CHINA EVERBRIGHT INTERNATIONAL LIMITED
中國光大國際有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 257)

ANNOUNCEMENT
ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

- Revenue increased by 38% to HK$37,557,635,000 (2018: HK$27,227,998,000)
- EBITDA increased by 22% to HK$10,957,474,000 (2018: HK$8,994,788,000)
- Profit attributable to equity holders increased by 20% to HK$5,203,291,000 (2018: HK$4,319,235,000)
- Final dividend of HK13.0 cents per share (2018: HK12.0 cents per share). Total dividends for the year of HK26.0 cents per share (2018: HK24.0 cents per share), increased by 8%

2019 ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of China Everbright International Limited (the "Company" or "Everbright International") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019 together with comparative figures for the year ended 31 December 2018. The annual results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
REVENUE	4	**37,557,635**	27,227,998
Direct costs and operating expenses		**(26,099,734)**	(17,797,402)
Gross profit		**11,457,901**	9,430,596
Other revenue	5	**765,649**	738,914
Other income and gains/(losses), net	5	**(30,211)**	(57,139)
Administrative expenses		**(2,366,354)**	(1,899,452)
PROFIT FROM OPERATING ACTIVITIES		**9,826,985**	8,212,919
Finance costs	6	**(1,830,798)**	(1,376,010)
Share of profits of joint ventures		**248,126**	157,774
Share of profits of associates		**19,382**	3,759
PROFIT BEFORE TAX	7	**8,263,695**	6,998,442
Income tax	8	**(1,895,533)**	(1,728,667)
PROFIT FOR THE YEAR		**6,368,162**	5,269,775
ATTRIBUTABLE TO:			
Equity holders of the Company		**5,203,291**	4,319,235
Non-controlling interests		**1,164,871**	950,540
		6,368,162	5,269,775
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	10		
– Basic and diluted		**HK84.70 cents**	HK85.77 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019	2018
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**6,368,162**	5,269,775
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(1,558,647)**	(2,172,421)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(1,558,647)**	(2,172,421)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Other financial assets measured at fair value through other comprehensive income:		
Changes in fair value	**(388)**	1,216
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**(388)**	1,216
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(1,559,035)**	(2,171,205)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**4,809,127**	3,098,570
ATTRIBUTABLE TO:		
Equity holders of the Company	**3,926,079**	2,522,471
Non-controlling interests	**883,048**	576,099
	4,809,127	3,098,570

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
NON-CURRENT ASSETS			
Investment properties		**159,393**	159,310
Property, plant and equipment		**4,637,701**	4,410,100
Right-of-use assets		**597,673**	–
Prepaid land lease payments		**–**	213,082
		5,394,767	4,782,492
Goodwill		**1,908,783**	1,753,737
Intangible assets		**18,401,533**	12,642,951
Interests in joint ventures		**1,163,597**	679,246
Interests in associates		**381,220**	334,679
Contract assets	*11*	**58,900,254**	43,540,152
Finance lease receivables		**15,390**	16,435
Other financial assets		**510,110**	42,570
Debtors, other receivables, deposits and prepayments	*12*	**2,300,788**	1,572,127
Deferred tax assets		**165,319**	92,875
Total non-current assets		**89,141,761**	65,457,264
CURRENT ASSETS			
Inventories		**823,528**	658,759
Contract assets	*11*	**8,804,372**	7,536,954
Finance lease receivables		**622**	567
Debtors, other receivables, deposits and prepayments	*12*	**8,278,232**	5,492,094
Tax recoverable		**–**	1,519
Pledged bank deposits		**537,989**	1,115,382
Deposits with banks with maturity period over three months		**22,180**	2,722,719
Cash and cash equivalents		**11,742,819**	12,136,379
Total current assets		**30,209,742**	29,664,373

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	13	**14,011,899**	10,167,760
Interest-bearing borrowings			
– Secured		**2,674,780**	2,846,064
– Unsecured		**7,793,220**	2,088,871
		10,468,000	4,934,935
Tax payable		**191,628**	131,692
Total current liabilities		**24,671,527**	15,234,387
NET CURRENT ASSETS		**5,538,215**	14,429,986
TOTAL ASSETS LESS CURRENT LIABILITIES		**94,679,976**	79,887,250
NON-CURRENT LIABILITIES			
Other payables	13	**703,702**	299,269
Interest-bearing borrowings			
– Secured		**18,410,530**	13,537,237
– Unsecured		**24,301,343**	20,053,995
		42,711,873	33,591,232
Deferred tax liabilities		**6,537,822**	5,301,410
Total non-current liabilities		**49,953,397**	39,191,911
NET ASSETS		**44,726,579**	40,695,339
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**17,329,537**	17,329,537
Reserves		**19,017,414**	16,596,570
		36,346,951	33,926,107
Non-controlling interests		**8,379,628**	6,769,232
TOTAL EQUITY		**44,726,579**	40,695,339

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance.

The accounting policies and basis of preparation adopted in the preparation of the financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2018 except for the effect for the adoption of the new and revised HKFRSs issued by the HKICPA, which became effective for the first time for the current year's financial statements, as further detailed in note 2. The financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated. The financial statements have been reviewed by the Company's Audit Committee.

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of annual results 2019 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the financial statements for the year ended 31 December 2019 in due course.

The Company's auditor has reported on the financial statements of the Group for the years ended 31 December 2019 and 2018. The auditor's reports for both years were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9	*Prepayment Features with Negative Compensation*
HKFRS 16	*Leases*
Amendments to HKAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to HKAS 28	*Long-term Interests in Associates and Joint Ventures*
HK(IFRIC)-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to HKFRSs 2015–2017 Cycle	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23

Other than as explained below regarding the impact of HKFRS 16 and HK(IFRIC)-Int 23, the adoption of the above new and revised standards has had no significant financial effect on these financial statements.

The nature and the impact of HKFRS 16 and HK(IFRIC)-Int 23 are described below:

(a) HKFRS 16 replaces HKAS 17 *Leases*, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. HKFRS 16 did not have any significant impact on leases where the Group is the lessor.

The Group has adopted HKFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under HKAS 17 and related interpretations.

New definition of a lease

Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) *(continued)*

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of buildings, plant and machinery, motor vehicles, electronic equipment and others. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("short-term leases") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on HKAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position. This include the lease assets recognised previously under finance leases of HK$55,910,000 that were reclassified from property, plant and equipment and the lease assets recognised previously under operating leases of HK$213,082,000 that were reclassified from prepaid land lease payments.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at fair value applying HKAS 40.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) *(continued)*

As a lessee – Leases previously classified as operating leases *(continued)*

Impact on transition (continued)

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Using a single discount rate to a portfolio of leases with reasonably similar characteristics
- Excluding the initial direct costs from the measurement of the right-of-use assets at the date of initial application

As a lessee – Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases. Accordingly, the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 were the carrying amounts of the recognised assets and liabilities (i.e., finance lease payables) measured under HKAS 17.

