運資金、買賣、併購、賬單、擔保及其他資金提供資金。根據貸款融資協議之條款，在獲取中國建設銀行最後審批後，融資之最高金額包括普通貸款28.7億港元（相當於人民幣24億元）。

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

32 公司層面之財務狀況表

(以港元列示)

		31 December 2017 二零一七年 十二月三十一日 HKD'000 千港元	31 December 2016 二零一六年 十二月三十一日 HKD'000 千港元 (Restated)* (經重列)*	1 January 2016 二零一六年 一月一日 HKD'000 千港元 (Restated)* (經重列)*
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司的投資	1,141,155	1,008,016	970,064
Other receivables	其他應收款項	14,667	8,434	-
		1,155,822	1,016,450	970,064
Current assets	流動資產			
Other receivables	其他應收款項	1,237,969	1,360,578	1,486,393
Cash and cash equivalents	現金及現金等價物	12,977	6,795	14,288
Deposits with banks with original maturity date over three months	存放於銀行原始到期日超過三個月之存款	3,704	3,675	3,672
		1,254,650	1,371,048	1,504,353
Current liabilities	流動負債			
Other payables	其他應付款項	2,000	2,139	1,095
Bank loans	銀行貸款	686,570	73,299	221,329
		688,570	75,438	222,424
Net current assets	流動資產淨值	566,080	1,295,610	1,281,929
Total assets less current liabilities	總資產減流動負債	1,721,902	2,312,060	2,251,993
Non-current liability	非流動負債			
Bank loans	銀行貸款	216,214	586,908	273,886
		216,214	586,908	273,886
Net assets	資產淨值	1,505,688	1,725,152	1,978,107

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(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (Cont'd)

(Expressed in Hong Kong dollars)

			31 December 2017 二零一七年 十二月三十一日 HKD'000 千港元	31 December 2016 二零一六年 十二月三十一日 HKD'000 千港元 (Restated)* (經重列)*	1 January 2016 二零一六年 一月一日 HKD'000 千港元 (Restated)* (經重列)*
CAPITAL AND RESERVES	股本及儲備	27(b)			
Share capital	股本		157,920	157,920	157,920
Reserves	儲備		1,347,768	1,567,232	1,820,187
Total equity	權益總額		1,505,688	1,725,152	1,978,107

* See Note 1(c)(i).

Approved and authorised for issue by the board of directors on 29 March 2018.

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32 公司層面之財務狀況表 (續)

(以港元呈列)

* 見附註1(c)(i)。

於二零一八年三月二十九日經董事會批准及授權刊發。

董事

33 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2017, the directors consider the immediate controlling party to be Keen Vast Holding Limited (建大控股有限公司), while the ultimate controlling party of the Company as at 31 December 2017 to be Mr. Tsui Cham To.

33 直接及最終控股方

董事認為，於二零一七年十二月三十一日的直接控股方為建大控股有限公司，而本公司於二零一七年十二月三十一日的最終控股方為徐湛滔先生。

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34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

34 截至二零一七年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的可能影響

截至本財務報表刊發日期，香港會計師公會已頒佈多項修訂及新準則。該等修訂及新準則於截至二零一七年十二月三十一日止年度尚未生效，此等財務報表亦無採用該等修訂及新準則。以下為可能與本集團相關的有關準則。

	Effective for accounting periods beginning on or after 於以下日期或 之後開始的 會計期間生效
HKFRS 9, <i>Financial instruments</i> 香港財務報告準則第9號金融工具	1 January 2018 二零一八年 一月一日
HKFRS 15, <i>Revenue from contracts with customers</i> 香港財務報告準則第15號客戶合約收益	1 January 2018 二零一八年 一月一日
Amendments to HKFRS 2, <i>Share-based payment: Classification and measurement of share-based payment transactions</i> 香港財務報告準則第2號股份支付：股份支付交易的分類及計量之修訂	1 January 2018 二零一八年 一月一日
HK(IFRIC) 22, <i>Foreign currency transactions and advance consideration</i> 香港（國際財務報告詮釋委員會）詮釋第22號外幣交易及墊付代價	1 January 2018 二零一八年 一月一日
HKFRS 16, <i>Leases</i> 香港財務報告準則第16號租賃	1 January 2019 二零一九年 一月一日

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34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 9 and HKFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

HKFRS 9, Financial instruments

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39, Financial instruments: Recognition and measurement. HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

