CTEG
中滔環保

CT ENVIRONMENTAL GROUP LIMITED
中 滔 環 保 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1363)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

HIGHLIGHTS

- The Group had achieved revenue of approximately HKD2,099.1 million, representing a decrease of approximately 3.6% as compared with that of HKD2,177.0 million in the corresponding period in 2016.

- Profit attributable to equity shareholders of the Company was approximately HKD682.5 million, representing an increase of approximately 12.7% as compared with that of HKD605.7 million in the corresponding period in 2016.

- Final dividend of HKD0.95 cents per share and a special dividend of HKD1.98 cents per share had been proposed for the year ended 31 December 2017 (2016: Final dividend of HKD0.67 cents per share).

- As of 31 December 2017, the designed capacity in operation for water treatment segment was 755,000 m^3/day; that for sludge treatment segment was 3,442 tonnes/day; and that for hazardous waste treatment was 765,000 tonnes/year. As compared with the designed capacity as of 31 December 2016, there were increase of 45,500 m^3/day in water treatment segment, maintain at the same level in sludge treatment segment and decrease of 65,000 tonnes/year of hazardous waste treatment segment.

The board (the "**Board**") of directors of CT Environmental Group Limited (the "**Company**") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2017
*(Expressed in Hong Kong dollar ("**HKD**"))*

	Note	**2017** **HKD'000**	2016 HKD'000 (Restated)*
Turnover	*2*	**2,099,098**	2,177,038
Cost of sales		**(1,298,871)**	(1,182,685)
Gross profit		**800,227**	994,353
Other revenue	*3(a)*	**327,563**	193,705
Administrative expenses		**(276,625)**	(298,924)
Other net income/(loss)	*3(b)*	**84,780**	(68,895)
Profit from operations		**935,945**	820,239
Finance costs	*4(a)*	**(124,780)**	(102,857)
Share of profits of associates		**1,333**	1,782
Share of profit of a joint venture		**362**	621
Profit before taxation	*4*	**812,860**	719,785
Income tax	*5*	**(131,437)**	(119,552)
Profit for the year		**681,423**	600,233
Attributable to:			
Equity shareholders of the Company		**682,480**	605,690
Non-controlling interests		**(1,057)**	(5,457)
Profit for the year		**681,423**	600,233
Earnings per share *(HKD)*	*6*		
Basic		**0.11**	0.10
Diluted		**0.11**	0.10

* *See Note 1(c)(i).*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2017
(Expressed in Hong Kong dollars)

	2017	2016
	HKD'000	*HKD'000*
		(Restated)*
Profit for the year	**681,423**	600,233
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities not using HKD as functional currency	**301,096**	(236,977)
Total comprehensive income for the year	**982,519**	363,256
Attributable to:		
Equity shareholders of the Company	**983,576**	368,713
Non-controlling interests	**(1,057)**	(5,457)
Total comprehensive income for the year	**982,519**	363,256

* *Please refer to Note 1(c)(i) of the notes to the financial information in this announcement.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars)

	Note	**31 December 2017** *HKD'000*	31 December 2016 *HKD'000* (Restated)*	1 January 2016 *HKD'000* (Restated)*
Non-current assets				
Property, plant and equipment		**3,496,201**	2,696,799	2,567,083
Lease prepayments		**335,443**	320,823	351,080
Intangible assets		**1,703,829**	1,455,213	1,353,469
Goodwill		**170,240**	159,089	172,278
Interest in associates		**8,629**	6,776	5,412
Interest in a joint venture		**3,790**	3,193	2,773
Gross amounts due from customers for contract work		**324,715**	289,778	276,089
Other receivables	*7*	**611,521**	370,723	331,357
Deferred tax assets		**8,584**	9,376	3,531
		6,662,952	5,311,770	5,063,072
Current assets				
Inventories		**22,191**	26,515	35,706
Trade and other receivables	*7*	**1,757,957**	1,119,834	948,149
Gross amounts due from customers for contract work		**30,938**	42,990	40,549
Deposits with a bank with original maturity date over three months		**91,987**	6,525	6,715
Cash and cash equivalents		**518,960**	1,155,849	456,564
		2,422,033	2,351,713	1,487,683
Current liabilities				
Trade and other payables	*8*	**741,632**	524,722	363,879
Bank loans	*9*	**1,881,461**	1,171,223	766,640
Current taxation		**130,423**	80,287	27,026
		2,753,516	1,776,232	1,157,545
Net current (liabilities)/assets		**(311,483)**	575,481	330,138
Total assets less current liabilities		**6,331,469**	5,887,251	5,393,210