Financial impact at 1 January 2019

The impact arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

	Increase/ (decrease) *HK$'000*
Assets	
Increase in right-of-use assets	284,022
Decrease in property, plant and equipment	(55,910)
Decrease in prepaid land lease payments	(213,082)
Increase in total assets	15,030
Liabilities	
Increase in interest-bearing borrowings – Unsecured (current portion)	2,523
Increase in interest-bearing borrowings – Unsecured (non-current portion)	12,507
Increase in total liabilities	15,030

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

(a) *(continued)*

Financial impact at 1 January 2019 *(continued)*

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 is as follows:

	HK$'000
Operating lease commitments as at 31 December 2018	34,638
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(15,143)
Commitments relating to leases of low-value assets	(1,012)
	18,483
Weighted average incremental borrowing rate as at 1 January 2019	4.33%
Discounted operating lease commitments at 1 January 2019	15,030
Add: Finance lease liabilities recognised as at 31 December 2018	42,199
Lease liabilities as at 1 January 2019	57,229

(b) HK(IFRIC)-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of HKAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of HKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

The Group manages its business by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented four reportable segments.

– Environmental energy project construction and operation: this segment engages in the construction and operation of waste-to-energy plants, food waste treatment projects, sludge treatment and disposal projects, leachate treatment projects, methane-to-energy plants, fecal treatment project, fly ash landfill project, medical waste treatment project and solid waste treatment project, to generate revenue from construction services, revenue from operation services as well as finance income.

3. OPERATING SEGMENT INFORMATION *(continued)*

- Greentech project construction and operation: this segment engages in the construction and operation of integrated biomass utilisation projects, hazardous waste and solid waste treatment projects, solar energy projects and wind power projects, and provision of environmental remediation services, to generate revenue from construction services, revenue from operation services as well as finance income.

- Environmental water project construction and operation: this segment engages in the construction, upgrade and operation of waste water treatment plants, water supply, reusable water treatment plants, sludge harmless treatment, sponge city construction, river-basin ecological restoration, waste water source heat pump projects, leachate treatment, research and development of water environment technologies and engineering projects, to generate revenue from construction services, revenue from operation services as well as finance income.

- Others: this segment engages in the conduct of environmental protection technology research and development, provision of environmental-related technological services, design of environmental protection projects, provision of environmental protection project equipment construction and installation services and sales of related equipment, provision of waste sorting, renewable resources utilisation, sanitation operation services, and sales of energy-saving streetlights, from which it generates revenue.

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

Segment assets include all tangible assets, intangible assets, goodwill, interests in associates and joint ventures, investments in other financial assets, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets. Segment liabilities include current taxation, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segment and borrowings managed directly by the segments, with the exception of intercompany payables and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales of equipment and provision of technological services, assistance provided by one segment to another, including technical know-how, is not measured.

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

In addition to receiving segment information concerning EBITDA, management is provided with segment information concerning revenue (including inter-segment sales and revenue from technological services), depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

3. OPERATING SEGMENT INFORMATION *(continued)*

During the year, the Group redefined its business divisions to align its organisation structure for the purpose of managing its strategic direction. Accordingly, the segment information of certain subsidiaries previously included in the "Others" segment have been reclassified to the "Environmental energy project construction and operation" segment. Accordingly, the comparative segment information has been reclassified to conform to the current year's presentation.

(i) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below.

For the year ended 31 December

	Environmental energy project construction and operation		Greentech project construction and operation		Environmental water project construction and operation		Others		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)						(Restated)		
Segment revenue *(Note 4)***:**										
Revenue from external customers	**21,538,204**	14,340,529	**9,279,308**	6,999,063	**5,550,773**	4,719,039	**1,189,350**	1,169,367	**37,557,635**	27,227,998
Inter-segment revenue	**–**	–	**247**	2,757	**–**	49,279	**2,039,324**	1,784,490	**2,039,571**	1,836,526
Reportable segment revenue	**21,538,204**	14,340,529	**9,279,555**	7,001,820	**5,550,773**	4,768,318	**3,228,674**	2,953,857	**39,597,206**	29,064,524
Reconciliation:										
Elimination of inter-segment revenue									**(2,039,571)**	(1,836,526)
Reportable segment revenue derived from the Group's external customers									**37,557,635**	27,227,998

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Segment results, assets and liabilities *(continued)*

For the year ended 31 December

	Environmental energy project construction and operation		Greentech project construction and operation		Environmental water project construction and operation		Others		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)						(Restated)		
Segment results:										
Reportable segment profit (EBITDA)	**6,660,887**	5,541,212	**2,890,813**	2,179,350	**1,649,369**	1,437,774	**524,410**	601,657	**11,725,479**	9,759,993
Elimination of inter-segment profits									**(643,131)**	(673,407)
Reportable segment profit derived from the Group's external customers									**11,082,348**	9,086,586
Finance costs									**(1,830,798)**	(1,376,010)
Depreciation and amortisation, including unallocated portion									**(862,981)**	(620,336)
Unallocated head office and corporate income									**92,408**	39,580
Unallocated head office and corporate expenses									**(217,282)**	(131,378)
Consolidated profit before tax									**8,263,695**	6,998,442
Other segment information:										
Depreciation and amortisation	**297,187**	178,017	**387,346**	290,424	**92,363**	89,442	**62,250**	40,451	**839,146**	598,334
Impairment of debtors, net	**41,789**	–	**2,000**	1,939	**17,314**	16,664	**(8,689)**	37,851	**52,414**	56,454
Additions to investment properties, property, plant and equipment and right-of-use assets/ prepayment of land leases during the year	**207,956**	338,931	**761,064**	454,195	**28,523**	22,790	**105,444**	127,896	**1,102,987**	943,812
Additions to intangible assets and non-current portion of prepayments during the year	**2,509,033**	1,877,162	**3,969,527**	2,943,386	**239,455**	194,772	**19,273**	25,190	**6,737,288**	5,040,510
Additions to non-current portion of contract assets during the year	**14,148,863**	9,104,246	**1,453,209**	1,409,716	**3,989,179**	3,247,009	**-**	–	**19,591,251**	13,760,971

3. OPERATING SEGMENT INFORMATION *(continued)*

(i) Segment results, assets and liabilities *(continued)*

	Environmental energy project construction and operation		Greentech project construction and operation		Environmental water project construction and operation		Others		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000* (Restated)	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)	***HK$'000***	*HK$'000*
Reportable segment assets	**62,211,440**	44,663,920	**26,216,428**	18,573,215	**22,383,618**	19,298,504	**3,808,971**	2,662,397	**114,620,457**	85,198,036
Unallocated head office and corporate assets									**4,731,046**	9,923,601
Consolidated total assets									**119,351,503**	95,121,637
Reportable segment liabilities	**26,158,807**	18,526,794	**15,671,070**	9,168,525	**13,120,503**	10,921,723	**2,323,164**	1,747,835	**57,273,544**	40,364,877
Unallocated head office and corporate liabilities									**17,351,380**	14,061,421
Consolidated total liabilities									**74,624,924**	54,426,298

3. OPERATING SEGMENT INFORMATION *(continued)*

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers, (ii) the Group's investment properties, property, plant and equipment, right-of-use assets/prepaid land lease payments and intangible assets and (iii) the Group's non-current portion of debtors, other receivables, deposits and prepayments and non-current portion of contract assets. The geographical location of customers is based on the location at which the services were provided. The geographical location of the assets is based on the physical location of the asset, in the case of investment properties, property, plant and equipment and right-of-use assets/prepaid land lease payments, and the location of the operation to which they are allocated, in the case of debtors, other receivables, deposits and prepayments, intangible assets and contract assets.

