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**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 2017**

<b>FINANCIAL HIGHLIGHTS</b>			
<b>Year ended 31 December</b>	<b>2017</b>	<b>2016</b>	<b>Change</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Revenue	<b>1,963,381</b>	2,041,543	-4%
Profit for the year from continuing operations	<b>120,402</b>	76,990	56%
Basic earnings per share from continuing operations (HK cents per share)	<b>9.48</b>	6.44	47%
<b>As at 31 December</b>	<b>2017</b>	<b>2016</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Total assets	<b>4,322,308</b>	2,596,972	66%
Net assets	<b>874,713</b>	508,789	72%

## **BUSINESS REVIEW**

For the year ended 31 December 2017, the Group achieved profit from continuing operations of HK\$120,402,000 (2016: HK\$76,990,000), representing an increase of 56% as compared to that of last year. Overall revenue was HK\$1,963,381,000 (2016: HK\$2,041,543,000), primarily generated by the engineering, procurement and construction (“EPC”) and consultancy business segment. The increase in profit was due to the effective cost control measures adopted by the Group that lowered the cost for EPC projects and the improved performance of the solar power generation and financial leasing businesses.

### **EPC and Consultancy**

In 2017, EPC and consultancy segment achieved segment result of HK\$151,524,000 (2016: HK\$114,976,000), representing a year-on-year increase of 32%, which was mainly attributable to the implementation of effective cost control that enabled the Group to attain lower cost of inventories used and construction cost. Nevertheless, this business segment encountered strong headwind in face of keen market competition, belated publication of targeted photovoltaic installation capacity by the PRC government and slowdown of work progress due to complexity of work site condition and late deliveries of construction materials from suppliers. In addition, the Group had allocated more resources to develop self-owned and self-operated solar photovoltaic stations for the generation of electricity income. Accordingly, fewer EPC projects were secured and completed during the year and income derived from this business segment narrowed down to HK\$1,880,031,000 (2016: HK\$2,010,939,000) representing a drop of 7% as compared to 2016.

In 2017, the Group continued to expand its EPC and consultancy portfolio. Through collaboration with seasoned industry players, the Group participated in developing and constructing a 100MW parabolic trough solar thermal power project in Inner Mongolia which is under the first batch of national demonstration projects list. The construction of the solar thermal power project is underway and is expected to be completed by 2019.

### **Manufacturing and Trading**

For the purpose of diversifying our business vertically, a wholly-own subsidiary of the Group agreed to acquire a piece of land and the structure (including a manufacturing plant) erected thereon in Peixian of PRC in 2016. Following the completion of land ownership transfer and the obtaining of the 不動產權證 (translated as Certificate of Real Estate Ownership) for the land in 2017, the Group modified the manufacturing plant and purchased machinery in order to set up the production lines. The modification work to the manufacturing plant has been completed in early 2018 and it is expected that it will contribute to the Group’s revenue in 2018.

## **Solar Power Generation**

In 2015, the Group started to develop its 20MW self-owned and self-operated agricultural photovoltaic power station in Taizhou of PRC, and in the past years has continued to invest and expand self-owned and self-operated solar photovoltaic power stations. As at 31 December 2017, the Group operated a total installed capacity of 40MW solar photovoltaic power stations in Taizhou of PRC. As a result, this segment achieved an impressive year-on-year growth of 109%, contributing HK\$52,037,000 in revenue to the Group in 2017.

The Group further broadened its horizon by developing rooftop distributed solar photovoltaic projects. During the year ended 31 December 2017, the Group had completed 60MW grid-connected distributed solar photovoltaic projects which are expected to generate electricity income in 2018.

## **Financing**

For the year ended 31 December 2017, revenue of the Group's finance leasing business boosted 451% to HK\$31,313,000 (2016: HK\$5,678,000). The Group carries out its financial leasing business through its wholly-owned subsidiary, 核建融資租賃(深圳)有限公司 (transliterated as CNEC Financial Leasing (Shenzhen) Company Limited) ("CNEC Shenzhen"). This year, the Group has further injected HK\$109,075,000 to fully pay up the registered capital of CNEC Shenzhen. The performance of CNEC Shenzhen recorded a significant improvement during the year and attained a segment result of HK\$5,274,000 (2016: loss of HK\$971,000).

## **Business Prospect**

Following the maturity of solar photovoltaic technology and the reduction of installation costs, it became more popular for the general public to install distributed solar photovoltaic system for domestic use. Pursuant to the statistics from National Energy Administration, the capacity of newly installed distributed solar photovoltaic system in PRC reached 19.44 million kW in 2017, representing a surge of 3.7 times as compared to that of 2016. As such, the Group has stepped up its effort in developing distributed solar photovoltaic systems for external customers and self-operation. It is expected that completion of the construction of the Group's self-owned and self-operated power generating stations and facilities will generate stable power generation income for the Group. Apart from focusing on solar photovoltaic power system, the Group has been actively exploring opportunities in other renewables in China and the overseas in recent years. It is expected that the Group will expand its renewable portfolio when suitable projects are identified. Financial leasing industry in China has grown rapidly over the past decade. The Group shall expand its financial leasing business with caution in order to minimise the

associated risks. We shall continue to pay extra attention to the changes in external environment and strive to advance our cost control and supply chain management so as to maintain a sustainable development for the Group.

## **FINANCIAL REVIEW**

The Group's revenue generated from continuing operations decreased by 4% from HK\$2,041,543,000 for the year ended 31 December 2016 to HK\$1,963,381,000 for the year ended 31 December 2017. The decrease was mainly due to fewer EPC projects for photovoltaic power generation were secured during the year. Profit attributable to owners of the Company amounted to HK\$116,081,000 which represented a year-on-year increase of 48% when compared with 2016. Basic earnings per share from continuing operations for the year ended 31 December 2017 was at HK9.48 cents when compared with HK6.44 cents recorded for the year ended 31 December 2016.

