中国核建

CHINA NUCLEAR ENERGY TECHNOLOGY CORPORATION LIMITED
中國核能科技集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 611)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

SUMMARY

- The Group's consolidated revenue from continuing operations for the year ended 31 December 2016 amounted to HK$2,041,543,000 representing an increase of HK$537,801,000 compared to the consolidated revenue from continuing operations of HK$1,503,742,000 recorded for the year ended 31 December 2015.

- Net profit for the year amounted to HK$82,539,000.

The board of directors (the "**Board**") of China Nuclear Energy Technology Corporation Limited (the "**Company**") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2016 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Continuing operations			
Revenue	*3*	**2,041,543**	1,503,742
Other income and gains		**3,035**	2,012
Cost of inventories used		**(1,540,652)**	(1,259,729)
Construction costs		**(309,451)**	(134,698)
Staff costs		**(34,341)**	(21,037)
Depreciation		**(10,813)**	(1,551)
Other operating expenses		**(38,436)**	(35,663)
Finance costs	*4*	**(25,930)**	(23,364)
Gain on deemed disposal of an associate		**2,893**	2,712
Share of results of associates, net		**7,712**	7,655
Profit before income tax expense	*5*	**95,560**	40,079
Income tax expense	*6*	**(18,570)**	(12,210)
Profit for the year from continuing operations		**76,990**	27,869
Discontinued operations			
Profit/(loss) for the year from discontinued operations	*7*	**5,549**	(17,871)
Profit for the year		**82,539**	9,998
Other comprehensive income for the year, net of tax			
Item that will not be reclassified to profit or loss			
Loss on property revaluation		**(6)**	(58)
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising during the year		**(43,365)**	(11,838)
Reclassification adjustments relating to foreign operations disposed of during the year		**30**	645
Share of other comprehensive income of associates		**(6,033)**	(2,245)
		(49,374)	(13,496)
Total comprehensive income for the year		**33,165**	(3,498)

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Profit for the year attributable to:			
Owners of the Company			
Profit for the year from continuing operations		**73,022**	20,518
Profit/(loss) for the year from discontinued operations		**5,549**	(16,959)
Profit for the year attributable to owners of the Company		**78,571**	3,559
Non-controlling interests			
Profit for the year from continuing operations		**3,968**	7,351
Loss for the year from discontinued operations		**—**	(912)
Profit for the year attributable to non-controlling interests		**3,968**	6,439
		82,539	9,998
Total comprehensive income attributable to:			
Owners of the Company		**30,265**	(9,278)
Non-controlling interests		**2,900**	5,780
		33,165	(3,498)
Earnings per share from continuing and discontinued operations – basic and diluted (HK cent per share)	*9*	**6.93**	0.32
Earnings per share from continuing operations – basic and diluted (HK cent per share)	*9*	**6.44**	1.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Non-current assets			
Property, plant and equipment		**282,330**	87,900
Investment property		**—**	38,000
Prepaid land lease payments		**2,261**	7,887
Available-for-sale investment		**—**	500
Interest in associates	*10*	**82,215**	82,192
Deferred tax assets, net		**—**	4,516
Finance lease receivables	*14*	**101,749**	—
Deposits	*13*	**27,781**	—
		496,336	220,995
Current assets			
Inventories		**415**	52,383
Trade and bills receivables	*11*	**1,286,161**	1,085,109
Loan receivable	*12*	**111,125**	—
Prepayments, deposits and other receivables	*13*	**112,677**	172,246
Amounts due from customers for contract work		**104,804**	262,476
Finance lease receivables	*14*	**12,743**	—
Tax prepayment		**—**	996
Cash and cash equivalents		**472,711**	310,851
		2,100,636	1,884,061
Less: Current liabilities			
Trade and bills payables	*15*	**1,317,043**	1,146,594
Other payables and accruals	*16*	**66,934**	191,775
Amounts due to customers for contract work		**11,016**	—
Provision for long service payments		**—**	3,484
Convertible bonds	*18*	**—**	286,842
Bank borrowings	*17*	**280,207**	—
Tax payable		**10,466**	—
		1,685,666	1,628,695
Net current assets		**414,970**	255,366
Total assets less current liabilities		**911,306**	476,361

	Notes	2016 HK$'000	2015 HK$'000
Less: Non-current liabilities			
Receipt in advance		**—**	1,070
Bank borrowings	*17*	**402,517**	—
Deferred tax liabilities, net		**—**	350
		402,517	1,420
Net assets		**508,789**	474,941
Capital and reserves			
Share capital		**113,309**	113,309
Reserves		**388,114**	361,056
Equity attributable to owners of the Company		**501,423**	474,365
Non-controlling interests		**7,366**	576
Total equity		**508,789**	474,941

NOTES:

1. CORPORATE INFORMATION

China Nuclear Energy Technology Corporation Limited (the "**Company**") is incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The principal place of business of the Company is located at Room 2801, 28th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The ultimate holding company is 中國核工業建設集團公司 (transliterated as "**China Nuclear Engineering Group Co.**").

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2016

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

Included in the clarifications is that an entity's share of other comprehensive income from equity accounted interests in associates and joint ventures is split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

The adoption of the amendments has no impact on these financial statements.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset are highly correlated. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not previously used revenue-based depreciation methods.

Amendments to HKAS 16 and HKAS 41 – Agriculture: Bearer Plants

The amendments define bearer plants and require biological assets that meet the definition to be accounted for as property, plant and equipment in accordance with HKAS 16. The agricultural produce of bearer plants remains within the scope of HKAS 41. The amendments are applied retrospectively.