	Revenue from external customers		Investment properties, property, plant and equipment, right-of-use assets/prepaid land lease payments and intangible assets		Non-current portion of debtors, other receivables, deposits and prepayments and contract assets	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	–	**77,792**	46,039	**–**	–
Other parts of the PRC	**37,094,642**	26,741,256	**22,742,436**	16,325,445	**61,196,143**	45,110,263
Germany	**20,797**	7,501	**37,798**	41,475	**–**	–
Poland	**383,378**	473,170	**654,820**	726,272	**4,899**	2,016
Vietnam	**58,818**	6,071	**281,300**	286,194	**–**	–
Singapore	**–**	–	**2,154**	18	**–**	–
Total	**37,557,635**	27,227,998	**23,796,300**	17,425,443	**61,201,042**	45,112,279

(iii) Information about a major customer

For the years ended 31 December 2019 and 2018, the revenue from the Group's largest customer amounted to less than 10% of the Group's total revenue.

4. REVENUE

An analysis of revenue is as follows:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Revenue from contracts with customers		
Revenue from environmental energy project construction services	**15,720,547**	9,709,674
Revenue from greentech project construction services	**4,919,759**	4,127,440
Revenue from environmental water project construction services	**3,206,597**	2,761,642
Revenue from environmental energy project operation services	**3,723,750**	2,902,147
Revenue from greentech project operation services	**4,165,018**	2,730,775
Revenue from environmental water project operation services	**1,547,984**	1,236,683
Revenue from equipment construction and installation services and sales	**994,428**	1,159,536
Others	**194,922**	9,831
Total revenue from contracts with customers	**34,473,005**	24,637,728
Finance income from service concession arrangements	**3,084,630**	2,590,270
Total revenue	**37,557,635**	27,227,998

The aggregated revenues from environmental energy project construction and operation services, greentech project construction and operation services, environmental water project construction and operation services and finance income derived from the local government authorities in the PRC amounted to HK$33,245,678,000 (2018: HK$24,060,098,000) for the year ended 31 December 2019. The revenues are included in "Environmental energy project construction and operation", "Greentech project construction and operation" and "Environmental water project construction and operation" segments as disclosed in note 3.

5. OTHER REVENUE, OTHER INCOME AND GAINS/(LOSSES), NET

An analysis of other revenue, other income and gains/(losses), net is as follows:

	2019	2018
	HK$'000	*HK$'000*
Other revenue		
Rental income from operating leases	**7,001**	7,267
Interest income	**176,147**	112,886
Dividend income	**323**	1,664
Government grants*	**140,818**	134,123
Value-added tax refund**	**311,723**	375,643
Others	**129,637**	107,331
	765,649	738,914
Other income and gains/(losses), net		
Fair value gains, net:		
Other financial assets – unlisted equity investment	**4,496**	–
Other financial assets – unlisted investment	**23,512**	–
Fair value adjustment of contingent consideration receivable *(note 12)*	**(646)**	3,428
Loss on disposal and write-off of property, plant and equipment, net	**(2,334)**	(4,113)
Impairment of debtors *(note 12)*	**(52,414)**	(56,454)
Others	**(2,825)**	–
	(30,211)	(57,139)
Total	**735,438**	681,775

* Government grants of HK$140,818,000 (2018: HK$134,123,000) were granted during the year ended 31 December 2019 to subsidise certain environmental energy projects, greentech projects and environmental water projects of the Group in the PRC and Poland. There are no unfulfilled conditions and other contingencies attached to the receipts of those grants. There is no assurance that the Group will continue to receive such grants in the future.

** Value-added tax refund of HK$311,723,000 (2018: HK$375,643,000) was received/receivable during the year ended 31 December 2019 in relation to certain environmental energy projects, greentech projects and environmental water projects operations of the Group in the PRC. There are no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank and other loans	**1,706,462**	1,314,659
Interest on corporate bond	**122,415**	70,458
Interest on lease liabilities	**5,165**	–
Interest on finance leases	**–**	1,600
Others	**20,760**	–
Less: Interest expenses capitalised into construction in progress*	**(24,004)**	(10,707)
	1,830,798	1,376,010

* The borrowing costs have been capitalised at rates ranging from 4.7% to 5.4% (2018: 4.7% to 5.2%) per annum during the year ended 31 December 2019.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
Depreciation		
– property, plant and equipment	**311,865**	274,156
– right-of-use assets	**46,334**	–
Amortisation		
– prepaid land lease payments	**–**	5,208
– intangible assets	**504,782**	340,972
Research and development costs	**119,126**	82,727
Minimum lease payments under operating leases	**–**	44,850
Lease payments not included in the measurement of lease liabilities	**39,949**	–
Auditor's remuneration		
– audit services	**8,170**	7,180
– other services	**2,252**	9,310
Employee benefit expense (excluding directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**2,170,162**	1,577,256
Retirement scheme contributions	**314,538**	242,618
	2,484,700	1,819,874
Foreign exchange differences, net	**9,576**	25,708
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**348**	348

As at 31 December 2019, the Group had no forfeited contributions available to reduce its contributions to the retirement schemes in future years (2018: Nil).

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the year ended 31 December 2019 (2018: Nil).

Tax for the PRC operations is charged at the statutory rate of 25% of the assessable profits under tax rules and regulations in the PRC. During the year, certain PRC subsidiaries are subject to tax at 50% of the standard tax rate or fully exempted from income tax under the relevant tax rules and regulations.

	2019	2018
	HK$'000	*HK$'000*
Current – Elsewhere:		
Charge for the year	**686,494**	490,950
Underprovision/(overprovision) in prior years	**(42,302)**	16,244
Deferred	**1,251,341**	1,221,473
Total tax expense for the year	**1,895,533**	1,728,667

9. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividends attributable to the year:		
Interim – HK13.0 cents (2018: HK12.0 cents) per ordinary share	**798,587**	537,925
Proposed final – HK13.0 cents (2018: HK12.0 cents) per ordinary share	**798,587**	737,157
	1,597,174	1,275,082
Final dividend in respect of the previous financial year paid during the year – HK12.0 cents (2018: HK12.0 cents) per ordinary share	**737,157**	537,925

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the year attributable to equity holders of the Company of HK$5,203,291,000 (2018: HK$4,319,235,000), and 6,142,975,292 (2018: the weighted average number of 5,035,567,681) ordinary shares in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2019 and 2018.