34 截至二零一七年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的可能影響(續)

本集團正在評估該等修訂、新準則及詮釋在首個應用期間預期產生的影響。目前，本集團已識別出新準則之若干方面可能對綜合財務報表產生重大影響。預期影響之進一步詳情討論如下。儘管香港財務報告準則第9號及香港財務報告準則第15號之評估已大致完成，惟首次採納有關準則之實際影響可能有所不同，原因為至今已完成之評估乃基於本集團目前可得之資料進行，進一步影響可能於有關準則獲本集團於截至二零一八年六月三十日止六個月之中期財務報告中首次應用前識別。本集團亦可能改變其會計政策選擇，包括過渡方案，直至有關準則首次應用於該財務報告。

香港財務報告準則第9號，金融工具

香港財務報告準則第9號將取代有關金融工具會計處理方法的現有準則香港會計準則第39號，金融工具：確認及計量。香港財務報告準則第9號引入分類及計量金融資產（包括金融資產之計量及減值以及對沖會計處理）的新規定。另一方面，香港財務報告準則第9號納入且並無大幅改變香港會計準則第39號有關確認及終止確認金融工具及金融負債之分類及計量的規定。

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34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

HKFRS 9, Financial instruments (Cont'd)

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI):

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then interest revenue, impairment and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

34 截至二零一七年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的可能影響 (續)

香港財務報告準則第9號，金融工具 (續)

香港財務報告準則第9號於二零一八年一月一日或之後開始之年度期間追溯生效。本集團計劃採用豁免重列比較資料，並將就於二零一八年一月一日之權益期初結餘確認任何過渡調整。

新規定對本集團財務報表之預計影響如下：

(a) 分類及計量

香港財務報告準則第9號包括金融資產的三個主要分類類別：(1)按攤銷成本計量、(2)透過損益按公平值計量(FVTPL)及(3)透過其他全面收益按公平值計量(FVTOCI)：

- 債務工具分類乃根據實體管理金融資產的業務模式及資產的合約現金流量特性釐定。倘債務工具分類為FVTOCI，則利息收益、減值及出售收益／虧損將於損益內確認。
- 就股本證券而言，FVTPL之分類不計及實體之業務模式。唯一例外是倘股本證券並非持作買賣及實體不可撤回地選擇指定該證券為FVTOCI。倘股本證券指定為FVTOCI，則只有該證券的股息收入將於損益確認。該證券之收益、虧損及減值將於其他全面收益確認，不得循環使用。

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34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

HKFRS 9, Financial instruments (Cont'd)

(a) Classification and measurement (Cont'd)

The Group has assessed that its financial assets currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The Group currently does not have any financial assets classified as “available-for-sale” and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

34 截至二零一七年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的可能影響 (續)

香港財務報告準則第9號，金融工具 (續)

(a) 分類及計量 (續)

本集團已評估其當前按攤銷成本計量的金融資產將於採納香港財務報告準則第9號後持續遵循各自的分類及計量。

本集團目前並無任何分類為「可供銷售」之金融資產，因此該新規定對本集團採納香港財務報告準則第9號將不會造成任何影響。

香港財務報告準則第9號項下金融負債之分類及計量與香港會計準則第39號很大程度上保持一致，惟香港財務報告準則第9號規定，因該金融負債之信貸風險變動而指定按FVTPL計量之金融負債的公平值變動於其他全面收益（不得重新分類至損益）確認。本集團目前並無指定按FVTPL計量的金融負債，故該新規定對本集團採納香港財務報告準則第9號將不會造成任何影響。

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34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

HKFRS 9, Financial instruments (Cont'd)

(b) Impairment

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses.

HKFRS 15, Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts.

34 截至二零一七年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的可能影響 (續)

香港財務報告準則第9號，金融工具 (續)

(b) 減值

香港財務報告準則第9號的新減值模式以「預計信貸虧損」模式取代香港會計準則第39號的「已產生虧損」。根據預計信貸虧損模式，於減值虧損確認前毋須再發生虧損事件。取而代之，根據資產及事實與情況，實體須確認及計量預計信貸虧損為12個月或存續期預計信貸虧損。本集團預期應用預計信貸虧損模式將導致提早確認信貸虧損。

香港財務報告準則第15號，客戶合約收益

香港財務報告準則第15號建立了確認客戶合約收益的全面框架。香港財務報告準則第15號將取代現有收益準則：香港會計準則第18號，收益（涵蓋銷售貨物及提供服務所產生的收入）及香港會計準則第11號，建築合約（訂明建築合約收益的會計處理方法）。