### **Revenue**

For the year ended 31 December 2017, revenue of the Group mainly derived from three segments, namely, EPC and consultancy, solar power generation and financing. EPC and consultancy remained the principal source of the Group's revenue. This year, revenue generated from EPC and consultancy segment decreased by 7% to HK\$1,880,031,000 (2016: HK\$2,010,939,000). Revenue derived from solar power generation and financing were HK\$52,037,000 (2016: HK\$24,926,000) and HK\$31,313,000 (2016: HK\$5,678,000) respectively, each comprised approximately 3% (2016: approximately 1%) and 2% (2016: approximately 0.3%) of the Group's total revenue.

### **Profit**

Profit from continuing operations for the year ended 31 December 2017 amounted to HK\$120,402,000 (2016: HK\$76,990,000), representing an increase of 56% as compared to that of 2016. The increase was mainly due to stringent cost control implemented by the Group and the strategic allocation of resources. Accordingly, net profit margin of the Group increased to 6% (2016: 4%). Net profit margin of the Group varied in different segments depending on its business nature. Profit attributable to owners of the Company for the year ended 31 December 2017 increased by 48% to HK\$116,081,000 (2016: HK\$78,571,000) and basic earnings per share from continuing operations was HK9.48 cents (2016: HK6.44 cents).

### **Other income and gains**

Other income and gains for the year ended 31 December 2017 amounted to HK\$3,345,000 (2016: HK\$3,035,000) which was primarily derived from bank interest income.

### **Cost of sales and construction costs**

Cost of sales and construction costs for the year ended 31 December 2017 amounted to HK\$1,422,320,000 (2016: HK\$1,540,652,000) and HK\$273,854,000 (2016: HK\$309,451,000) respectively. The decrease was mainly due to fewer EPC projects were secured and effective cost control implemented by the Group.

### **Finance costs**

Finance costs for the year ended 31 December 2017 decreased by 12% to HK\$22,832,000 (2016: HK\$25,930,000). Finance cost for 2017 primarily represented by interest expenses on bank and other borrowings.

### **Other operating expenses**

Included in other operating expenses are mainly legal and professional fees, bank charges, rental, research and development fees and travelling expenses which amounted to HK\$54,450,000 for the year ended 31 December 2017, representing an increase of 42% as compared to that of last year.

### **Gain on deemed disposal of an associate**

An exceptional gain on deemed disposal of an associate amounted to HK\$2,893,000 was recorded last year.

## **Share of results of associates, net**

The Group's share of results of associates increased by 49% to HK\$11,528,000 (2016: HK\$7,712,000) during the year ended 31 December 2017. The increase in results contribution from associates was mainly attributable to the improvement of operating performance during the year.

## **Income tax expense**

The effective tax rate applicable to the profit of the Group for the year ended 31 December 2017 was 19% (2016: 19%).

## **Financial Position**

As at 31 December 2017, total assets of the Group were HK\$4,322,308,000 (2016: HK\$2,596,972,000), representing an increase of 66% as compared to that of 2016. In particular, current assets increased by 36% to HK\$2,864,610,000 (2016: HK\$2,100,636,000) and non-current assets increased by 194% to HK\$1,457,698,000 (2016: HK\$496,336,000). The significant increase in non-current assets was mainly attributable to the development of rooftop distributed photovoltaic power generation system in 2017 which included in property, plant and equipment as construction in progress.

Total liabilities for the year ended 31 December 2017 were HK\$3,447,595,000 (2016: HK\$2,088,183,000), an increase by 65% as compared to that of 2016. In particular, current liabilities for the year ended 31 December 2017 were HK\$2,883,447,000 (2016: HK\$1,685,666,000), an increase of 71% as compared to that of 2016, which was principally due to the increase in trade and bills payables. Non-current liabilities were HK\$564,148,000 (2016: HK\$402,517,000), an increase of 40% as compared to that of 2016 as a result of the increase in bank and other borrowings and obligations under finance leases.

Total equity attributable to owners of the Company as at 31 December 2017 was HK\$862,969,000 (31 December 2016: HK\$501,423,000), an increase of 72% as compared with that of 2016, primarily resulting from the completion of share placement on 29 June 2017 and the contribution of the total comprehensive income for the year.

## Liquidity, Financial Resources and Gearing

As at 31 December 2017, net current liabilities of the Group amounted to HK\$18,837,000 (2016: net current assets of HK\$414,970,000). Besides, the Group maintained cash and cash equivalents of HK\$320,285,000 (2016: HK\$472,711,000), of which approximately 15% was in Hong Kong dollars, 48% was in RMB and 37% was in United States dollars.

As at 31 December 2017, the Group had outstanding bank and other borrowings of HK\$1,032,105,000 (2016: HK\$682,724,000), of which approximately 30% was in Hong Kong dollars, 56% was in RMB, 10% was in United States dollars and 4% was in EURO. All of the Group's borrowings were arranged on floating rate basis with effective interest rates ranged from 1.9% to 4.9% per annum (2016: ranged from 1.9% to 4.9% per annum). Except for certain bank and other borrowings which were committed loan facilities with specific maturity dates, the Group's borrowings contained repayment on demand clause at any time at the discretion of the bank and other. Under the Hong Kong Accounting Standards, the Group had separated and classified the bank and other borrowings as current and non-current liabilities in the consolidated statement of financial position as at 31 December 2017 in accordance with the settlement term. Of the total borrowings as at 31 December 2017, HK\$324,039,000 was loans repayable within one year and the balance of HK\$708,066,000 was repayable more than one year.