11. CONTRACT ASSETS

	Notes	**31 December 2019** *HK$'000*	31 December 2018 *HK$'000*	1 January 2018 *HK$'000*
Non-current				
Service concession assets	*(a)*	**58,900,254**	43,540,152	36,780,980
Current				
Service concession assets	*(a)*	**4,567,265**	5,112,965	3,549,354
Unbilled renewable energy tariff subsidy	*(b)*	**3,646,473**	1,835,849	986,850
Other contract assets	*(c)*	**590,634**	588,140	–
		8,804,372	7,536,954	4,536,204
Total		**67,704,626**	51,077,106	41,317,184
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in "Intangible assets"		**4,060,698**	4,151,924	2,028,953

Notes:

(a) Included in "Service concession assets" are amounts of HK$542,172,000 (2018: HK$582,215,000) and HK$730,733,000 (2018: HK$603,995,000) which are related to the construction service under Build-Operate-Transfer ("BOT") and certain Build-Operate-Own ("BOO") arrangements or upgrade services under Transfer-Operating-Transfer ("TOT") arrangements rendered by the Group to a non-controlling shareholder of a non wholly-owned subsidiary and a related company, respectively.

"Service concession assets" arose from the Group's revenue from construction under BOT and certain BOO arrangements or upgrade services under TOT arrangements and bear interest at rates ranging from 4.90% to 7.83% (2018: 4.90% to 7.83%) per annum. Among the total of HK$63,467,519,000 (2018: HK$48,653,117,000), HK$41,971,452,000 (2018: HK$27,558,726,000) relates to BOT, TOT and BOO arrangements with operations commenced.

Pursuant to the BOT, TOT and BOO arrangements, the Group receives no payment from the grantors during the construction period and receives service fees when relevant services are rendered during the operating periods. The service concession assets are not yet due for payment and will be settled by service fees to be received during the operating periods of the service concession arrangements. Amounts billed will be transferred to debtors (note 12).

All of the current portion of service concession assets are expected to be recovered within one year.

11. CONTRACT ASSETS *(continued)*

Notes: (continued)

(b) The balance represented government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.

(c) The balance as at 31 December 2019 comprised contract assets of HK$217,435,000 (2018: HK$67,025,000) arising from performance under environmental remediation service contracts, HK$270,317,000 (2018: HK$251,466,000) arising from performance under construction management service contracts, HK$102,882,000 (2018: Nil) arising from performance under operation service contracts, and nil (2018: HK$269,649,000) arising from performance under equipment construction and installation service contracts.

Such contracts include payment schedules which require stage payments over the service periods once milestones are reached.

Included in "Other contract assets" of the Group at 31 December 2018 were amounts of HK$235,309,000 and HK$17,039,000 which were related to the construction management service rendered by the Group to joint ventures and the equipment construction and installation service rendered by the Group to an associate, respectively.

12. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Non-current		
Debtors	**4,714**	50,216
Other receivables, deposits and prepayments	**2,296,074**	1,519,756
	2,300,788	1,569,972
Contingent consideration receivable	**–**	2,155
	2,300,788	1,572,127
Current		
Debtors	**3,699,034**	2,511,537
Less: Impairment	**(137,443)**	(87,980)
	3,561,591	2,423,557
Other receivables, deposits and prepayments	**4,708,933**	3,062,151
	8,270,524	5,485,708
Contingent consideration receivable	**7,708**	6,386
	8,278,232	5,492,094
Total	**10,579,020**	7,064,221

The movements in the loss allowance for impairment of debtors are as follows:

	2019 HK$'000	2018 HK$'000
At beginning of year	**87,980**	35,669
Impairment losses, net *(note 5)*	**52,414**	56,454
Exchange realignment	**(2,951)**	(4,143)
At end of year	**137,443**	87,980

12. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

Included in "Debtors, other receivables, deposits and prepayments" are debtors, that were not individually nor collectively considered to be impaired, with the following ageing analysis as at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Current	**2,609,767**	1,773,812
Within 1 month past due	**335,705**	161,750
More than 1 month but within 3 months past due	**112,650**	120,415
More than 3 months but within 6 months past due	**171,397**	243,686
More than 6 months but within 12 months past due	**108,774**	93,537
More than 12 months past due	**228,012**	80,573
Amounts past due	**956,538**	699,961
	3,566,305	2,473,773

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

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**1,791,988**	1,391,980
More than 1 month but within 2 months	**371,069**	231,078
More than 2 months but within 4 months	**443,686**	287,053
More than 4 months but within 7 months	**305,638**	290,313
More than 7 months but within 13 months	**233,098**	110,917
More than 13 months	**420,826**	162,432
	3,566,305	2,473,773

Debtors are due within 30 to 90 days from the date of billing. During the year ended 31 December 2018, certain local government authorities agreed repayment schedules for the Group's debtors past due of HK$50,216,000 to be settled by instalments from 2020 to 2021.

Included in "Debtors, other receivables, deposits and prepayments" of the Group are debtors of HK$3,566,305,000 (2018: HK$2,473,773,000), of which HK$151,337,000 (2018: HK$213,357,000), HK$83,698,000 (2018: HK$119,146,000), HK$70,615,000 (2018: HK$148,663,000) and HK$11,072,000 (2018: HK$10,612,000) are due from the Group's joint ventures, an associate, a non-controlling shareholder of a non wholly-owned subsidiary and a related company, respectively. Debtors mainly represent revenue from the provision of operation services for environmental energy projects, greentech projects, environmental water projects and the provision of environmental protection project equipment construction and installation services and sales of related equipment and the billed amounts of the service concession assets.

12. DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

Included in "Debtors, other receivables, deposits and prepayments" at 31 December 2019 are advances made to local government authorities in relation to service concession arrangements amounting to HK$51,752,000 (2018: HK$65,151,000) which are unsecured, interest-bearing at rates ranging from the rates announced by the People's Bank of China to 110% of the rates announced by the People's Bank of China, and will be settled by instalments from 2020 to 2026.

Included in "Debtors, other receivables, deposits and prepayments" under non-current assets at 31 December 2019 is other receivable of HK$22,180,000 (2018: Nil) due from the Group's non-controlling shareholder of a non wholly-owned subsidiary, which is secured, interest-bearing at 110% of the rates announced by the People's Bank of China and repayable by December 2022.

Included in "Debtors, other receivables, deposits and prepayments" under current assets (2018: non-current assets) at 31 December 2019 is an advance of HK$8,181,000 (2018: HK$4,029,000) to the Group's associate for daily operation, which is unsecured, interest-bearing at a rate of 4.75% per annum and repayable in 2020.