The adoption of the amendments has no impact on these financial statements as the Group has no bearer plants.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements. The amendments are applied retrospectively in accordance with HKAS 8.

The adoption of the amendments has no impact on these financial statements as the Company has not elected to apply the equity method in its separate financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 – Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a subsidiary of an investment entity (including investment entities that account for their subsidiaries at fair value rather than consolidating them). An investment entity parent will consolidate a subsidiary only when the subsidiary is not itself an investment entity and the subsidiary's main purpose is to provide services that relate to the investment entity's investment activities. A non-investment entity applying the equity method to an associate or joint venture that is an investment entity may retain the fair value measurements that associate or joint venture used for its subsidiaries. An investment entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss should provide the disclosures related to investment entities as required by HKFRS 12. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Company is neither an intermediate parent entity nor an investment entity.

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply the relevant principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties. The amendments are applied prospectively.

The adoption of the amendments has no impact on these financial statements as the Group has not acquired or formed a joint operation.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[2]
HKFRS 16	Leases[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured at fair value.

Amendments to HKFRS 2 – Classification and Measurement of Share-Based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

HKFRS 9 – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to each performance obligation

Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is in the process of making an assessment of the potential impact of these new pronouncements. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. SEGMENT REPORTING

Operating segments and the amounts of each segment item reported in the consolidated financial statements are identified from the financial information provided regularly to the Group's top management for the purposes of allocating resources to and assessing the performance of the Group's various lines of business.

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 business activities. No operating segments have been aggregated to form the reporting segments.

Segment revenue, expenses, results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment, but exclude exceptional items. Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year. Corporate portions of expenses and assets mainly comprise corporate administrative and financing expenses and corporate financial assets respectively.

The Group has seven (2015: seven) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- the restaurant segment comprises the Group's restaurant operations;

- the property segment comprises the Group's property investments;

- the hotel segment comprises the Group's hotel operations;

- the financing segment comprises the Group's financing operations;

- the solar power generation segment comprises the Group's solar power generation operations;

- the Engineering, Procurement and Construction ("**EPC**") and consultancy segment comprises the Group's design and consulting services, engineering, procurement and construction operations relating to photovoltaic power plant; and

- the all other segments comprise the Group's corporate management, investment and treasury services.

Inter-segment transactions are priced with reference to prices charged to external parties for similar orders. Central revenue and expenses are not allocated to the operating segments as they are not included in the measurement of the segments' results that are used by the chief operating decision-maker for assessment of segment performance.

Except for the Group's revenue from external customers of approximately HK$2,041,543,000 from continuing operations (2015: HK$1,503,742,000), which is derived from the Group's operations in the PRC, all of the Group's revenue from external customers is derived from the Group's operations in Hong Kong (place of domicile). Except for the interest in associates amounted to approximately HK$82,215,000 as at 31 December 2016 (2015: HK$82,192,000), property, plant and equipment amounted to approximately HK$282,074,000 as at 31 December 2016 (2015: HK$69,344,000) and prepaid land lease payments amounted to approximately HK$2,261,000 as at 31 December 2016 (2015: HK$1,293,000) are located in the PRC, all other non-current assets, other than financial instruments, are located in Hong Kong.

Included in revenue arising from EPC and consultancy services (new energy operations) of approximately HK$481,928,000 and HK$440,393,000 (2015: HK$300,512,000 and HK$232,572,000) arose from the Group's first and second largest customers. For the year ended 31 December 2016, except for the above first and second largest customers, one customer of the Group's EPC and consultancy segment amounted to HK$334,903,000, which represents 10% or more of the Group's revenues. No other single customers contributed 10% or more to the Group's revenue for the year ended 31 December 2015.

	Continuing Operations					Discontinued Operations				
	Financing	Solar Power Generation	EPC and Consultancy	All other Segments	Total	Restaurant	Property	Hotel	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2016										
Segment revenue:										
Sales to external customers	5,678	24,926	2,010,939	–	2,041,543	154,893	426	18,443	173,762	2,215,305
Intersegment sales	9,242	–	–	–	9,242	10,267	18,768	–	29,035	38,277
Other income and gains	–	–	1,690	–	1,690	3,566	–	1,807	5,373	7,063
Intersegment other income and gains	–	–	–	–	–	–	–	–	–	–
Reportable segment revenue	14,920	24,926	2,012,629	–	2,052,475	168,726	19,194	20,250	208,170	2,260,645
Reconciliation:										
Elimination of intersegment sales					(9,242)				(29,035)	(38,277)
Elimination of intersegment other income and gains					–				–	–
Consolidated revenue					2,043,233				179,135	2,222,368
Segment results	(971)	14,786	114,976	(19,251)	109,540	(14,224)	(435)	(3,495)	(18,154)	91,386
Reconciliation:										
Gain on deemed disposal of an associate					2,893				–	2,893
Interest income					1,345				86	1,431
Finance costs					(25,930)				–	(25,930)
Share of results of associates, net					7,712				–	7,712
Profit/(loss) before taxation					95,560				(18,068)	77,492
Income tax expense					(18,570)				1,658	(16,912)
Profit/(loss) for the year					76,990				(16,410)	60,580

	Continuing Operations					Discontinued Operations				
	Financing	Solar Power Generation	EPC and Consultancy	All other Segments	Total	Restaurant	Property	Hotel	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2016										
Segment assets	483,657	437,504	1,493,607	99,989	2,514,757	–	–	–	–	2,514,757
Reconciliation:										
Unallocated assets					82,215					82,215
Total assets					2,596,972					2,596,972
Segment liabilities	353,334	281,967	1,019,495	433,387	2,088,183	–	–	–	–	2,088,183
Reconciliation:										
Unallocated liabilities					–					–
Total liabilities					2,088,183					2,088,183
Other segment information										
Depreciation	77	9,650	1,029	57	10,813	2,862	328	188	3,378	14,191
Recognition of prepaid land lease payments	–	486	–	–	486	–	101	–	101	587
Additions to property, plant and equipment	480	231,050	4,832	49	236,411	90	–	129	219	236,630
Written off of property, plant and equipment	45	–	120	289	454	–	–	–	–	454

Included in the unallocated assets, there are interest in associates amounted to approximately HK$82,215,000. Details of the interest in associates were set out in note 10.