	Note	**31 December 2017**	31 December 2016	1 January 2016
		HKD'000	*HKD'000*	*HKD'000*
			(Restated)*	(Restated)*
Non-current liabilities				
Bank loans	*9*	**1,580,398**	2,000,619	1,632,039
Deferred tax liabilities		**268,114**	253,978	285,707
Deferred income		**17,613**	16,592	18,047
		1,866,125	2,271,189	1,935,793
Net assets		**4,465,344**	3,616,062	3,457,417
CAPITAL AND RESERVES				
Share capital		**157,920**	157,920	157,920
Reserves		**4,304,564**	3,446,604	3,282,502
Total equity attributable to equity shareholders of the Company		**4,462,484**	3,604,524	3,440,422
Non-controlling interests		**2,860**	11,538	16,995
Total equity		**4,465,344**	3,616,062	3,457,417

* *See Note 1(c)(i)*

NOTES TO THE FINANCIAL INFORMATION

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.

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.

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.

(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 converted into HKD from RMB. All financial information presented in HKD has been rounded to the nearest thousand.

(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.

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

2 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.

– Build-Operate-Transfer ("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.

(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 basis:

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.

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.

For the year ended 31 December 2017

	Supply of industrial water *HKD'000*	Provision of wastewater treatment plants operation services *HKD'000*	BOT project construction and operation services *HKD'000*	Provision of heating services and electricity generation *HKD'000*	Provision of sludge and solid waste treatment services *HKD'000*	Provision of hazardous waste treatment services *HKD'000*	Total *HKD'000*
Revenue from external customers	67,479	557,015	272,872	198,097	532,523	471,112	2,099,098
Inter-segment revenue	–	95,904	–	–	52,213	10,446	158,563
Reportable segment revenue	**67,479**	**652,919**	**272,872**	**198,097**	**584,736**	**481,558**	**2,257,661**
Reportable segment profit (adjusted 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	–	362	–	–	–	1,333	1,695
Depreciation and amortisation for the year	(13,198)	(94,618)	(658)	(6,211)	(71,675)	(85,936)	(272,296)
Gain on disposal of subsidiaries	–	66,060	–	–	–	348	66,408

For the year ended 31 December 2016 (Restated)

	Supply of industrial water *HKD'000*	Provision of wastewater treatment plants operation services *HKD'000*	BOT project construction and operation services *HKD'000*	Provision of heating services and electricity generation *HKD'000*	Provision of sludge and solid waste treatment services *HKD'000*	Provision of hazardous waste treatment services *HKD'000*	Total *HKD'000*
Revenue from external customers	67,280	558,878	389,176	140,884	513,114	507,706	2,177,038
Inter-segment revenue	–	87,047	–	–	104,082	12,178	203,307
Reportable segment revenue	67,280	645,925	389,176	140,884	617,196	519,884	2,380,345
Reportable segment profit (adjusted 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	–	621	–	–	–	1,782	2,403
Depreciation and amortisation for the year	(15,564)	(90,007)	(593)	(1,423)	(67,961)	(88,685)	(264,233)
Impairment of							
– intangible assets	–	–	–	–	–	(15,065)	(15,065)
– goodwill	–	–	–	–	–	(2,364)	(2,364)

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 approximately RMB325,672,000) (2016: HKD565,040,000, equivalent to approximately RMB484,296,000).