As at 31 December 2017, included in other payables of (i) approximately HK\$11,449,000 (RMB9,550,000) (2016: approximately HK\$10,612,000 (RMB9,550,000)) which represents the non-interest bearing shareholders' loan from a non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company, (ii) approximately HK\$59,945,000 (RMB50,000,000) (2016: Nil) which represents an unsecured interest bearing loan from immediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by PBOC multiplied by (1+20%) per annum, (iii) approximately HK\$119,890,000 (RMB100,000,000) (2016: Nil) which represents an unsecured interest bearing loan from 中核投資有限公司 (transliterated as China Nuclear Investment Co., Ltd.) , an intermediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by PBOC multiplied by (1+20%) per annum.

The Group's gearing ratio was 1.54 (2016: 1.4), which was calculated on the basis of total debt over total equity of the Company. Total debt comprises loans included in other payables and accruals, bank and other borrowings and obligation under finance lease.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2017*

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	3	<b>1,963,381</b>	2,041,543
Other income and gains		<b>3,345</b>	3,035
Cost of sales		<b>(1,422,320)</b>	(1,540,652)
Construction costs		<b>(273,854)</b>	(309,451)
Staff costs		<b>(39,002)</b>	(34,341)
Depreciation		<b>(17,743)</b>	(10,813)
Other operating expenses		<b>(54,450)</b>	(38,436)
Finance costs	4	<b>(22,832)</b>	(25,930)
Gain on deemed disposal of an associate		—	2,893
Loss on disposal of a subsidiary	22(b)	<b>(20)</b>	—
Share of results of associates, net		<b>11,528</b>	7,712
		<hr/>	<hr/>
Profit before income tax expense	5	<b>148,033</b>	95,560
Income tax expense	6	<b>(27,631)</b>	(18,570)
		<hr/>	<hr/>
Profit for the year from continuing operations		<b>120,402</b>	76,990
<b>Discontinued operations</b>			
Profit for the year from discontinued operations	7	—	5,549
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>120,402</b>	82,539
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Other comprehensive income for the year, net of tax</b>			
<i>Item that will not be reclassified to profit or loss</i>			
Loss on property revaluation		—	(6)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising during the year		<b>62,592</b>	(43,365)
Reclassification adjustments relating to foreign operations disposed of during the year		—	30
Share of other comprehensive income of associates		<b>5,150</b>	(6,033)
		<hr/>	<hr/>
		<b>67,742</b>	(49,374)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
<b>Total comprehensive income for the year</b>		<b>188,144</b>	33,165
		<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

	<i>Notes</i>	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
<b>Profit for the year attributable to:</b>			
Owners of the Company			
Profit for the year from continuing operations		<b>116,081</b>	73,022
Profit for the year from discontinued operations		<u>—</u>	<u>5,549</u>
Profit for the year attributable to owners of the Company		<u><b>116,081</b></u>	<u>78,571</u>
Non-controlling interests			
Profit for the year from continuing operations		<u><b>4,321</b></u>	<u>3,968</u>
Profit for the year attributable to non-controlling interests		<u><b>4,321</b></u>	<u>3,968</u>
		<u><b>120,402</b></u>	<u>82,539</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		<b>182,473</b>	30,265
Non-controlling interests		<u><b>5,671</b></u>	<u>2,900</u>
		<u><b>188,144</b></u>	<u>33,165</u>
Earnings per share from continuing and discontinued operations			
– basic and diluted (HK cents per share)	9	<u><b>9.48</b></u>	<u>6.93</u>
Earnings per share from continuing operations			
– basic and diluted (HK cents per share)	9	<u><b>9.48</b></u>	<u>6.44</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>831,298</b>	282,330
Prepaid land lease payments		<b>21,039</b>	2,261
Available-for-sale investments	<i>11</i>	<b>29,273</b>	—
Interest in associates	<i>12</i>	<b>95,781</b>	82,215
Finance lease receivables	<i>16</i>	<b>438,945</b>	101,749
Loan receivable	<i>14</i>	<b>41,362</b>	—
Deposits	<i>15</i>	<b>—</b>	27,781
		<u><b>1,457,698</b></u>	<u>496,336</u>
<b>Current assets</b>			
Inventories		<b>—</b>	415
Trade and bills receivables	<i>13</i>	<b>1,605,327</b>	1,286,161
Loan receivable	<i>14</i>	<b>6,594</b>	111,125
Prepayments, deposits and other receivables	<i>15</i>	<b>305,299</b>	112,677
Amounts due from customers for contract work		<b>380,473</b>	104,804
Finance lease receivables	<i>16</i>	<b>52,372</b>	12,743
Pledged bank deposits	<i>17</i>	<b>194,260</b>	—
Cash and cash equivalents		<b>320,285</b>	472,711
		<u><b>2,864,610</b></u>	<u>2,100,636</u>
<b>Less: Current liabilities</b>			
Trade and bills payables	<i>18</i>	<b>2,031,259</b>	1,317,043
Other payables and accruals	<i>19</i>	<b>245,120</b>	66,934
Amounts due to customers for contract work		<b>—</b>	11,016
Bank and other borrowings	<i>20</i>	<b>574,039</b>	280,207
Obligation under finance lease	<i>21</i>	<b>13,378</b>	—
Tax payable		<b>19,651</b>	10,466
		<u><b>2,883,447</b></u>	<u>1,685,666</u>
<b>Net current (liabilities)/assets</b>		<u><b>(18,837)</b></u>	<u>414,970</u>
<b>Total assets less current liabilities</b>		<u><b>1,438,861</b></u>	<u>911,306</u>

	<i>Notes</i>	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
<b>Less: Non-current liabilities</b>			
Obligation under finance lease	<i>21</i>	<b>106,082</b>	—
Bank and other borrowings	<i>20</i>	<b>458,066</b>	402,517
		<u><b>564,148</b></u>	<u>402,517</u>
<b>Net assets</b>		<u><b>874,713</b></u>	<u>508,789</u>
<b>Capital and reserves</b>			
Share capital		<b>131,309</b>	113,309
Reserves		<b>731,660</b>	388,114
		<u><b>862,969</b></u>	<u>501,423</u>
<b>Equity attributable to owners of the Company</b>		<b>862,969</b>	501,423
<b>Non-controlling interests</b>		<b>11,744</b>	7,366
		<u><b>874,713</b></u>	<u>508,789</u>
<b>Total equity</b>		<u><b>874,713</b></u>	<u>508,789</u>

## 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.

As at 31 December 2017, the directors consider the immediate and ultimate controlling parties of the Company and its subsidiaries (together the “**Group**”) to be China He Investment (Hong Kong) Company Limited which is incorporated in Hong Kong and 中國核工業建設集團公司 (transliterated as “China Nuclear Engineering & Construction Corporation”) (“**CNECC**”) which is a state-owned enterprise incorporated in the People’s Republic of China (“**PRC**”) respectively. These entities do not produce financial statements available for public use.