Included in "Debtors, other receivables, deposits and prepayments" at 31 December 2019 is contingent consideration receivable of HK$7,708,000 (2018: HK$8,541,000) in relation to the acquisition of Xuzhou Municipal Engineering Design Institute Co., Ltd. during the year ended 31 December 2018. The contingent consideration receivable constitutes a derivative within the scope of HKFRS 9, and is recognised at its fair value as asset on initial recognition and is subsequently remeasured at fair value with changes in fair value recognised in profit or loss.

Contingent consideration receivable	**2019** ***HK$'000***	2018 *HK$'000*
At beginning of year	**8,541**	–
Additions	**–**	5,643
Fair value adjustment recognised in profit or loss *(note 5)*	**(646)**	3,428
Exchange realignment	**(187)**	(530)
At end of year	**7,708**	8,541
Portion classified as current assets	**(7,708)**	(6,386)
Non-current portion	**–**	2,155

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

13. CREDITORS, OTHER PAYABLES AND ACCRUED EXPENSES

	2019	2018
	HK$'000	*HK$'000*
Creditors	**11,147,856**	7,829,514
Other payables, accrued expenses and deferred income – government grants	**3,567,745**	2,637,515
	14,715,601	10,467,029
Less: Non-current portion – other payables, accrued expenses and deferred income – government grants	**(703,702)**	(299,269)
Current portion	**14,011,899**	10,167,760

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

	2019	2018
	HK$'000	*HK$'000*
Within 6 months	**9,608,132**	6,688,659
Over 6 months	**1,539,724**	1,140,855
	11,147,856	7,829,514

Creditors totalling HK$8,059,785,000 (2018: HK$5,986,034,000) represent construction payables for the Group's BOT, TOT and certain BOO arrangements, of which HK$2,218,000 (2018: HK$1,136,000) is due to a non-controlling shareholder of a non wholly-owned subsidiary. The construction payables are not yet due for payment.

Included in "Creditors, other payables and accrued expenses" are creditors of HK$8,361,000 (2018: HK$6,940,000) due to the Group's associate, which are unsecured, interest-free and repayable on credit terms similar to those offered by the associate to its major customers.

Included in "Other payables, accrued expenses and deferred income – government grants" at 31 December 2019 are other payables of HK$3,005,000 (2018: Nil) and HK$20,931,000 (2018: HK$28,583,000) due to the Group's associate and a non-controlling shareholder of a non wholly-owned subsidiary, respectively, which are unsecured, interest-free and repayable on demand. Included in "Other payables, accrued expenses and deferred income – government grants" at 31 December 2019 is other payable of HK$16,635,000 (2018: Nil) due to a non-controlling shareholder of a non wholly-owned subsidiary, which is unsecured, interest-bearing at the rates announced by the People's Bank of China and repayable within one year.

14. COMPARATIVE AMOUNTS

As further explained in note 2, the Group adopted HKFRS 16 on 1 January 2019 using the modified retrospective approach. Under this approach, the comparative amounts in the financial statements were not restated and continued to be reported under the requirements of the previous standard, HKAS 17, and related interpretations.

As set out in note 3, certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

BUSINESS REVIEW AND PROSPECTS

OPERATING RESULTS

2019 saw an increasing level of uncertainty and instability shrouding the international community amidst the vicissitude of global trends. Against the backdrop of significantly slowed global economic growth, the economy in the PRC faced greater downward pressure. The environmental protection industry was confronted with various challenging factors, including the deleveraging policy and a tightening financing environment. As the economy in the PRC shifts away from high-speed growth to high-quality development, the evolution of the environmental protection industry has grown increasingly connected with the development of a modern social governance system and related capabilities. With requirements for the pace and quality of such evolution growing ever higher, ecological and environmental protection and pollution control have become a crucial hurdle to overcome amid China's social and economic transformation.

Over the past year, with the promulgation, revision and implementation of several ecological and environmental laws and regulations including the Soil Pollution Prevention and Control Law, the regulatory framework for ecological and environmental protection gradually took shape in China. Ecological and environmental protection entered into its most challenging phase. The concept of building a resource-conserving society added depth and breadth to ongoing ecological and environmental protection efforts, while an array of important national development strategies, such as the Beijing-Tianjin-Hebei integration plan, the development of the Yangtze River Economic Belt, the Greater Bay Area Initiative, the development of zero-waste cities and the Green Belt and Road Route, helped to establish a systematic environmental management and protection framework. China's transition into a new economy from an old industrial one, as well as a shift towards more environmentally friendly life concepts and lifestyles, provided enormous space for China's ecological and environmental protection industry to witness robust growth.

Knowing where the winds are blowing allows one to take advantage by setting sail in the right direction, and only those who are both bold and skilful enough to ride the rolling waves are able to stay ahead. As a leading player in the domestic environmental protection industry and a globally well-known ecological and environmental group, the Company has upheld its mission of being "Devoted to Ecology and Environment for a Beautiful China", as well as its aspiration to "Create Better Investment Value and Undertake More Social Responsibility". The Group made comprehensive development strategies for "value creation" and "reform and upgrade", followed its integrity and sought innovation, continuously strengthened the overall competitiveness of its advantageous businesses to consolidate its industry-leading position, as well as proactively tapping into and plotted development schemes for its emerging business segments to further diversify its businesses. As a result, the Group delivered growth across the board, making significant achievements in terms of market expansion, project construction, operations management and technological research and development ("R&D"). Such an impressive performance laid a solid foundation for the Group's next round of exponential development.

During the year under review, China Everbright Water Limited ("Everbright Water"), a subsidiary of the Company, successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 8 May 2019, achieving a dual listing status in Singapore and Hong Kong. Everbright Water is also the Group's second company listed in Hong Kong, following the spin-off and listing of the Group's greentech business sector on the Main Board of the Stock Exchange in 2017.

During the year under review, the Group took the bull by the horns and seized the opportunity to develop overall business strategies in an increasingly competitive market environment. As a result, it signed a total of 78 new projects and 6 supplementary agreements for existing projects, completed the acquisition of 5 projects, commanding a total investment of approximately RMB31.660 billion. The Group also expanded its business into new areas including waste sorting, resource recycling, energy-saving lighting and raw water protection, while adopting new business models to explore new profit growth points, such as energy management contracts ("EMC") and market-oriented operations of industrial park projects. The Group won the bid for the only waste integrated treatment project in the Xiong'an New Area and secured Shenzhen Environmental Remediation Project, playing an increasingly prominent role in important national development strategies. It managed to expand its business footprint to local environmental protection markets of Heilongjiang, Hebei and Yunnan provinces, extending its presence to 187 areas in 23 provinces, municipalities and autonomous regions in China, as well as overseas markets of Germany, Poland and Vietnam. The new projects increased the Group's household waste processing capacity by 28,350 tonnes/day, food waste treatment capacity by 565 tonnes/day, water supply capacity by 600,000 m^3/day, waste water treatment capacity by 655,000 m^3/day, reusable water treatment capacity by 85,000 m^3/day, leachate treatment capacity by 1,300 m^3/day, biomass raw materials treatment capacity by 120,000 tonnes/year, and hazardous waste and solid waste treatment capacity by 1,058,000 tonnes/year.