	Continuing Operations					Discontinued Operations				
	Financing	Solar Power Generation	EPC and Consultancy	All other Segments	Total	Restaurant	Property	Hotel	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2015										
Segment revenue:										
Sales to external customers	–	–	1,503,742	–	1,503,742	152,286	–	20,302	172,588	1,676,330
Intersegment sales	950	–	2,494	7,288	10,732	–	24,853	–	24,853	35,585
Other income and gains	–	–	520	21	541	1,684	–	1,745	3,429	3,970
Intersegment other income and gains	–	–	–	–	–	–	–	–	–	–
Reportable segment revenue	950	–	1,506,756	7,309	1,515,015	153,970	24,853	22,047	200,870	1,715,885
Reconciliation:										
Elimination of intersegment sales					(10,732)				(24,853)	(35,585)
Elimination of intersegment other income and gains					–				–	–
Consolidated revenue					1,504,283				176,017	1,680,300
Segment results	235	–	65,844	(14,474)	51,605	(18,781)	(5,043)	5,615	(18,209)	33,396
Reconciliation:										
Gain on deemed disposal of an associate					2,712				–	2,712
Interest income					1,471				224	1,695
Finance costs					(23,364)				–	(23,364)
Share of results of associates, net					7,655				–	7,655
Profit/(loss) before taxation					40,079				(17,985)	22,094
Income tax (expense)/credit					(12,210)				114	(12,096)
Profit/(loss) for the year					27,869				(17,871)	9,998

	Continuing Operations					Discontinued Operations				
	Financing	Solar Power Generation	EPC and Consultancy	All other Segments	Total	Restaurant	Property	Hotel	Total	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2015										
Segment assets	71,646	93,823	1,626,408	102,764	1,894,641	63,900	53,999	5,808	123,707	2,018,348
Reconciliation:										
Unallocated assets					82,192				4,516	86,708
Total assets					1,976,833				128,223	2,105,056
Segment liabilities	67	63	1,322,055	(70,283)	1,251,902	87,177	79	3,765	91,021	1,342,923
Reconciliation:										
Unallocated liabilities					286,842				350	287,192
Total liabilities					1,538,744				91,371	1,630,115
Other segment information										
Depreciation	—	—	1,050	501	1,551	5,713	331	571	6,615	8,166
Recognition of prepaid land lease payments	—	—	—	—	—	—	101	—	101	101
Additions to property, plant and equipment	180	68,043	482	114	68,819	8,219	188	17	8,424	77,243
Written off of property, plant and equipment	—	—	44	—	44	—	—	—	—	44

Included in the unallocated assets, there are interest in associates amounted to approximately HK$82,192,000. Details of the interest in associates were set out in note 10. Included in the unallocated liabilities, there are convertible bonds amounted to approximately HK$286,842,000.

4. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Imputed interest on convertible bonds *(note 18)*	**17,008**	22,996
Interest on bank and other borrowings	**8,922**	368
	25,930	23,364

5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Minimum lease payments under operating leases:		
Land and buildings	**6,588**	4,432
Staff costs (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	**30,959**	19,320
Pension scheme contributions	**3,382**	1,717
Total staff costs	**34,341**	21,037
Amortisation of prepaid land lease payments*	**486**	—
Written off of property, plant and equipment*	**454**	44
Auditor's remuneration*	**936**	701

* *Items included in other operating expenses*

6. TAXATION

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Current tax for the year		
Hong Kong	**—**	—
Other than Hong Kong	**18,570**	12,210
Deferred tax	**—**	—
Income tax expense	**18,570**	12,210

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Under the Law of People's Republics of China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiaries is 25% (2015: 25%), except for those subsidiaries described below.

Certain subsidiaries operating in the PRC were accredited as "Advanced Technology Enterprise" by the Science and Technology Bureau of relevant provinces and other authorities for a term of three years, and were registered with the local tax authorities to be eligible to the reduced 15% (2015: 15%) enterprise income tax rate in the period from 2014-2017.

The income tax expense for the year can be reconciled to the profit from continuing operations before income tax expense in the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	HK$'000	*HK$'000*
Profit from continuing operations before income tax expense	**95,560**	40,079
Tax calculated at the statutory tax rate applicable to profits in the respective countries	**37,896**	12,556
Tax effect of share of profit of associates	**(783)**	(1,263)
Tax effect of reduced EIT rate	**(11,207)**	—
Tax effect of expenses not deductible for tax purposes	**1,201**	3,950
Tax effect of revenue not taxable for tax purposes	**(8,397)**	(185)
Tax effect of tax losses not recognised	**240**	4,231
Utilisation of tax losses previously not recognised	**(380)**	(7,079)
Income tax expense	**18,570**	12,210

In addition to the amount charged to the profit or loss, deferred tax relating to the revaluation of the Group's leasehold buildings for the year ended 31 December 2015 has been charged to other comprehensive income.