(b) Reconciliations of reportable segment profits

	Note	**2017** **HKD'000**	2016 HKD'000 (Restated)
Reportable segment profit		**1,165,662**	1,204,085
Elimination of inter-segment profits		**(4,084)**	(5,780)
Reportable segment profit derived from Group's external customers		**1,161,578**	1,198,305
Share of profits of associates and a joint venture		**1,695**	2,403
Finance costs	*4(a)*	**(124,780)**	(102,857)
Interest income	*3(a)*	**11,627**	5,515
Depreciation and amortisation	*4(c)*	**(272,296)**	(264,233)
Impairment losses on non-current assets		**(8,325)**	(17,429)
Gain on disposal of subsidiaries	*3(b)*	**66,408**	–
Net foreign exchange gain/(loss)	*3(b)*	**20,741**	(64,773)
Unallocated head office and corporate expenses		**(43,788)**	(37,146)
Consolidated profit before taxation		**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 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

(a) Other revenue

	2017 ***HKD'000***	2016 *HKD'000* (Restated)
Government grants	**24,587**	9,924
– Unconditional subsidies *(i)*	**24,449**	9,484
– Conditional subsidies	**138**	440
Value-added tax refund *(ii)*	**142,021**	145,173
Interest income	**11,627**	5,515
Consultancy fees *(iii)*	**18,506**	–
Land levelling services *(iv)*	**129,370**	32,018
Others	**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.

(ii) The Group was entitled to value-added tax refund of approximately HKD142,021,000 (equivalent to approximately RMB122,792,000) (2016: HKD145,173,000, equivalent to approximately 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.

(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) Environmental And Energy Conserving 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.

(b) Other net income/(loss)

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
Gain on disposal of subsidiaries	**66,408**	–
Net foreign exchange gain/(loss)	**20,741**	(64,773)
Others	**(2,369)**	(4,122)
	84,780	(68,895)

4 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
Interest on bank loans	**124,181**	109,659
Loan facility fees	**19,943**	–
Less: interest expenses capitalised into properties under development*	**(19,344)**	(6,802)
Total finance costs	**124,780**	102,857

* *The borrowing costs have been capitalised at rates of 3.70% – 5.75% per annum (2016: 4.16% – 5.61%).*

(b) Staff costs

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
Salaries, wages and other benefits	**192,569**	171,617
Contributions to defined contribution retirement plan	**11,713**	9,908
Equity-settled share-based payment expenses	**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.

(c) Other items

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
Cost of construction service	**185,802**	279,573
Cost of inventories*	**141,411**	130,210
Depreciation and amortisation	**272,296**	264,233
(Reversal)/recognition of impairment losses		
– Trade and other receivables	**(1,726)**	34,809
– Intangible assets	**8,325**	15,065
– Goodwill	**–**	2,364
Operating lease charges	**9,215**	9,799
Research and development expenses	**9,506**	15,643
Auditors' remuneration	**6,884**	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.*

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
Current tax – PRC income tax		
Provision for the year	**145,930**	139,694
(Over)/under – provision in respect of prior years	**(12,351)**	399
Sub-total	**133,579**	140,093
Deferred tax		
Origination and reversal of temporary differences	**(2,142)**	(20,541)
Income tax expenses	**131,437**	119,552

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

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
Profit before taxation	**812,860**	719,785
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(i)*	**218,154**	198,530
Effect of non-deductible expenses	**45,176**	10,324
Effect of non-taxable income	**(5,306)**	(601)
Effect of preferential tax treatments *(ii)*	**(119,139)**	(92,686)
Effect of tax losses not recognised *(iii)*	**9,882**	17,221
Effect of reversal of previous accrued with-holding tax expense *(note 25(d))*	**–**	(13,410)
(Over)/under-provision in prior years	**(12,351)**	399
Use of previously unrecognised tax losses	**(4,979)**	(225)
Income tax expenses	**131,437**	119,552

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 year 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.

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 an entity 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.

Guangzhou Yinglong Wastewater Treatment Company Limited ("Guangzhou Yinglong"), being an entity 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% from 2016 to 2017.