During the year under review, the Group continued to strictly focus on its principles of "productivity, efficiency, quality, cost-effectiveness, legitimacy, safety and integrity"; appropriately develop business strategies; take precautions; and address the most challenging issues with concerted efforts, in a bid to ensure the smooth construction of all its projects. This continued to boost its revenue from construction services. In 2019, the number of construction sites at once reached as many as 124, of which 55 projects completed construction and commenced operation while 67 projects commenced construction. During the year under review, the Group completed and delivered 12 environmental remediation services. As at 31 December 2019, the Group was in the process of implementing a total of 9 environmental remediation services, had 3 such services in the preparatory stage, and accumulatively delivered a total of 15 such services.

The Group's environmental projects have been serving the public interest and livelihood, and set ground rules for safety and environmental management that all of its operating projects are run and managed by, in line with only the highest standards. The Group has firmly followed its "Three Zeroes" principle (zero safety accidents, zero discharge and zero cases of violation of regulations or disciplinary action), "Two Nevers" principle (the Group would rather fail to meet its target income than allow for non-compliance with relevant discharge standards; it would rather miss a project but never fail one), and "Two Percentages" principle (put in 100% of effort for the prevention of even 1% of risk), and "Four Withstands" standard (perform well in terms of factory appearance, odour management, noise control and emission indicators), with the view to pursue only the highest standards of excellence, perfection and almost zero discharge. During the year under review, the Group concentrated on safety and environmental management. As such, it improved relevant management rules and regulations, rolled out special lectures and training classes, facilitated the establishment of a full-fledged environmental management system, pressed ahead with the development of an information sharing platform and environmental monitoring platform, as well as strengthening the prevention and control of operational risks for its projects.

The Group is a staunch supporter of pragmatic environmental management and highly transparent environmental information disclosure, both of which play an indispensable part in driving the sustainable development of ecological and environmental protection companies. As such, the Group continuously honed its ingenuity, and became a trailblazer in the opening-up of environmental protection facilities for public visits in China, as well as a role model in terms of high-quality construction and operations. During the year under review, the Group's environmental protection projects across different business sectors received an accumulative total of more than 180,000 local and foreign visitors from all social circles. At the main event of the World Environment Day 2019 celebrations, the Group received the Advanced Group on Ecological Civilisation in China award and was among the Top Ten Case Studies on Public Participation 2019 for its efforts to open up facilities for public visits under the "I am an Enabler for a Beautiful China" programme by the Ministry of Ecology and Environment of the PRC. This reflected the central government's full recognition of Everbright International's work and dedication, as well as the public's commendation of its vision to build "the most reliable brand in the green world". In addition, the Group's Hangzhou Waste-to-energy Project, which was built with great devotion and efforts alongside a commitment to the Group's philosophy of integrating "local ecology, factory production and local communities", was awarded the Luban Prize, the highest recognition in China's construction field. Its Changzhou Waste-to-energy Project, as a good neighbour to local residents and a demonstration project for addressing the NIMBY (Not-in-my-backyard) predicament, was shortlisted for Case Studies on "Overcoming Obstacles Following Chinese President Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era" under the chapter of ecological civilisation development, which was compiled by the Organisation Department of the Central Committee of the Communist Party of China. The project will soon become the first fenceless waste-to-energy demonstration project in China to be opened up for public visits for free, transforming from an area of limited access into a figurative "living room" of the city.

During the year under review, the Group proactively participated in various forms of communications with both regional and foreign peers, sharing its experience of running an environmental protection business in a developing country. Meanwhile, it also took reference from other countries' advanced ideology, technologies and other areas. In 2019, Mr. Wang Tianyi, the Chief Executive Officer of the Company, was invited to join multiple international trade conferences; for instance, the Roundtable on Financing Water organised by Asian Development Bank, in which he delivered speeches as an important guest. He also participated in professional discussions on ecological and environmental topics that are under the global spotlight, including the application of the Public-Private Partnership (PPP) model and zero-waste cities, and shared unique insights and suggestions.

During the year under review, the Group proactively supported and participated in various charitable activities across the fields of environmental protection education, energy conservation, emission reduction, ecological conservation and community care through Everbright International Environmental Protection Charitable Foundation. It was the lead sponsor of the Earth Hour campaign launched by the World Wide Fund for Nature Hong Kong for the sixth consecutive year, and supported Heifer International Hong Kong branch's "Read to Feed" fundraising programme for the third year in a row. It also arranged for its Hong Kong employees to hold environmental protection workshops in local primary and secondary schools for two years running. Moreover, the Group partnered with UNICEF Hong Kong for the first time to successfully roll out the charitable outdoor parent-child carnival "Everbright International: 'Adventure in the Woods'" in Hong Kong. The event was designed to cultivate children's awareness of ecological and environmental protection and responsibility, with all funds raised donated to UNICEF's maternal and infant health projects in mountainous areas. Meanwhile, employees from various project companies under the Group continued to spontaneously organise a range of environmental protection advocacy campaigns and charitable activities, in order to frequently interact and appropriately integrate with local communities in a friendly manner.

During 2019, on the back of its employees who worked together diligently and stayed true to its original vision, the Group continued to make progress in the areas of business expansion, sustainable development, corporate governance and social responsibility, winning multiple domestic and international awards and accolades. It topped the list of 2019 China's Top 50 Environmental Enterprises published by the China Environment Service Industry Association, with its China Everbright Greentech Limited ("Everbright Greentech") and Everbright Water ranking 16th and 21st respectively. On top of that, the Group has ranked first among the Top Ten Influential Solid Waste Treatment Enterprises in China for nine consecutive years, and was recognised as Asia's Most Honoured Company by internationally influential financial publication Institutional Investor for the third consecutive year. It was also included in the Dow Jones Sustainability Index for the fourth year running, in the Hang Seng Corporate Sustainability Index (also in the Hang Seng (Mainland and HK simultaneously) Corporate Sustainability Index) for six years straight, and in the FTSE4Good Index and Green Supply Chain CITI Index for the third and second year in a row respectively. Notably, Mr. Wang Tianyi, the Chief Executive Officer of the Company, was named Best CEO in the 2019 All-Asia Executive Team awards launched by Institutional Investor, as well as Asia's Best CEO for two consecutive years at the annual Asia Awards of Excellence held by Corporate Governance Asia, a reputable corporate governance magazine in Asia.