7. DISCONTINUED OPERATIONS

On 1 November 2016, the Group entered into a sale and purchase agreement ("**SPA**") pursuant to which the Group has agreed to sell the entire issued share capital of each of the wholly-owned subsidiaries, Hurray Enterprises Limited, Tack Hsin (BVI) Holdings Limited and Tack Hsin International Limited (together the "**Target Group**") and the shareholder's loan owed by the Target Group to the Company, to an executive director and a substantial shareholder interested in approximately 10.08% of the issued share capital of the Company, for a consideration of HK$110 million. The principal activities of the Target Group are restaurant operations, property investment and hotel operations.

The transaction was completed on 28 December 2016. The carrying amounts of assets and liabilities at the date of disposal are disclosed in note 19 to the financial statements.

The results of the discontinued operations for the relevant period, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1 January 2016 to 28 December 2016 (date of completion of the disposal) *HK$'000*	1 January 2015 to 31 December 2015 *HK$'000*
Revenue	**173,762**	172,588
Other income and gains	**5,459**	3,653
Cost of inventories used	**(52,381)**	(49,673)
Staff cost	**(55,138)**	(55,299)
Rental expenses	**(44,731)**	(38,791)
Utility expenses	**(10,570)**	(10,639)
Depreciation	**(3,378)**	(6,615)
Other operating expenses	**(31,091)**	(33,209)
Loss before income tax expense	**(18,068)**	(17,985)
Income tax credit	**1,658**	114
Loss for the period/year from discontinued operations	**(16,410)**	(17,871)
Gain on disposal of subsidiaries, net of nil tax	**21,959**	—
Gain/(loss) attributable to owners of the Company from discontinued operations	**5,549**	(17,871)
Operating cash flows	**(12,882)**	(14,702)
Investing cash flows	**(76)**	(7,802)
Total cash flows	**(12,958)**	(22,504)

For the purpose of presenting the above discontinued operations, the comparative consolidated statement of profit or loss and other comprehensive income and the related notes have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period.

8. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the year ended 31 December 2016 (2015: Nil).

9. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings

	2016	2015
	HK$'000	*HK$'000*
Earnings for the purposes of basic and diluted earnings per share	**78,571**	3,559

Number of shares

	2016	2015
	'000	*'000*
Issued Share Capital at 1 January	**1,133,095**	1,101,666
Issue of Share Capital upon conversion of convertible bonds	**—**	31,429
Issued Share Capital at 31 December	**1,133,095**	1,133,095
Weighted average number of ordinary share for the purposes of basic and diluted earnings per share calculation	**1,133,095**	1,117,924

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to the owners of the Company is based on the following data:

Earnings

	2016	2015
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**78,571**	3,559
Less:		
Profit/(loss) for the year from discontinued operations	**5,549**	(16,959)
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**73,022**	20,518

Number of shares

	2016	2015
	'000	*'000*
Weighted average number of ordinary share for the purposes of basic and diluted earnings per share calculation	**1,133,095**	1,117,924

The convertible bonds (see note 18) were redeemed during the year ended 31 December 2016. The diluted earnings per share for the year ended 31 December 2015 and 2016 are the same as basic earnings per share presented as there was no dilutive effect from the assumed exercise of conversion of the Company's outstanding convertible bonds on the profit attributable to owner of the Company.

From discontinued operations

Basic and diluted profit/(losses) per share for the discontinued operation is $0.49 cent per share (2015: loss of $1.52 cents per share) based on the profit/(loss) for the year from discontinued operations of HK$5,549,000 (2015: loss of HK$16,959,000) and the denominators detailed above for both basic and diluted loss per share.

10. INTEREST IN ASSOCIATES

	2016	2015
	HK$'000	*HK$'000*
Share of net assets (including goodwill)	**82,215**	82,192

Details of the material associates are as follows.

Name		**Place of incorporation, operation and principal activity**	**Percentage of equity attributable to the Group**
中核檢修有限公司 (transliterated as China Nuclear Industry Maintenance Co., Ltd.)	*Note (i)*	Construction work for various types of nuclear reactors, nuclear power plants, radioactive chemical engineering projects in PRC; and businesses of maintenance of nuclear power plants and electrical equipments, technology consultancy and technical services.	14.43%
中核齊齊哈爾太陽能發電有限公司 (transliterated as Zhong He Qiqihar Solar Power Generation Company Limited)	*Note (ii)*	Solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC.	47.13%

Note (i) On 15 April 2016, shareholders of China Nuclear Industry Maintenance Co., Ltd. ("**CNI Maintenance Co.**"), an associate of the Company, entered into a capital injection agreement with one of its existing shareholders. Upon completion of the share subscription, the Group's equity interest in CNI Maintenance Co. has been diluted from 18.55% to 14.43% accordingly.

Although the Group's ownership interest in CNI Maintenance Co. is less than 20%, the Group has significant influence over CNI Maintenance Co. through its power to participate in CNI Maintenance Co.'s financial and operating decisions by appointing directors representing the Company in accordance with the articles of CNI Maintenance Co. in the board of directors' meetings of CNI Maintenance Co.

The primary business of CNI Maintenance Co. is undertaking construction work for various types of nuclear reactors, nuclear power plants, radioactive chemical engineering projects in PRC; and businesses of maintenance of nuclear power plants and electrical equipments, technology consultancy and technical services. This is in alignment with the Group's EPC and consultancy segment.