On 31 January 2018, the Company has been informed by CNECC that CNECC received a notice issued by 國務院國有資產監督管理委員會 (transliterated as State-owned Assets Supervision and Administration Commission of the State Council) (“**SASAC**”) on 31 January 2018 that the State Council has approved the reorganisation (the “**Reorganisation**”) of CNECC and 中國核工業集團有限公司 (transliterated as China National Nuclear Corporation Limited) (“**CNNC**”) whereby CNECC will be entirely merged to CNNC at nil consideration and CNECC will no longer perform its contributory duties as a corporate entity towards SASAC.

The Reorganisation at the time does not involve any material asset restructuring of the Company and has no material impact on the normal operation of the Company. Upon completion of the Reorganisation, the ultimate controlling party will be changed to CNNC which will remain under the supervision of SASAC.

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 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

#### *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.

The adoption of the amendments has led to the additional disclosure presented in the notes to the cash flow statement.

*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 of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

*Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

**(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.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards <sup>1</sup>
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions <sup>1</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) <sup>1</sup>
Amendments to HKAS 40	Transfers of Investment Property <sup>1</sup>
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>2</sup>
HKFRS 16	Leases <sup>2</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2018
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2019
- <sup>3</sup> 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 of the amendments continue to be permitted.

*Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, removing transition provision exemptions relating to accounting periods that had already passed and were therefore no longer applicable.

*Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures*

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation’s permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

*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 fair value through other comprehensive income (“**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 fair value through profit or loss (“**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.

#### *Amendments to HKAS 40, Investment Property – Transfers of Investment Property*

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

### *HK(IFRIC)-Int 22 – Foreign Currency Transactions and Advance Consideration*

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

### *Amendments to HKFRS 9 – Prepayment Features with Negative Compensation*

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

### *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 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 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.

### *HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments*

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

*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.

Further information about those HKFRSs that are expected to be applicable to the Group is described follows.

HKFRS 15 will be applicable for the Group's financial year ending 31 December 2018 and is expected to have a significant impact upon adoption. The Group plans to adopt the transitional provisions in HKFRS 15 to recognise the cumulative effect of initial adoption, the Group plans to apply the new requirements only to contracts that are not completed before 1 January 2018. The Group expects that the transitional adjustment to be made on 1 January 2018 upon initial adoption of HKFRS 15 will not be material. However, the expected changes in accounting policies will have a material impact on the Group's financial statements from 2018 onwards. During 2017, the Group has performed a detailed assessment on the impact of the adoption of HKFRS 15. Whilst management has performed a detailed assessment of the estimated impacts of this standard, that assessment is based on the information currently available to the Group, including expectations of the application of transitional provision options and policy choices. The actual impacts upon adoption could be different to the present assessment performed, depending on additional reasonable and supportable information being made available to the Group at the time of applying the standards and the transitional provisions and policy options finally adopted.

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. Equity investments currently held as available-for-sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model either on twelve-month basis or lifetime basis, as opposed to an incurred credit loss model under HKAS 39 Financial Instruments: Recognition and Measurement. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its financial assets measured at amortised cost. Based on the Group's financial instruments and risk management policies as at 31 December 2017, the directors of the Company preliminarily assess that the adoption of HKFRS 9 in the future may not result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

### 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.

Following the completion of disposal of the Target Group as disclosed in note 7, the Group discontinued the reportable segments of restaurant, property and hotel. Thereafter, the directors had determined that the Group has five (2016: seven) reportable segments. The manufacturing and trading business is a new segment in 2017. 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 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;
- the solar power generation segment comprises the Group's solar power generation operations;
- the financing segment comprises the Group's financing operations;
- the manufacturing and trading business segment comprises the Group's manufacturing and trading of solar power related products;
- the all other segments comprise the Group's corporate management, investment and treasury services;
- the restaurant segment comprises the Group's restaurant operations;
- the property segment comprises the Group's property investments; and
- the hotel segment comprises the Group's hotel operations.

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\$1,963,381,000 from continuing operations (2016: HK\$2,041,543,000), 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\$95,781,000 as at 31 December 2017 (2016: HK\$82,215,000), property, plant and equipment amounted to approximately HK\$831,149,000 as at 31 December 2017 (2016: HK\$282,074,000) and prepaid land lease payments amounted to approximately HK\$21,039,000 as at 31 December 2017 (2016: HK\$2,261,000) 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\$389,840,000 and HK\$320,966,000 (2016: HK\$481,928,000 and HK\$440,393,000) arose from the Group's first and second largest customers. For the year ended 31 December 2017, except for the above first and second largest customers, one customer of the Group's EPC and consultancy segment amounted HK\$225,391,000 (2016: HK\$334,903,000), which represents 10% or more of the Group's revenues.