In terms of operating results, the Group achieved swift, high-quality and stable growth during the year under review, with its different business sectors maintaining positive momentum of vitalised growth. Its revenue, profits before tax and profits attributable to equity holders of the Company all recorded steady growth. The Group's project construction continued to progress expeditiously, resulting in continued growth in construction service revenue. The Group also saw significant growth in revenue from operation services, as it continued to reduce costs, expand income streams and enhance efficiency, in addition to continued growth in the total number of operating projects. During the year under review, the Group's consolidated revenue amounted to HK$37,557,635,000, an increase of 38% over HK$27,227,998,000 in 2018. EBITDA amounted to HK$10,957,474,000, an increase of 22% over HK$8,994,788,000 in 2018. Profit attributable to equity holders of the Company was HK$5,203,291,000, 20% more than HK$4,319,235,000 recorded in the previous year. Basic earnings per share for 2019 was HK84.70 cents, HK1.07 cents less than HK85.77 cents in 2018, mainly due to the dilution impact of rights issue completed in September 2018. The Group has ready access to financing channels with abundant capital, with excellent performance across all financial indicators.

In order to maintain its sustainable development and fulfill the capital need for its mid-to long-term growth, the Group explored and expanded financing channels during the year under review. This has bolstered its financial capabilities and next round of development, buttressed by diversified and consistently stable capital. Meanwhile, it also made adjustments in response to the fluctuations of the Renminbi. During the year under review, the Group actively collected account receivables, negotiated with banks to secure additional facility support, and obtained various subsidies of RMB501 million in total from various authorities in the country. As of 31 December 2019, the Group had cash on hand amounting to HK$12,302,988,000, with a reasonable gearing level and healthy financial position.

The Company is dedicated to performing with excellence and adding value for its shareholders (the "Shareholders"), and consistently shares development outcomes with them. To reward the support of the Shareholders, as well as take into account the Group's sustainable development, the Board has proposed to pay a final dividend of HK13.0 cents per share as of 31 December 2019 (2018: HK12.0 cents per share). The total dividends for the year are to be HK26.0 cents per share (2018: HK24.0 cents per share).

Environmental Protection Business

As of 31 December 2019, the Group has a business presence in 187 locations across 23 provinces, municipalities and autonomous regions in China, as well as overseas markets of Germany, Poland and Vietnam. The Group secured 399 environmental protection projects, commanding a total investment of approximately RMB123.801 billion. It also undertook 27 environmental remediation projects, 11 engineering procurement construction (“EPC”) projects, 2 EMC projects and 3 operation and management (“O&M”) projects. Among these projects, 255 projects completed construction, with a total investment of approximately RMB62.532 billion; 59 projects were under construction, with a total investment of approximately RMB29.820 billion; and 85 projects were in preparatory stage, with a total investment of approximately RMB31.449 billion.

As of 31 December 2019, the Group, being the world’s largest waste-to-energy project investor and operator, secured a total of 144 waste-to-energy projects, with a designed daily household waste processing capacity of 123,200 tonnes, under its environmental energy and greentech business sectors. In addition, the Group had 83 projects that completed construction and commenced operation, with a designed daily household waste processing capacity of 69,450 tonnes. Meanwhile, 31 projects were under construction, with a designed daily household waste processing capacity of 29,600 tonnes, and 30 projects were in the preparatory stage, with a designed daily household waste processing capacity of 24,150 tonnes.

During the year under review, the Group’s environmental energy, greentech and environmental water projects generated a total revenue of HK$36,368,285,000, of which revenue from construction services increased by 44% to HK$23,846,903,000 and revenue from operation services increased by 37% to HK$9,436,752,000, as compared with 2018. Each segment generated the following proportions of revenue: revenue from construction services took up 66%, revenue from operation services took up 26% and finance income provided 8%.

Major financial data relating to the three major environmental protection business sectors in 2019 are summarised in the table below:

	2019				2018			
	Environmental Energy Projects	**Greentech Projects**	**Environmental Water Projects**	**Total**	Environmental Energy Projects	Greentech Projects	Environmental Water Projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Restated)			(Restated)
Revenue								
– Construction services	**15,720,547**	**4,919,759**	**3,206,597**	**23,846,903**	9,709,674	4,127,440	2,761,642	16,598,756
– Operation services	**3,723,750**	**4,165,018**	**1,547,984**	**9,436,752**	2,902,147	2,730,775	1,236,683	6,869,605
– Finance income	**2,093,907**	**194,531**	**796,192**	**3,084,630**	1,728,708	140,848	720,714	2,590,270
	21,538,204	**9,279,308**	**5,550,773**	**36,368,285**	14,340,529	6,999,063	4,719,039	26,058,631
EBITDA	**6,660,887**	**2,890,813**	**1,649,369**	**11,201,069**	5,541,212	2,179,350	1,437,774	9,158,336

The Group placed equal emphasis on generating both social and economic benefits in relation to its commitment to adhere to environmental protection and social responsibility, and promote energy conservation and emissions reduction, with the aim to boost social, economic and environmental efficiencies. During the year under review, the Group processed 24,739,000 tonnes of household waste, 198,000 tonnes of hazardous waste and solid waste and 4,636,000 tonnes of agricultural and forestry waste, and generated 12,272,395,000 kWh of green electricity. This output can support the annual electricity consumption needs of 10,227,000 households, equivalent to saving 4,909,000 tonnes of standard coal while reducing carbon dioxide (CO_2) emissions by 12,343,000 tonnes. The Group also treated 1,433,805,000 m^3 of waste water, 5,210,000 m^3 of leachate produced from waste-to-energy plants, and reduced COD (Chemical Oxygen Demand) emissions by 513,000 tonnes. Since the Group's first environmental protection project commenced operation in 2005, it has processed an accumulated total of 93,960,000 tonnes of household waste, 889,000 tonnes of hazardous waste and solid waste and 11,931,000 tonnes of agricultural and forestry waste, and generated 41,374,196,000 kWh of green electricity. This fulfilled the annual electricity consumption needs of 34,479,000 households, which was equivalent to saving 16,550,000 tonnes of standard coal while reducing CO_2 emissions by 44,227,000 tonnes, and preventing 5,378,645,000 trees from being cut down. The Group has treated an accumulated 9,704,496,000 m^3 of waste water and 19,143,000 m^3 of leachate produced from waste-to-energy plants, and reduced COD emissions by 3,633,000 tonnes.

I. ENVIRONMENTAL ENERGY

As of 31 December 2019, the Group's environmental energy sector had 125 waste-to-energy projects (including 2 O&M projects), 18 food waste treatment projects, 5 sludge treatment and disposal projects, 3 leachate treatment projects, 2 methane-to-energy projects, 1 fecal treatment project, 1 fly ash landfill project, 1 medical waste treatment project and 1 solid waste treatment project, with a total investment of approximately RMB70.594 billion. These projects have a total designed annual household waste processing capacity of approximately 41,738,000 tonnes, which can generate annual on-grid electricity of approximately 13,696,451,000 kWh. The total designed annual food waste treatment capacity is approximately 865,000 tonnes, while the total designed annual sludge treatment capacity is approximately 157,000 tonnes, and the designed annual medical waste treatment capacity is approximately 4,000 tonnes.