Note (ii) The primary business of Zhong He Qiqihar Solar Power Generation Company Limited is solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC. This is in alignment with the Group's solar power generation segment.

11. TRADE AND BILLS RECEIVABLES

The Group normally allows a credit period of 30 – 180 days with its customers for EPC and consultancy services depending on the customers' creditworthiness and the length of business relationship with the customers. Customers in restaurant and hotel operations are mainly settled by cash and credit card, except for certain well-established customers where the credit terms are negotiated on customer by customer basis. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management of the Company. Trade receivables are non-interest bearing.

	2016	2015
	HK$'000	*HK$'000*
Trade receivables	**1,211,479**	1,083,299
Bills receivables	**74,682**	1,810
	1,286,161	1,085,109

An ageing analysis of the trade and bills receivables at the end of the reporting period, based on the invoice date, is as follows:

	2016	2015
	HK$'000	*HK$'000*
0 – 90 days	**958,892**	1,067,535
91 – 180 days	**28,542**	360
181 – 365 days	**127,965**	17,214
>365 days	**170,762**	—
	1,286,161	1,085,109

The ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**958,892**	1,085,109
0 – 90 days past due	**28,542**	—
91 – 180 days past due	**127,965**	—
181 – 365 days past due	**170,762**	—
	1,286,161	1,085,109

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default. The Group does not hold any collateral or other credit enhancements over these balances.

Bills receivables are due within six months from date of billing.

Included in trade and bills receivables was an amount of approximately HK$59,243,000 (2015: HK$193,137,000) which represents amounts due from fellow subsidiaries and an associate of the Company arising from EPC and consultancy operations.

As at 31 December 2016, retention held by customers for contract work amounted to approximately HK$Nil (2015: HK$4,646,000). The retention receivables are unsecured, interest-free and recoverable at the end of the retention period of individual contracts, ranging from one to three months from the date of the completion of the respective project.

12. LOAN RECEIVABLE

	2016	2015
	HK$'000	*HK$'000*
Loan receivable	**111,125**	—

The amount represents loan to an indirect joint venture held by the ultimate holding company which is unsecured, interest bearing at the prevailing benchmark lending interest rate to be promulgated by People's Bank of China multiplied by (1+25%) per annum and due on 1 September 2017. The Group does not hold any collateral or other credit enhancements over the loan receivable.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2016	2015
	HK$'000	*HK$'000*
Prepayments	**2,114**	111,874
Deposits	**28,724**	18,188
Other receivables	**109,620**	42,184
	140,458	172,246
Less: deposits-non-current portion	**(27,781)**	—
	112,677	172,246

As at 31 December 2015, included in other receivables of HK$15,600,000 represented the loan to China He Investment (Hong Kong) Company Limited, the immediate controlling shareholder of the Company. The loan was fully repaid on 15 November 2016.

As at 31 December 2016, included in other receivables of HK$50,000,000 represents the consideration receivable from disposal of subsidiaries which is due from a shareholder interested in approximately 6.81% of the issued share capital of the Company (see note 19). The consideration receivable is interest-free, secured by the shares of the Target Group and due on 30 June 2017.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

Included in the deposits amounted to HK$27,781,000 represents the deposits paid for acquisition of land and property, plant and equipment.

14. FINANCE LEASE RECEIVABLES

The Group provides financial leasing services on certain equipment in the PRC. These leases are classified as finance leases and have remaining lease terms of eight years with interest rate at 5.7% per annum.

	Minimum lease payments		**Present value of minimum lease payments**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise:				
Within one year	**18,659**	—	**12,743**	—
In the second to fifth years, inclusive	**74,638**	—	**58,378**	—
After five years	**46,649**	—	**43,371**	—
	139,946	—	**114,492**	—
Less: unearned finance income	**(25,454)**	—		
Total net finance lease receivables	**114,492**	—		

	2016	2015
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Current assets	**12,743**	—
Non-current assets	**101,749**	—
	114,492	—

The Group's finance lease receivables are denominated in Renminbi ("**RMB**").

15. TRADE AND BILLS PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade payables	**1,253,702**	1,146,594
Bills payables	**63,341**	—
	1,317,043	1,146,594

An ageing analysis of the trade and bills payables at the end of the reporting period, based on the invoice date, is as follows:

	2016	2015
	HK$'000	*HK$'000*
0 – 90 days	**655,898**	936,241
91 – 180 days	**105,931**	210,353
181 – 365 days	**382,019**	—
>365 days	**173,195**	—
	1,317,043	1,146,594

The trade payables are non-interest bearing and are normally settled on 30-day term.

16. OTHER PAYABLES AND ACCRUALS

	2016	2015
	HK$'000	*HK$'000*
Receipts in advance	**1,585**	61,665
Other payables	**65,338**	129,286
Accruals	**11**	824
	66,934	191,775

Included in other payables of (i) RMB9,550,000 (approximately HK$10,612,000) (31 December 2015: RMB9,550,000 (approximately HK$11,507,000)) which represents the non-interest bearing shareholders' loan from an non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company and (ii) RMB15,000,000 (approximately HK$16,669,000) (31 December 2015: RMB50,000,000 (approximately HK$60,245,000)) represents an unsecured interest bearing loan from a fellow subsidiary of the Company. The interest rate of the loan is at the PRC benchmark rate plus 10% per annum.