(iii) In accordance with the accounting policy, 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 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 approximately HKD682,480,000 (2016: approximately 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	2016
	'000	*'000*
Issued ordinary shares at 1 January	**6,316,792**	6,316,792
Effect of purchase of shares under the Share Award Scheme	**(35,109)**	(12,737)
Effect of grant of shares under the Share Award Scheme	**3,348**	720
Weighted average number of ordinary shares at 31 December	**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.

7 TRADE AND OTHER RECEIVABLES

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
Current		
Trade debtors	**747,279**	653,644
Less: Allowance for doubtful debts *(note 7(b))*	**(33,907)**	(33,354)
	713,372	620,290
Prepayment for purchase of equipment *(i)*	**23,926**	–
Advances to third parties and interest receivables *(ii)*	**–**	132,319
Prepayment of acquisition deposits *(iii)*	**35,889**	27,949
Consideration receivable from disposal of a subsidiary	**70,059**	–
Wealth management product *(iv)*	**11,963**	–
Receivables from local government *(v)*	**212,855**	–
Receivables of value-added tax refund	**91,546**	37,628
Prepayment for inventories	**40,161**	19,138
Prepayment for consultancy and commission fee	**18,774**	18,130
Receivables of land levelling services	**182,250**	38,742
Other prepayments and other receivables	**193,567**	72,457
Amounts due from related parties	**163,595**	153,181
	1,757,957	1,119,834
Non-current		
Prepayments for purchase of lease prepayments and equipment	**344,064**	230,271
Prepayments of acquisition deposits *(iii)*	**4,187**	33,538
Receivables of a construction project from a local government *(vi)*	**130,327**	–
Other prepayments and other receivables	**132,943**	106,914
	611,521	370,723
Total	**2,369,478**	1,490,557

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 approximately HKD23,926,000 (equivalent to approximately 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 approximately HKD127,671,000 (equivalent to approximately 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.

(iii) As at 31 December 2017, prepayment of approximately HKD4,187,000 (equivalent to approximately RMB3,500,000) was paid as an acquisition deposit for the Group's acquisition intention on an agricultural company in the PRC for the Group's development in the organic and environmental industry.

As at 31 December 2017, prepayment of approximately HKD35,889,000 (equivalent to approximately RMB30,000,000) was paid as an acquisition deposit for the Group's acquisition intention on a company in the PRC, 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 decided to terminate the acquisition of the above companies, 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) was 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 fully refunded to the Group during the year ended 31 December 2017.

(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 in Guangxi Zhuang Autonomous Region (the "Yulin Government") for compensation of land acquired from local residents. Yulin Government agreed to repay such amount in full to the Group by 30 June 2018.

(vi) On 31 December 2016, the Group entered into a project agreement with Transportation Bureau of Fumian District and Yulin Municipal People's Government in Guangxi Zhuang Autonomous Region. Pursuant to the agreement, the Group will jointly collaborate with the Yulin Government in relation to the construction of the project. 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.

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 expects 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 approximately HKD258,400,000 (equivalent to approximately RMB216,000,000) and as at 31 December 2017, an amount of approximately HKD135,639,000 (equivalent to approximately RMB113,382,000) had been repaid by the Yulin Government. As at 31 December 2017, interest receivable of approximately HKD7,566,000 (equivalent to approximately RMB6,325,000) was recognised by the Group.

(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	2016
	HKD'000	*HKD'000*
		(Restated)
Within 1 month	**372,075**	212,157
1 to 3 months	**171,891**	174,440
Over 3 months but within 1 year	**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.

(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.

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
At 1 January	**33,354**	–
Impairment loss recognised	**7,522**	34,809
Reversal of impairment loss	**(9,248)**	–
Exchange adjustments	**2,279**	(1,455)
At 31 December	**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.

(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	2016
	HKD'000	*HKD'000*
		(Restated)
Neither past due nor impaired	**362,572**	207,662
Less than 3 months past due	**161,362**	161,305
Over 3 months but within 1 year past due	**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.