	Continuing Operations					Total HK\$'000
	EPC and Consultancy HK\$'000	Solar Power Generation HK\$'000	Financing HK\$'000	Manufacturing and trading business HK\$'000	All other Segments HK\$'000	
<b>Year ended 31 December 2017</b>						
Segment revenue:						
Sales to external customers	1,880,031	52,037	31,313	—	—	1,963,381
Intersegment sales	—	—	18,878	—	—	18,878
Other income and gains	1,020	608	1	173	13	1,815
Reportable segment revenue	1,881,051	52,645	50,192	173	13	1,984,074
<i>Reconciliation:</i>						
Elimination of intersegment sales						(18,878)
Consolidated revenue						1,965,196
<b>Segment results</b>	<b>151,524</b>	<b>30,671</b>	<b>5,274</b>	<b>(4,528)</b>	<b>(25,114)</b>	<b>157,827</b>
<i>Reconciliation:</i>						
Loss on disposal of a subsidiary						(20)
Interest income						1,530
Finance costs						(22,832)
Share of results of associates, net						11,528
Profit before taxation						148,033
Income tax expense						(27,631)
Profit for the year						<u>120,402</u>

	Continuing Operations					
	EPC and Consultancy HK\$'000	Solar Power Generation HK\$'000	Financing HK\$'000	Manufacturing and trading business HK\$'000	All other Segments HK\$'000	Total HK\$'000
<b>At 31 December 2017</b>						
Segment assets	2,386,052	1,058,409	636,976	86,074	59,016	4,226,527
<i>Reconciliation:</i>						
Unallocated assets						<u>95,781</u>
Total assets						<u>4,322,308</u>
Segment liabilities	2,201,546	102,925	566,530	49,011	527,583	3,447,595
<i>Reconciliation:</i>						
Unallocated liabilities						<u>—</u>
Total liabilities						<u>3,447,595</u>
<b>Other segment information</b>						
Depreciation	771	16,792	82	41	57	17,743
Recognition of prepaid land lease payments	—	1,338	—	32	—	1,370
Additions to property, plant and equipment	102	468,266	40	58,321	9	526,738
Written off of property, plant and equipment	<u>1</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1</u>

Included in the unallocated assets, there are interest in associates amounted to approximately HK\$95,781,000. Details of the interest in associates were set out in note 12.

	Continuing Operations					Discontinued Operations				Total HK\$'000
	EPC and Consultancy HK\$'000	Solar Power Generation HK\$'000	Financing HK\$'000	All other Segments HK\$'000	Total HK\$'000	Restaurant HK\$'000	Property HK\$'000	Hotel HK\$'000	Total HK\$'000	
	Year ended 31 December 2016									
Segment revenue:										
Sales to external customers	2,010,939	24,926	5,678	—	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	2,012,629	24,926	14,920	—	2,052,475	168,726	19,194	20,250	208,170	2,260,645
<i>Reconciliation:</i>										
Elimination of intersegment sales					(9,242)				(29,035)	(38,277)
Elimination of intersegment other income and gains					—				—	—
Consolidated revenue					<u>2,043,233</u>				<u>179,135</u>	<u>2,222,368</u>
Segment results	114,976	14,786	(971)	(19,251)	109,540	(14,224)	(435)	(3,495)	(18,154)	91,386
<i>Reconciliation:</i>										
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					<u>7,712</u>				—	<u>7,712</u>
Profit/(loss) before taxation					95,560				(18,068)	77,492
Income tax expense					<u>(18,570)</u>				<u>1,658</u>	<u>(16,912)</u>
Profit/(loss) for the year					<u>76,990</u>				<u>(16,410)</u>	<u>60,580</u>

	Continuing Operations					Discontinued Operations				Total HK\$'000
	EPC and Consultancy HK\$'000	Solar Power Generation HK\$'000	Financing HK\$'000	All other Segments HK\$'000	Total HK\$'000	Restaurant HK\$'000	Property HK\$'000	Hotel HK\$'000	Total HK\$'000	
At 31 December 2016										
Segment assets	1,493,607	437,504	483,657	99,989	2,514,757	—	—	—	—	2,514,757
<i>Reconciliation:</i>										
Unallocated assets					82,215				—	82,215
Total assets					<u>2,596,972</u>				<u>—</u>	<u>2,596,972</u>
Segment liabilities	1,019,495	281,967	353,334	433,387	2,088,183	—	—	—	—	2,088,183
<i>Reconciliation:</i>										
Unallocated liabilities					—				—	—
Total liabilities					<u>2,088,183</u>				<u>—</u>	<u>2,088,183</u>
Other segment information										
Depreciation	1,029	9,650	77	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	4,832	231,050	480	49	236,411	90	—	129	219	236,630
Written off of property, plant and equipment	<u>120</u>	<u>—</u>	<u>45</u>	<u>289</u>	<u>454</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>454</u>

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 12.

#### 4. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Continuing operations		
Imputed interest on convertible bonds	—	17,008
Interest on bank and other borrowings	<b>19,699</b>	8,922
Interest on finance lease	<b>3,133</b>	—
	<u>22,832</u>	<u>25,930</u>

#### 5. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Continuing operations		
Minimum lease payments under operating leases:		
Land and buildings	<u>7,718</u>	<u>6,588</u>
Staff costs (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	<b>34,746</b>	30,959
Pension scheme contributions	<b>4,256</b>	3,382
Total staff costs	<u>39,002</u>	<u>34,341</u>
Amortisation of prepaid land lease payments*	<b>1,370</b>	486
Written off of property, plant and equipment*	<b>1</b>	454
Auditor's remuneration*	<b>1,830</b>	936

\* *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:

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Continuing operations		
Current tax for the year		
Hong Kong	—	—
Other than Hong Kong	<b>27,631</b>	18,570
Deferred tax	—	—
	<u>—</u>	<u>—</u>
Income tax expense	<b><u>27,631</u></b>	<b><u>18,570</u></b>

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 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% (2016: 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% (2016: 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:

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Profit from continuing operations before income tax expense	<b>148,033</b>	95,560
Tax calculated at the statutory tax rate applicable to profits in the respective countries	<b>39,018</b>	37,896
Tax effect of share of profit of associates	<b>(1,931)</b>	(783)
Tax effect of differentiated EIT rate	<b>(18,335)</b>	(11,207)
Tax effect of expenses not deductible for tax purposes	<b>12,478</b>	1,201
Tax effect of revenue not taxable for tax purposes	<b>(2,602)</b>	(8,397)
Tax effect of tax losses not recognised	—	240
Utilisation of tax losses previously not recognised	<b>(997)</b>	(380)
	<u>—</u>	<u>—</u>
Income tax expense	<b><u>27,631</u></b>	<b><u>18,570</u></b>

## 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 22(a) 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) <i>HK\$’000</i>
Revenue	173,762
Other income and gains	5,459
Cost of inventories used	(52,381)
Staff cost	(55,138)
Rental expenses	(44,731)
Utility expenses	(10,570)
Depreciation	(3,378)
Other operating expenses	<u>(31,091)</u>
Loss before income tax expense	(18,068)
Income tax credit	<u>1,658</u>
Loss for the period from discontinued operations	<u>(16,410)</u>
Gain on disposal of subsidiaries, net of nil tax ( <i>note 22(a)</i> )	<u>21,959</u>
Profit attributable to owners of the Company from discontinued operations	<u>5,549</u>
Operating cash flows	(12,882)
Investing cash flows	<u>(76)</u>
Total cash flows	<u>(12,958)</u>

## 8. DIVIDEND

No dividend has been declared or proposed by the directors of the Company in respect of the year ended 31 December 2017 (2016: 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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share	<u>116,081</u>	<u>78,571</u>

#### Number of shares

	2017 '000	2016 '000
Issued Share Capital at 1 January	1,133,095	1,133,095
Placing of new shares	<u>180,000</u>	<u>—</u>
Issued Share Capital at 31 December	<u>1,313,095</u>	<u>1,133,095</u>
Weighted average number of ordinary share for the purposes of basic and diluted earnings per share calculation	<u>1,224,820</u>	<u>1,133,095</u>

### 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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	116,081	78,571
Less:		
Profit for the year from discontinued operations	<u>—</u>	<u>5,549</u>
Earnings for the purposes of basic and diluted earnings per share from continuing operations	<u>116,081</u>	<u>73,022</u>

## Number of shares

	2017 '000	2016 '000
Weighted average number of ordinary share for the purposes of basic and diluted earnings per share calculation	<u>1,224,820</u>	<u>1,133,095</u>

No diluted earnings per share is calculated for the year ended 31 December 2017 as there was no potential diluted ordinary share in existence.

The convertible bonds were redeemed during the year ended 31 December 2016. The diluted earnings per share for the year ended 31 December 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

For the year ended 31 December 2016, the basic and diluted earnings per share for the discontinued operation were HK\$0.49 cent per share based on the profit for the year from discontinued operations of HK\$5,549,000 and the denominators detailed above for both basic and diluted earnings per share.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group had acquired property, plant and equipment amounted to HK\$526,738,000 (2016: HK\$236,630,000).

## 11. AVAILABLE-FOR-SALE INVESTMENTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Unlisted equity investments, at cost		
At 1 January	—	500
Addition	29,273	—
Disposal of subsidiaries ( <i>note 22(a)</i> )	—	(500)
At 31 December	<u>29,273</u>	<u>—</u>

As at 31 December 2017, the unlisted equity investments with carrying value of HK\$29,273,000 were stated at cost less impairment because the range of reasonable fair value estimates is so significantly wide that the directors of the Company are of the opinion that their fair value cannot be measured reliably.

## 12. INTEREST IN ASSOCIATES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Share of net assets (including goodwill)	<u>95,781</u>	<u>82,215</u>

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.)	<i>Note (i)</i>	PRC. Construction work for various types of nuclear reactors, nuclear power plants, radioactive chemical engineering projects in the PRC; and businesses of maintenance of nuclear power plants and electrical equipment 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)	<i>Note (ii)</i>	PRC. Solar energy generation and sale, solar power technology consulting services, photovoltaic technology development, solar photovoltaic system construction in the PRC	47.13%

*Note (i):* 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 the PRC; and businesses of maintenance of nuclear power plants and electrical equipment, 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.

### 13. 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. 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.

	<b>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Trade receivables	<b>1,337,673</b>	1,211,479
Bills receivables	<b>267,654</b>	74,682
	<b><u>1,605,327</u></b>	<u>1,286,161</u>

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

	<b>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 – 90 days	<b>1,105,070</b>	958,892
91 – 180 days	<b>147,455</b>	28,542
181 – 365 days	<b>215,799</b>	127,965
>365 days	<b>137,003</b>	170,762
	<b><u>1,605,327</u></b>	<u>1,286,161</u>

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

	<b>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Neither past due nor impaired	<b>1,216,956</b>	958,892
0 – 90 days past due	<b>201,926</b>	28,542
91 – 180 days past due	<b>46,712</b>	127,965
181 – 365 days past due	<b>139,733</b>	170,762
	<b><u>1,605,327</u></b>	<u>1,286,161</u>

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\$32,050,000 (2016: HK\$59,243,000) which represents amounts due from fellow subsidiaries and an associate of the Company arising from EPC and consultancy operations.

As at 31 December 2017, retention held by customers for contract work amounted to approximately HK\$96,619,000 (2016: Nil). The retention receivables are unsecured, interest-free and recoverable at the end of the retention period of individual contracts, ranging from three to six months from the date of the completion of the respective project.

#### 14. LOAN RECEIVABLE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Loan receivable comprise:		
Within 1 year	6,594	111,125
In the second to fifth years, inclusive	26,975	—
After 5 years	<u>14,387</u>	<u>—</u>
Total loan receivable	47,956	111,125
Deduct: Portion classified under current assets	<u>(6,594)</u>	<u>(111,125)</u>
Non-current assets	<u>41,362</u>	<u>—</u>

Loan receivable as at 31 December 2017 represented loan to a third party which was secured, interest bearing at 7% per annum and repayable in 9 years.