17. BANK BORROWINGS

	2016	2015
	HK$'000	*HK$'000*
Current		
Short-term bank loans, secured	**267,687**	—
Long-term bank loans, secured, current portion	**12,520**	—
	280,207	—
Non-current		
Long-term bank loans, secured	**402,517**	—
Total bank borrowings	**682,724**	—

(i) The bank loans are secured by corporate guarantee provided by the ultimate holding company and fellow subsidiaries of the Company, the Group's bills receivables amounted to HK$33,337,000 and finance lease receivables amounted to HK$114,492,000.

(ii) All bank loans bear interest at floating rates, with effective interest rates ranging from 1.9% to 4.9% per annum. The carrying amounts of bank borrowings approximate their fair values.

The carrying amounts of bank borrowings at the report date are denominated in the followings currencies:

	2016	2015
	HK$'000	*HK$'000*
HK$	**300,000**	—
RMB	**382,724**	—
	682,724	—

At 31 December 2016, the Group had undrawn bank loans facilities of RMB100,000,000 (approximately HK$111,130,000) (2015: HK$Nil).

At 31 December, total current and non-current bank loans were scheduled to repay as follows:

	2016	2015
	HK$'000	*HK$'000*
On demand or within one year	**280,207**	—
More than one year, but not exceeding two years	**13,145**	—
More than two years, but not exceeding five years	**343,505**	—
After five years	**45,867**	—
	682,724	—

18. CONVERTIBLE BONDS

The convertible bonds issued have been split as to the liability, derivative and equity components. The following tables summarise the movements in the liability, derivative and equity components of the Group's and the Company's convertible bonds during the year:

	3% Coupon convertible bonds *HK$'000*
Liability component	
At 1 January 2015	—
Issuance of new bonds	313,038
Imputed interest expenses	22,996
Conversion of convertible bonds	(49,192)
At 31 December 2015 and 1 January 2016	286,842
Imputed interest expenses	17,008
Redemption of convertible bonds	(303,850)
At 31 December 2016	—
Equity component	
At 1 January 2015	—
Issuance of new bonds	33,075
Conversion of convertible bonds	(5,808)
At 31 December 2015 and 1 January 2016	27,267
Transfer to retained earnings upon redemption	(27,267)
At 31 December 2016	—

3% Coupon convertible bonds

On 26 May 2015, the Company issued an aggregated principal amount of HK$350 million 3% convertible bonds (the "**2015 Convertible Bonds**"), which are due on 25 May 2016.

The 2015 Convertible Bonds are convertible at the option of the bondholders into the Company's ordinary shares at a conversion price of HK$1.75 per share any time up to maturity.

On the basis that the conversion option of the 2015 Convertible Bonds to be settled by exchange of a fixed amount or fixed number of equity instruments, the 2015 Convertible Bonds were accounted for as compound instruments under HKAS 32 "Financial Instruments Presentation" and the proceeds were split between a liability component and an equity component as set out above.

The fair value of the liability component was calculated using a market interest rate for a bond with the similar tenure but with no conversion features. The residual amount, representing the value of the equity component, was credited to conversion reserves under equity attributable to owners of the Company.

The imputed interest expenses on the bonds are calculated using the effective interest method.

Since the date of issuance and up to 31 December 2015, HK$55,000,000 of the 2015 Convertible Bonds were converted into shares of the Company by the bondholders.

On 25 May 2016, the Company redeemed the outstanding convertible bonds at the total principal amount of HK$295,000,000.

19. DISPOSAL OF SUBSIDIARIES

(a) As referred to in note 7, the Group disposed of the Target Group on 28 December 2016.

The net assets of the Target Group at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	14,249
Investment property	38,000
Prepaid land lease payments	6,493
Available-for-sale investment	500
Deferred tax assets, net	6,132
Inventories	1,854
Trade receivables	520
Prepayments, deposit and other receivables	18,263
Tax prepayment	244
Cash and cash equivalents	18,983
Trade payables	(4,423)
Other payables and accruals	(9,503)
Provision for long service payments	(3,312)
Receipt in advance	(550)
Deferred tax liabilities, net	(325)
Shareholder's loans	(71,455)
	15,670
Assignment of shareholder's loans	71,455
Direct expenses in relation to the disposal	916
Gain on disposal of subsidiaries included in profit for the year from discontinued operations in the consolidated statement of profit and loss and other comprehensive income *(note 7)*	21,959
Total consideration	110,000
Satisfied by:	
Cash	60,000
Consideration payable	50,000
	110,000

(b) Cash inflow arising from disposal of subsidiaries

	HK$'000
Cash consideration received	60,000
Bank balance and cash disposed of	(18,983)
Direct expenses paid in relation to the disposal	(916)
	40,101

20. CONTINGENT LIABILITIES

The Group had no contingent liabilities as at 31 December 2016 (2015: Nil).

21. CAPITAL COMMITMENT

As at 31 December 2016, the Group had capital commitment as follows:

	2016	2015
	HK$'000	*HK$'000*
Contracted but not provided for:		
– Acquisition of land and property, plant and equipment	**7,778**	—

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to announce the results of the Group for the year ended 31 December 2016.

In 2016, our Group actively made use of the policy benefits in the solar power generation industry, seized every market opportunity and continued to implement our steady and positive business expansion strategy. At the meantime, our Group optimized resources allocation by disposing several non-core businesses. As a result, the core businesses of our Group represented by solar power generation operations and financial leasing business have achieved rapid development and exciting results.

In 2016, on the basis of turning around and becoming profitable, the Group further substantially improved its profitability to create more values for its shareholders. As of 31 December 2016, the Group recorded a total revenue from continuing operations of approximately HK$2,041 million, representing an increase of approximately 36% as compared with that of 2015. Profit attributable to owners of the Company was approximately HK$78 million and basic earnings per share from continuing operations amounted to approximately HK cent 6.44.