8 TRADE AND OTHER PAYABLES

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
Trade payables	**117,326**	107,711
Other payables and accruals	**564,382**	406,945
Received in advance for land levelling services	**35,883**	–
Deposits	**11,620**	–
Interest payable	**8,726**	6,819
Amounts due to related parties	**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.

The credit period granted by the suppliers ranges from 30 days to 90 days.

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
Within 1 month	**57,068**	52,885
1 to 3 months	**37,993**	34,354
Over 3 months but within 1 year	**13,616**	13,168
Over 1 year	**8,649**	7,304
	117,326	107,711

9 BANK LOANS

At 31 December 2017, the bank loans were repayable as follows:

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
Within 1 year or on demand	**1,881,461**	1,171,223
After 1 year but within 2 years	**303,940**	798,766
After 2 years but within 5 years	**775,714**	997,363
After 5 years	**500,744**	204,490
Sub-total	**1,580,398**	2,000,619
Total	**3,461,859**	3,171,842

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	2016
	HKD'000	*HKD'000*
		(Restated)
Secured	**2,927,013**	2,888,847
Unsecured	**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, lease prepayments, the equity interests of Qingyuan Lvyou, Guangzhou Yinglong and Guangzhou Liangang.

As at 31 December 2016, a secured bank loan amounted to approximately HKD7,827,000 (equivalent to approximately 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 approximately HKD105,289,000 (equivalent to approximately 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).

(iii) Bank loans amounted to approximately HKD3,461,859,000 (equivalent to approximately 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 any amount outstanding would become payable on demand. The Group regularly monitors its compliance with these covenants. 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 restriction on controlling shareholder' shareholding of the Company, 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.

10 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
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)	**75,985**	75,035
Final dividend of HKD0.95 cents per share and a special dividend of HKD1.98 cents per ordinary share proposed after the end of the reporting period (2016: final dividend HKD0.0067 per ordinary share)	**184,352**	42,132
	260,337	117,167

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2017	2016
	HKD'000	*HKD'000*
		(Restated)
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)	**42,132**	109,695

SCOPE OF WORK OF KPMG

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

KPMG expressed a qualified opinion in its report. An extract of KPMG's opinion is set out below.

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.

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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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:

	Revenue			
	2017	2016	**Increase**	
	HKD'000	*HKD'000*	*HKD'000*	
Water treatment services	**659,208**	649,092	10,116	1.6%
Heating services	**198,097**	140,884	57,213	40.6%
Sludge and solid waste treatment services	**529,884**	513,114	16,770	3.3%
BOT project construction services	**222,962**	335,491	(112,529)	(33.5%)
Finance income	**17,836**	20,730	(2,894)	(14.0%)
Hazardous waste treatment services	**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:

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 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.

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 Environmental Protection 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.

In terms of business exploration, the construction of Phase 1 of the 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.

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.

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.

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.

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.

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 m^3/day, representing an increase of approximately 6.4% compared to the total capacity of 709,500 m^3/day in operation as at 31 December 2016 while the total designed capacity of industrial water supply plants in operation was 330,000 m^3/day, representing an increase of approximately 18% compared to that of 280,000 m^3/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.

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

Daily Designed Treatment Capacity (m^3/Day)	Industrial Wastewater Treatment		Municipal Wastewater Treatment		Wastewater Treatment Subtotal	Industrial Water Supply	Total
Operational Model	BOO	BOT	BOO	BOT		BOO	
In operation	580,000	45,000	10,000	120,000	755,000	330,000	1,085,000
Pending operation	50,000	–	–	–	50,000	50,000	100,000
Under construction/with plan to construct	165,000	–	–	50,000	215,000	150,000	365,000
Total	**795,000**	**45,000**	**10,000**	**170,000**	**1,020,000**	**530,000**	**1,550,000**
Number of Water Plants/ Each*							
In operation	6	1	1	2	10	4	14
Pending operation	1	–	–	–	1	1	2
Under construction/with plan to construct	3	–	–	–	3	1	4
Total	**10**	**1**	**1**	**2**	**14**	**6**	**20**

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

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 dying, 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 m^3/day.