Loan receivable as at 31 December 2016 represented loan to an indirect joint venture held by the ultimate holding company which was unsecured, interest bearing at the prevailing benchmark lending interest rate to be promulgated by People's Bank of China ("PBOC") multiplied by (1+25%) per annum. The Group did not hold any collateral or other credit enhancements over the loan receivable. The balance was fully repaid during the year.

## 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Prepayments	<b>148,440</b>	2,114
Deposits	<b>84,684</b>	28,724
Other receivables	<b>72,175</b>	109,620
	<b>305,299</b>	140,458
Less: deposits-non-current portion	<u>—</u>	<u>(27,781)</u>
	<b><u>305,299</u></b>	<b><u>112,677</u></b>

As at 31 December 2017, included in other receivables of approximately HK\$59,945,000 (RMB50,000,000) represented the deposit paid for the loan of approximately HK\$119,890,000 (RMB100,000,000) borrowed from 中核投資有限公司 (transliterated as China Nuclear Investment Company Limited), an intermediate holding company of the Company.

As at 31 December 2016, an amount of HK\$27,781,000 was included in deposits paid for the acquisition of land and property, plant and equipment.

As at 31 December 2016, included in other receivables of HK\$50,000,000 represented the consideration receivable from disposal of subsidiaries which was due from a shareholder interested in approximately 6.81% of the issued share capital of the Company (see note 22(a)). The consideration receivable was interest-free, secured by the shares of the Target Group and due on 30 June 2017. The consideration receivable was settled during the year.

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.

## 16. 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 ranging from seven to eight years with interest rate ranging from 5.3% to 5.4% (2016: 5.7%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Finance lease receivables comprise:				
Within one year	<b>77,628</b>	18,659	<b>52,372</b>	12,743
In the second to fifth years, inclusive	<b>322,207</b>	74,638	<b>251,855</b>	58,378
After five years	<b>200,741</b>	46,649	<b>187,090</b>	43,371
	<b>600,576</b>	139,946	<b>491,317</b>	114,492
Less: unearned finance income	<b>(109,259)</b>	(25,454)		
Total net finance lease receivables	<b>491,317</b>	114,492		
	<b>2017 <i>HK\$'000</i></b>	2016 <i>HK\$'000</i>		
Analysed for reporting purposes as:				
Current assets	<b>52,372</b>	12,743		
Non-current assets	<b>438,945</b>	101,749		
	<b>491,317</b>	114,492		

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

## 17. PLEDGED BANK DEPOSITS

Pledged bank deposits represents deposits pledged to banks to secure general banking facilities granted to the Group. Deposits amounting to HK\$194,260,000 (2016: Nil) have been pledged to secure general banking facilities and are classified as current assets.

The pledged bank deposits carry interest at fixed rates ranging from 0.3% to 1.95% per annum. The pledged bank deposits will be released upon settlement of relevant bank borrowings.

Pledged bank deposits denominated in RMB amounted to approximately HK\$194,260,000 (2016: Nil) as at 31 December 2017. The RMB is not freely convertible into other currencies.

## 18. TRADE AND BILLS PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	1,168,954	1,253,702
Bills payables	<u>862,305</u>	<u>63,341</u>
	<u><b>2,031,259</b></u>	<u><b>1,317,043</b></u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 90 days	1,375,190	655,898
91 – 180 days	79,407	105,931
181 – 365 days	492,028	382,019
>365 days	<u>84,634</u>	<u>173,195</u>
	<u><b>2,031,259</b></u>	<u><b>1,317,043</b></u>

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

## 19. OTHER PAYABLES AND ACCRUALS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Receipts in advance	10,691	1,585
Other payables	234,418	65,338
Accruals	<u>11</u>	<u>11</u>
	<u><b>245,120</b></u>	<u><b>66,934</b></u>

As at 31 December 2017, included in other payables of (i) approximately HK\$11,449,000 (RMB9,550,000) (2016: approximately HK\$10,612,000 (RMB9,550,000)) which represents the non-interest bearing shareholders' loan from a non-controlling interest shareholder of Guoxin Energy Limited, a non-wholly owned subsidiary of the Company, (ii) approximately HK\$59,945,000 (RMB50,000,000) (2016: Nil) which represents an unsecured interest bearing loan from immediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by PBOC multiplied by (1+20%) per annum, (iii) approximately HK\$119,890,000 (RMB100,000,000) (2016: Nil) which represents an unsecured interest bearing loan from 中核投資有限公司 (transliterated as China Nuclear Investment Company Limited), an intermediate holding company of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by PBOC multiplied by (1+20%) per annum.

As at 31 December 2016, included in other payables of approximately HK\$16,669,000 (RMB15,000,000) represents an unsecured interest bearing loan from a fellow subsidiary of the Company. The interest rate of the loan is at the prevailing benchmark lending interest rate to be promulgated by PBOC multiplied by (1+10%) per annum.

## 20. BANK AND OTHER BORROWINGS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Current</b>		
Short-term bank loans, secured	217,281	267,687
Short-term bank loans, unsecured	60,000	—
Long-term bank loans, secured, current portion	26,653	12,520
Long-term bank loans, unsecured, current portion	250,000	—
Other borrowing, secured, current portion	20,105	—
	<u>574,039</u>	<u>280,207</u>
<b>Non-current</b>		
Long-term bank loans, secured	243,187	402,517
Other borrowing, secured	214,879	—
	<u>458,066</u>	<u>402,517</u>
Total bank and other borrowings	<u>1,032,105</u>	<u>682,724</u>

- (i) Bank and other borrowings are secured by (i) corporate guarantee provided by the subsidiaries and fellow subsidiaries (2016: ultimate holding company and fellow subsidiaries) of the Company; (ii) the Group's bills receivables amounted to HK\$Nil (2016: HK\$33,337,000); and (iii) finance lease receivables amounted to HK\$331,570,000 (2016: HK\$114,492,000).
- (ii) All bank loans bear interest at floating rates, with effective interest rates ranging from 1.9% to 4.9% (2016: 1.9% to 4.9%) per annum. The carrying amounts of bank borrowings approximate their fair values.