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34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

HKFRS 15, Revenue from contracts with customers (Cont'd)

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

(a) Timing of revenue recognition

The Group's revenue recognition policies are disclosed in note 1(v). Currently, revenue arising from construction contracts and the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (ii) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

34 截至二零一七年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的可能影響 (續)

香港財務報告準則第15號，客戶合約收益 (續)

根據迄今完成之評估。本集團已識別以下預計會受影響之領域：

(a) 收益確認時間

本集團的收益確認政策披露於附註1(v)。目前，建築合約及提供服務所產生之收益隨時間予以確認，而銷售貨物之收益通常於風險及所有權得益轉移至客戶時予以確認。

根據香港財務報告準則第15號，收益於客戶獲得合約內所承諾貨物及服務之控制權時予以確認。香港財務報告準則第15號確定了以下對承諾貨物或服務之控制被視為隨時間轉移之三種情況：

- (i) 當客戶於實體履約時同時接受及使用實體履約所提供之利益時；
- (ii) 當實體履約創造或增強一項於資產被創造或增強時由客戶控制之資產（如在建工程）時；
- (iii) 當實體之履約並無創造對實體而言具替代用途之資產，且該實體對迄今完成之履約付款具有可執行權利時。

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34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

HKFRS 15, Revenue from contracts with customers (Cont'd)

(a) Timing of revenue recognition (Cont'd)

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The Group has assessed that the new revenue standard is not likely to have significant impact on how it recognises revenue from industrial water supply services, wastewater treatment operation services, BOT project construction and operation services, heating and electricity generation services, sludge and solid waste treatment services and hazardous waste treatment services.

34 截至二零一七年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的可能影響 (續)

香港財務報告準則第15號，客戶合約收益 (續)

(a) 收益確認時間 (續)

倘合約條款及實體業務並不屬於該3種情況之任何一種，則根據香港財務報告準則第15號，實體於單一時間點（即控制權已轉移時）確認出售該貨物或服務之收入。風險及所有權得益轉讓僅為釐定控制權轉移時考慮的其中一項指標。

本集團已評估新收益準則不太可能對其就工業用水供應服務、污水處理運作服務、BOT項目建設及營運服務、供熱及發電服務、污泥及固體廢物處理服務及危險廢物處理服務確認收益之方式帶來重大影響。

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34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

HKFRS 15, Revenue from contracts with customers (Cont'd)

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

Advance payments are currently not common in the Group's arrangements with its customers.

The Group plans to elect to use the cumulative effect transition method for the adoption of HKFRS 15 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. As allowed by HKFRS 15, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. Since the number of "open" contracts for sales of products at 31 December 2017 is limited, the Group expects that the transition adjustment to be made upon the initial adoption of HKFRS 15 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's financial results from 2018 onwards.

34 截至二零一七年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的可能影響 (續)

香港財務報告準則第15號，客戶合約收益 (續)

(b) 重大融資部分

香港財務報告準則第15號要求實體於合約包含重大融資部分時就貨幣時間價值調整交易價格，而不論來自客戶的付款將大部分提前收取或延後收取。

目前，本集團僅於付款大幅延期時（於目前本集團與其客戶間的安排中並不常見）採用此政策。目前，本集團並無於付款提前收取時採用此政策。

目前，提前付款在本集團與其客戶間的安排並不常見。

本集團為採納香港財務報告準則第15號，計劃採用累積影響過渡法，並將確認首次應用之累計影響作為對二零一八年一月一日的權益期初餘額調整。根據香港財務報告準則第15號的規定，本集團計劃將新規定僅應用於二零一八年一月一日之前尚未完成的合約。由於二零一七年十二月三十一日銷售產品的「未完成」合約數量有限，因此本集團預計為首次採納香港財務報告準則第15號將予作出之過渡調整將並不重大。然而，上述會計政策的預期變動可能會對本集團自二零一八年起的財務業績造成重大影響。

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34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

HKFRS 16, Leases

As disclosed in note 1(k), currently the Group classifies leases into operating leases and accounts for the lease arrangements according to the nature of the lease. The Group enters into some leases as the lessor and others as the lessee.

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 recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise 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 recognising 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 recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment 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.