Our solar power generation operations sustained its high growths

Through fully capitalizing on its excellent design capability in the photovoltaic field and riding on the brand advantage of CNEGC's construction and the resource advantage on the basis of grasping unprecedented opportunities in the solar power generation industry, the Group's photovoltaic Engineering, Procurement and Construction ("**EPC**") business achieved significant improvement in business scale and earning ability. During the year 2016, photovoltaic EPC business recorded the revenue of approximately HK$2,010 million with an increase of approximately 34% over the corresponding period of last year. By keeping a firm grip on the cost of design, procurement and construction stage, the profitability of photovoltaic EPC business also increased and contributed an annual profit of approximately HK$114 million with a corresponding increase of approximately 75%. Favorable operation results and project quality further consolidated the Group's brand perception in our industry. In 2016, our Group won the top three ranking of PV EPC Brand Value in 2015 China PV Brand Ranking and was honored by the 2016 Polaris Cup as top ten Main Contractor Brand for ground power stations.

While making our photovoltaic EPC business bigger, the Group has further accelerated the pace of business transformation and upgrading, and the scale of self-built power plants expanded steadily. In addition to the project of Qiqihar photovoltaic power station invested in 2015 and the first phase project of Jiangsu Taizhou photovoltaic power station, the construction of the second phase project of Taizhou 20MW photovoltaic power station invested by the Group has commenced. By then, the Group's self-owned photovoltaic power stations will form a certain scale and are expected to generate stable revenue.

The steady development of the finance lease business

In 2016, the Group has developed finance lease business in the clean energy and energy-saving and environmentally-friendly industries. The finance lease business focused on the concept of profession and steady development, providing efficient funding services for parties in need of funds through professional management operation, flexible product design and strict risk control. Our Company recorded a revenue of approximately HK$5 million from the finance lease business throughout the year. Meanwhile, our Group, by enhancing industry researches, strengthening high-quality project reserve and further advancing the cooperation with financial institutions, have obtained sufficient banking facilities from banks in PRC, which laid a foundation for the development of the finance lease business.

Disposals of restaurant, hotel operations and property investment business

The Group has disposed of restaurant, hotel operations and property investment business in 2016, enhancing the concentration of its business structure. Benefited from its increased internal resources brought by the consideration settled by cash, the Group has focused on the development of clean energy generation and financial service business, and is prepared for seeking the appropriate investment targets in the future.

Outlook

In light of the changes of the development situation and industry policies of the photovoltaic industry, the solar energy generation industry in China will face new opportunities and challenges in the future. Therefore, the Group will endeavor to grasp the development trend of national economy and industry, especially the historic opportunity brought by the implementation of national development strategy of "One Belt, One Road", insist on the thought of capital lead and production and financing combination, follow the trend and ride on the momentum. We will further optimize and integrate the Group's resources and continuously improve the governance and risk control level of the Company. In addition, we will continue to expand and strengthen the solar energy generation and financial services business while actively seeking the investment opportunities in the nuclear field, so as to reward our public investors with better development achievements.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The board of directors resolved not to declare final dividend for the year ended 31 December 2016 (for the year ended 31 December 2015: nil).

Business Review

Steady growth of traditional business

Through the introduction of excellent experience in the management of nuclear power construction project and the rich working capital, our Group's photovoltaic EPC business had enhanced its market competitiveness significantly. In 2016, the photovoltaic EPC business recorded double digit growth in both earnings and profits, with all projects achieving a quality acceptability of 100%. During the reporting year, the Group established environmental engineering (water pollution preventing project) specialized design B Class qualification and electricity main contractor three-tier qualification, laying the foundation for expanding engineering fields such as biomass energy and pollution control. In the following years, the Group will devote more efforts on market development and strive to become the leader enterprise in the industry.

Initial success of business transformation

During the reporting year, the first and second phase projects of Jiangsu Taizhou 20MW agricultural photovoltaics power station I which was solely developed by the Group were completed in succession and put into operation, generating a stable income. The Jiangsu Taizhou agricultural photovoltaics station II with the total installed capacity of 20MW started the construction and was added to grid connection at the end of 2016; the construction of Xuzhou Peixian Assembly Plant will be launched in 2017. Above projects have formed the initial new roadmap of the Group's photovoltaics power station operation, which would bring steady earnings and profits for the Group. Besides, the Group's Concentrated Solar Power Project of Nuclear Longteng (中核龍騰) located in Wulate Medium Banner in Inner Mongolia was selected into the first national solar power generation demonstrative project list. In the field of new energy, the business model of the Group has transformed from original single engineering construction into the integrated model of "development, investment, construction and operation".

Steady Development of Finance Lease

Relying on the internal photovoltaics power station investment plan, the finance lease business of the Group was started and developed steadily. Business development mainly faced the "clean energy" field benefiting from national macro policy and with a large number of high-quality assets, and the "energy conservation and environmental protection" field with a larger market space. At the same time, it helped the Group's EPC projects to get more business opportunities.

The participation in China Nuclear Industry Maintenance Co., Ltd. developed well.

The Group completed the disposal of restaurant, hotel operations and property investment business on 28 December 2016 and would focus on the development of new energy and related industrial finance in the future.

Financial Review

The Group's consolidated revenue from continuing operations for the year ended 31 December 2016 amounted to HK$2,041,543,000 representing an increase of HK$537,801,000 compared to the consolidated revenue from continuing operations of HK$1,503,742,000 recorded for the year ended 31 December 2015. Consolidated profit attributable to owners of the Company for the current year was HK$78,571,000 (consolidated profit for the year ended 31 December 2015: HK$3,559,000). Basic earnings per share from continuing operations amounted to HK cent 6.44 (for the year ended 31 December 2015: basic earnings per share from continuing operations HK cent 1.84).