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

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
HK\$	<b>310,000</b>	300,000
RMB	<b>577,957</b>	382,724
USD	<b>106,640</b>	—
EUR	<b>37,508</b>	—
	<b><u>1,032,105</u></b>	<b><u>682,724</u></b>

At 31 December 2017, the Group had undrawn bank loans facilities of RMB35,000,000 (approximately HK\$41,962,000) and EUR5,000,000 (approximately HK\$46,885,000) (2016: RMB100,000,000 (approximately HK\$111,130,000)).

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

	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
On demand or within one year	<b>324,039</b>	280,207
More than one year, but not exceeding two years	<b>302,686</b>	13,145
More than two years, but not exceeding five years	<b>360,015</b>	343,505
After five years	<b>45,365</b>	45,867
	<b><u>1,032,105</u></b>	<b><u>682,724</u></b>

## 21. OBLIGATION UNDER FINANCE LEASE

The Group has an obligation under finance lease on certain property, plant and equipment in the PRC. The lease is classified as finance lease and has remaining lease term of seven years with interest rate at 5.1% per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Amounts payable under finance lease:				
Within one year	19,012	—	13,378	—
In the second to fifth years, inclusive	76,472	—	61,004	—
After five years	48,189	—	45,078	—
	<u>143,673</u>	<u>—</u>	<u>119,460</u>	<u>—</u>
Less: future finance charges	<u>(24,213)</u>	<u>—</u>		
Total obligation under finance lease	<u>119,460</u>	<u>—</u>		
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>		
Analysed for reporting purposes as:				
Current liabilities	13,378	—		
Non-current liabilities	106,082	—		
	<u>119,460</u>	<u>—</u>		

The Group's obligation under finance lease is denominated in Renminbi ("RMB").

## 22. DISPOSAL OF SUBSIDIARIES

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

The net assets of the Target Group on the date of disposal were as follow:

	2016 <i>HK\$'000</i>
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, deposits 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)
	<hr/>
	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 ( <i>note 7</i> )	21,959
	<hr/>
Total consideration	110,000
	<hr/>
Satisfied by:	
Cash	60,000
Consideration payable	50,000
	<hr/>
	110,000
	<hr/>

**(a)(ii) Cash inflow arising from disposal of subsidiaries**

	2016 <i>HK\$'000</i>
Cash consideration received	60,000
Bank balance and cash disposal of	(18,983)
Direct expenses paid in relation to the disposal	<u>(916)</u>
	<u>40,101</u>

**(b)(i)** The Group disposed a subsidiary, 內蒙古中核龍騰新能源有限公司, on 16 August 2017. The subsidiary did not conduct any business activities during the year.

The net assets of the subsidiary on the date of disposal were as follow:

	2017 <i>HK\$'000</i>
Net assets disposed of:	
Property, plant and equipment	5,384
Prepayments, deposits and other receivables	479
Cash and cash equivalents	830
Trade payables	(384)
Other payables and accruals	<u>(3,671)</u>
	2,638
Non-controlling interests	(1,293)
Loss on disposal of a subsidiary	<u>(20)</u>
	1,325
Total consideration	<u>1,325</u>
Satisfied by:	
Cash	<u>1,325</u>

**(b)(ii) Cash inflow arising from disposal of a subsidiary**

	<b>2017</b> <b>HK\$'000</b>
Cash consideration received	<b>1,325</b>
Bank balance and cash disposal of	<b>(830)</b>
	<hr/>
	<b>495</b>
	<hr/>

**23. CAPITAL COMMITMENT**

As at 31 December 2017, the Group had capital commitment as follows:

	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK'000</i>
Contracted but not provided for:		
– Acquisition of land and property, plant and equipment	<hr/>	<hr/>
	<b>—</b>	<b>7,778</b>

## **CORPORATE GOVERNANCE**

The board (the “**Board**”) of directors (the “**Director**”) of China Nuclear Energy Technology Corporation Limited (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**”).

To the best knowledge and belief of the Directors, the Company has complied with all applicable code provisions of the CG Code throughout the year ended 31 December 2017, save and except for the deviations from code provision A.6.7.

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Certain independent non-executive directors of the Company were unable to attend the annual general meeting of the Company held on 19 May 2017 due to their other business engagements.

## **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 2017.

## **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 2017.

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.

## **PROPOSED DIVIDEND**

The Board did not recommend the payment of a final dividend for the year ended 31 December 2017.

## **ANNUAL GENERAL MEETING**

The annual general meeting (“**AGM**”) of the Company will be held on 30 May 2018 at 11:00 am. 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 to be held on Wednesday, 30 May 2018, the register of members of the Company will be closed from Friday, 25 May 2018 to Wednesday, 30 May 2018, 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 transfer 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 Thursday, 24 May 2018.

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

Hong Kong, 16 March 2018

*As at the date of this announcement, the executive directors of the Company are Mr. Ai Yilun (Chairman), Mr. Liu Genyu (Vice Chairman), Mr. Zhang Rui (Chief Executive Officer), Ms. Jian Qing, Mr. Chung Chi Shing, Mr. Li Jinying, Mr. Li Feng and Mr. Tang Jianhua, and the independent non-executive directors of the Company are Mr. Chan Ka Ling Edmond, Mr. Wang Jimin, Mr. Tian Aiping and Mr. Li Dakuan.*