34 截至二零一七年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的可能影響(續)

香港財務報告準則第16號，租賃

誠如附註1(k)所披露，本集團目前將租賃分類為經營租賃，並根據租賃的性質將租賃安排入賬。本集團會以出租人及承租人身份訂立若干租約。

香港財務報告準則第16號預期並不會大幅影響出租人根據租約將彼等權利及義務入賬的方式。然而，一旦採納香港財務報告準則第16號，承租人將不再區分融資租賃及經營租賃。相反，受可行權宜方法的規限，承租人將按與現有融資租賃會計處理方法類似的方式將所有租約入賬，即於租約開始日期，承租人將按日後最低租賃付款的現值確認及計量租賃負債，及將確認相應的「使用權」資產。於初始確認該資產及負債後，承租人將確認租賃負債未償付結餘所產生的利息開支及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租賃所產生的租賃開支。作為一項可行權宜方法，承租人可選擇不將此會計模式應用於短期租賃（即租期為12個月或以下）及低價值資產的租賃，於該等情況下，租金開支將繼續於租期內按系統基準確認。

香港財務報告準則第16號將主要影響本集團作為物業、廠房及設備（現時分類為經營租賃）租約之承租人的會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租約期間於損益表確認開支的時間。

Notes to the financial statements 財務報表附註

(Expressed in Hong Kong dollars unless otherwise indicated) (以港元列示，惟另有註明者除外)

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Cont'd)

HKFRS 16, Leases (Cont'd)

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transition options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt the standard retrospectively or follow a modified retrospective method of recognising a cumulative-effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

The Group has not yet decided whether it will choose to take advantage of this practical expedient, and which transition approach to be taken.

34 截至二零一七年十二月三十一日止年度已頒佈但尚未生效的修訂、新準則及詮釋的可能影響 (續)

香港財務報告準則第16號，租賃 (續)

香港財務報告準則第16號於二零一九年一月一日或之後開始之年度期間生效。該準則提供不同的過渡選擇及可行權宜方法，包括融入先前評估的可行權宜方法，當中現有安排為（包含）租賃。倘選擇此可行權宜方法，本集團僅將香港財務報告準則第16號對租賃的新定義應用於首次應用日期或之後訂立的合約。倘並無選擇可行權宜方法，本集團將需要使用新定義重新評估其有關現有安排屬於或包含租賃所有決定。視乎本集團是否選擇以追溯方式採納該準則，或遵從經修訂可追溯方式確認對首次應用當日權益期初結餘的累計影響調整，本集團未必需要重列因重新評估而引致任何會計變動的比較資料。

本集團並未決定是否將選擇利用此可行權宜方法及採納何種過渡方法。

Financial Summary

財務概要

The following table summarizes the consolidated results, assets and liabilities of the Group for the five years ended 31 December:

下表概述本集團於截至十二月三十一日止五個年度的綜合業績、資產及負債：

		2017 二零一七年 HKD'000 千港元	2016 二零一六年 HKD'000 千港元 (Restated) (經重列)	2015 二零一五年 HKD'000 千港元 (Restated) (經重列)	2014 二零一四年 HKD'000 千港元	2013 二零一三年 HKD'000 千港元
Results	業績					
Turnover	營業額	2,099,098	2,177,038	1,782,606	1,032,544	484,849
Profit before taxation	除稅前溢利	812,860	719,785	833,036	471,848	273,907
Income tax	所得稅	131,437	119,552	86,118	43,595	49,115
Profit attributable to equity holders of the Company	本公司權益持有人應佔溢利	682,480	605,690	744,016	424,672	224,422
Assets	資產					
Non-current assets	非流動資產	6,662,952	5,311,770	5,063,072	2,807,275	1,141,863
Current assets	流動資產	2,422,033	2,351,713	1,487,683	807,863	749,689
Total assets	資產總額	9,084,985	7,663,483	6,550,755	3,615,138	1,891,552
Liabilities	負債					
Non-current liabilities	非流動負債	1,866,125	2,271,189	1,935,793	1,036,158	555,563
Current liabilities	流動負債	2,753,516	1,776,232	1,157,545	684,389	207,683
Total liabilities	負債總額	4,619,641	4,047,421	3,093,338	1,720,547	763,246
Total equity	權益總額	4,465,344	3,616,062	3,457,417	1,894,591	1,128,306
Total equity of attributable to equity holders of the Company	本公司權益持有人應佔權益總額	4,462,484	3,604,524	3,440,422	1,864,965	1,125,505



CTEG

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