The final results of the Group for the year ended 31 December 2016 recorded a significant increase of net profit as compared to the net profit for the year ended 31 December 2015, among other things, the improvement is mainly due to the combined effect of the following: (i) the EPC and consultancy segment of the Group brought positive impact to the Group, mainly due to the contribution from projects revenue, which was benefited from extensive market development and new business growth plan in the relevant business. Therefore, the relevant business of the Group recorded a net profit for the year ended 31 December 2016; and (ii) the Group recognised a one-off gain from the disposal of interests in subsidiaries. The disposal has been completed on 28 December 2016. Details of which are set out in the announcements of the Company dated 1 November 2016, 25 November 2016, 2 December 2016 and 28 December 2016 respectively and the circular of the Company dated 5 December 2016. Net profit for the year amounted to HK$82,539,000, representing an increase of HK$72,541,000 compared to the net profit of HK$9,998,000 recorded for the year ended 31 December 2015.

The Board considers that the Group remains in a healthy and solid financial condition and is continuing to pursue in various investment opportunities.

Liquidity and Financial Resources

As at 31 December 2016, the Group had cash and cash equivalents of approximately HK$472,711,000 (31 December 2015: HK$310,851,000), most of which were unsecured bank deposits, with their original maturities within three months. Net assets were approximately HK$508,789,000 (31 December 2015: HK$474,941,000). The ratio of debt (included bank borrowings, convertible bonds and loans included in other payables and accruals) to total equity was 1.40 (31 December 2015: 0.76).

As at 31 December 2016, the Group's bank borrowings balance amounted to HK$682,724,000 (2015: HK$Nil). There were HK$280,207,000 repayable within one year, HK$356,650,000 repayable within two to five years and HK$45,867,000 repayable after five years. The bank borrowings as at 31 December 2016 included Hong Kong Dollar bank borrowings of HK$300,000,000 and Renminbi bank borrowings equivalent to HK$382,724,000.

The bank loans are secured by corporate guarantee provided by the ultimate holding company and fellow subsidiaries of the Company, the Group's bills receivables amounted to HK$33,337,000 and finance lease receivables amounted to HK$114,492,000. All bank loans bear interest at floating rates, with effective interest rates ranging from 1.9% to 4.9% per annum.

On 26 May 2015, the Company issued an aggregated principal amount of HK$350,000,000 3% convertible bonds, which are due on 25 May 2016. The Company received net proceeds of HK$346,114,000 after deducting the commissions and expenses of the offering. Since the date of issuance and up to 25 May 2016, HK$55,000,000 of the convertible bonds were converted into shares of the Company by the bondholders. The remained convertible bonds were redeemed by the Company on the maturity date.

As at 31 December 2016, included in other payables of (i) RMB9,550,000 (approximately HK$10,612,000) represent the non-interest bearing shareholders' loan from an non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company; and (ii) RMB15,000,000 (approximately HK$16,669,000) represent an unsecured interest bearing loan from a fellow subsidiary of the Company and the interest rate of the loan is at the PRC benchmark rate plus 10% per annum.

The Group has adopted the prudent and healthy fiscal policies and imposed strict control over its cash and risk management. The Group's bank balances and cash are mainly denominated in Hong Kong dollars and Renminbi, and hence it is not exposed to significant exchange risk. The Group has not used any financial instruments for hedging purpose.

Contingent Liabilities

As at 31 December 2016, the Group had no significant contingent liabilities.

Capital Commitments

As at 31 December 2016, the Group committed capital expenditure of HK$7,778,000 (2015: Nil) in respect of acquisition of land and property, plant and equipment of which was contracted for but not provided in the Group's consolidated financial statements.

Number of Employees and Remuneration Policy

As at 31 December 2016, the Group had 194 employees, the remuneration packages of whom are reviewed annually with reference to the prevailing market condition.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2016.

CORPORATE GOVERNANCE

The Board of the Company has committed to achieving high corporate governance standards to safeguard the interests of shareholders and to enhance corporate value and accountability.

The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Board is of the view that throughout the year ended 31 December 2016, the Company has complied with the code provisions as set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' dealings in the Company's securities (the "**Code of Conduct**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Code of Conduct and the Model Code throughout the year ended 31 December 2016.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and risk management and internal controls.

The financial information has been reviewed by the Audit Committee, approved by the Board and agreed by the Group's external auditor, BDO Limited, to the amounts set out in the audited financial statements.

ANNUAL GENERAL MEETING

The annual general meeting ("**AGM**") of the Company will be held at Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 19 May 2017. Notice of AGM will be published and issued to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM of the Company to be held on Friday, 19 May 2017, the register of members of the Company will be closed from Tuesday, 16 May 2017 to Friday, 19 May 2017, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company should ensure that all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 15 May 2017.

By Order of the Board
China Nuclear Energy Technology Corporation Limited
AI Yilun
Chairman

Hong Kong, 14 March 2017

As at the date of this announcement, the Directors are: Mr. Ai Yilun, who is the chairman, and an executive Director; Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Li Jinying, Mr. Li Feng, Mr. Bai Xuefei, who is the co-chief executive officer and an executive Director and Mr. Wu Yuanchen, all of whom are executive Directors; and Mr. Chan Ka Ling, Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan, all of whom are independent non-executive Directors.