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 m^3/day which mainly include Phase 1 of the Bobai Project, a designed capacity of 100,000 m^3/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 m^3/day; 2) a wastewater treatment plant in relation to Phase 2 of Fumian Project which had a capacity of 50,000 m^3/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 m^3/day.

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 m^3/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 m^3/day. It is scheduled to commence operation in the fourth quarter of 2018.

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 m^3/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 m^3/day. These projects include Phase 2 of the Fumian Project with a total designed capacity of 50,000 m^3/day and Phase 1 of the Bobai Project with a total designed capacity of 100,000 m^3/day. They are scheduled to commence operation in the second quarter and fourth of 2018 respectively.

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 m^3..

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.

2.1 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.

2.2 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 m^3. 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.

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.

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 Nanliujiang 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.

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

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 HKD125.4million; 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.

Other net (loss)/income

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.

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.

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.

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.

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).

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

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: 41.4%).

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.

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.

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 endeavor 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. 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.

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 ("Mr. Gu"), the executive director of the Company, in regard of an asset transfer and entrusted loan assignment agreement (the "Original Agreement") entered by the Group and Mr. Gu on 30 April 2014. Pursuant to the Original Agreement, the Group agreed to transfer the title of certain fixed assets and land-use rights (together as the "Assets") to Mr. Gu in consideration of which the obligations of the Group in respect of an outstanding entrusted loan of approximately RMB115,972,000 will be assumed by Mr. Gu personally. The title to the Assets was proposed to be transferred to Mr. Gu under the Original Agreement for the sole purpose of allowing Mr. Gu to procure the issuance of the formal land and property registration certificates for the Assets by the relevant government bureau in the PRC. As at 14 February 2018, Mr. Gu had not obtained the formal land and property registration certificates for the Assets. As the management considered that the Assets can be useful for the Group's business development, the Group entered into the Termination Agreement with Mr. Gu on 14 February 2018. 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.

(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.

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

DIVIDEND

The Board recommends the payment of a final dividend of HK0.95 cents per share and a special dividend of HKD1.98 cents per share (2016: final dividend of HKD0.67 cents per share) for the year ended 31 December 2017, to the shareholders whose names appear on the register of members of the Company on 8 June 2018. The final dividend and the special dividend are expected to be paid on or around 25 June 2018 and are subject to the approval of shareholders of the Company in the forthcoming annual general meeting.

ANNUAL GENERAL MEETING

A notice convening the 2018 annual general meeting of the Company will be published on the Company's website and will be sent to the shareholders of the company in due course as required by the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

The Company and its subsidiaries did not purchase, sell or redeem any of the Company's listed securities during the year ended 31 December 2017.

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 during the year ended 31 December 2017.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving and maintaining the highest standards of corporate governance, consistent with the needs and requirements of the business and its shareholders. The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own code on corporate governance. The Directors consider that the Company had complied with all applicable code provisions of the CG Code during the year ended 31 December 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code for the year ended 31 December 2017 in relation to their securities dealings, if any.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company (the "**Audit Committee**") has reviewed with the management, the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management systems and financial report matters, including the annual results of the Group for the year ended 31 December 2017.

As at the date of this announcement, the Audit Committee comprises Mr. Suen To Wai, Mr. Zhang Lu Fu and Mr. Liu Yung Chau, all of whom are independent non-executive Directors. Mr. Suen To Wai is the chairman of the Audit Committee.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2017 containing the information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company, respectively in due course.

By order of the Board
CT Environmental Group Limited
TSUI Cham To
Chairman

Hong Kong, 29 March 2018

As at the date of this announcement, the executive Directors are Mr. Tsui Cham To, Mr. Xu Zhencheng, Mr. Gu Yaokun, Mr. Xu Shubiao, Mr. Xu Juwen, and the independent non-executive Directors are Mr. Suen To Wai, Mr. Zhang Lu Fu and Mr. Liu Yung Chau.