In 2019, in terms of market expansion, the environmental energy sector secured 44 new projects (including 1 acquired project) and 2 supplementary agreements for its existing projects, with a total investment of approximately RMB20.509 billion. Among these projects, there were 34 waste-to-energy projects (including 1 acquired project) and 2 supplementary agreements for existing waste-to-energy projects, commanding a total investment of approximately RMB20.024 billion, contributing a total designed daily household waste processing capacity of 28,350 tonnes, up by 23% as compared with 2018. In addition, the environmental energy sector secured 6 food waste treatment projects, commanding a total investment of approximately RMB249 million, with a designed daily food waste treatment capacity by 565 tonnes. The environmental energy sector also secured 2 sludge treatment and disposal projects, 1 leachate treatment project, and 1 medical waste treatment project, which commanded a total investment of approximately RMB236 million.

When it comes to operations management, projects under the environmental energy sector strictly complied with the relevant emission standards and sought to operate efficiently. By participating in safety and environmental management trainings, the Group was able to further strengthen its operation team's professional knowledge, advance its management philosophy, and improve risk prevention and control awareness. This laid a foundation for continuous improvements to the project operation management system. The Group also stepped up its R&D effort in intelligent management systems such as intelligent power stations, which has helped pave the way to enhance efficiency further. It also strengthened the management and control of various management procedures including budgeting, tendering and procurement, to promote precise management and improve cost control. In 2019, the electricity generation per tonne of waste of waste-to-energy projects under the environmental energy sector continued to rise, with an average electricity generated per waste incinerated of over 440 kWh per tonne, and an integrated power consumption ratio of 15%.

In terms of project construction, during the year under review, 25 projects completed construction and commenced operation, commanding a total investment of approximately RMB11.404 billion. Among these projects, there were 18 waste-to-energy projects, with a total designed daily household waste processing capacity of 18,950 tonnes; 5 food waste treatment projects, with a total designed daily food waste treatment capacity of 975 tonnes; 1 sludge treatment and disposal project, with a daily sludge treatment capacity of 100 tonnes; and 1 leachate treatment project, with a daily leachate treatment capacity of 1,300 tonnes. In addition, 29 projects, in addition to 3 construction projects related to the supplementary agreements for existing projects, commenced construction during the year under review, commanding a total investment of approximately RMB14.324 billion. These projects include 22 waste-to-energy projects, in addition to 3 construction projects related to the supplementary agreement for existing projects, with a total designed daily household waste processing capacity of 20,550 tonnes; 5 food waste treatment projects, with a total designed daily food waste treatment capacity of 750 tonnes; in addition to, 1 leachate treatment project and 1 fly ash landfill project.

As of 31 December 2019, in the environmental energy sector, 73 waste-to-energy projects (including 2 O&M projects) were under operation commanding a total investment of approximately RMB33.135 billion, with a total designed daily household waste processing capacity of 64,850 tonnes, up by 39% as compared with 2018. There were 25 waste-to-energy projects under construction, commanding a total investment of approximately RMB18.584 billion, with a designed daily household waste processing capacity of 26,650 tonnes, up by 8% as compared with 2018. There are 27 waste-to-energy projects in the preparatory stage, commanding a total investment of approximately RMB15.912 billion, with a designed daily household waste processing capacity of 22,850 tonnes, up by 44% as compared with 2018.

During the year under review, the environmental energy sector obtained various subsidies worth approximately RMB258 million in total.

During the year under review, the environmental energy sector waste-to-energy projects processed a total of 21,515,000 tonnes of household waste, an increase of 19% compared with 2018. All projects generated 6,617,870,000 kWh of on-grid electricity in total, an increase of 22% compared with 2018. Environmental energy projects contributed an EBITDA of HK$6,660,887,000, an increase of 20% compared with 2018. Environmental energy projects contributed a net profit attributable to the Group of HK$4,129,737,000, an increase of 20% compared with 2018. The increase in profit was mainly attributable to the substantial growth in the number of construction projects, driving an increase in construction services revenue.

As of 31 December 2019, the environmental energy sector had two overseas environmental protection projects, located in Poland and Vietnam respectively. The Group's first overseas acquisition project in Poland, NOVAGO Sp. z o.o., proactively dealt with the challenges from changes to environmental regulations in Poland, and focused on compliance and smooth operations. As the Group's first overseas waste-to-energy project, Vietnam Can Tho Waste-to-energy Project ("Can Tho Project") experienced stable operations and met emission standards throughout the year. The Group will use Can Tho Project as a first step into exploring further opportunities in the environmental protection business in Vietnam and even Southeast Asia.

Major operating and financial data relating to environmental energy projects during 2019 are summarised in the table below:

	2019	2018 (Restated)
Environmental energy projects		
Household waste processing volume *(tonnes)*	**21,515,000**	18,079,000
Food waste, sludge and other waste treatment volume *(tonnes)*	**1,232,000**	157,000
On-grid electricity *(MWh)*	**6,617,870**	5,419,543
EBITDA *(HK$'000)*	**6,660,887**	5,541,212

II. GREENTECH

As of 31 December 2019, the Group held a 69.7% stake in Everbright Greentech, which is listed on the Main Board of the Stock Exchange, with its main businesses covering: biomass integrated utilisation, hazardous waste and solid waste treatment and environmental remediation, among other services.

As at the 31 December 2019, Everbright Greentech had secured 109 projects, with 48 biomass integrated utilisation projects, 51 hazardous waste and solid waste treatment projects, 7 solar energy projects, 2 wind power projects and 1 environmental protection company, with a total investment of approximately RMB29.130 billion. The designed annual processing capacity of biomass raw materials was 8,089,800 tonnes, the designed annual household waste processing capacity was 3,230,250 tonnes, and the designed annual hazardous waste and solid waste treatment capacity was approximately 2,229,370 tonnes. There was a total of approximately 6,623,903,400 kWh of on-grid electricity generated, while the annual heat supply capacity amounted to approximately 3,179,000 tonnes. In addition, Everbright Greentech also undertook 27 environmental remediation services in total, with an aggregate contract value of approximately RMB725 million.

Regarding market expansion, in 2019, Everbright Greentech secured 16 new projects, undertook 7 environmental remediation services, signed 5 supplementary agreements for existing projects, which commanded a total investment of RMB5.702 billion and environmental remediation service contract value of approximately RMB113 million. These new projects contributed a designed power generation capacity of 7 MW, a designed annual biomass raw materials processing capacity of approximately 120,000 tonnes, and an annual heat supply capacity of approximately 1,242,000 tonnes, and an annual designed hazardous waste and solid waste treatment capacity of approximately 965,000 tonnes. In addition, Everbright Greentech completed the acquisition of 3 environmental protection companies during the year under review.

In terms of operations management, Everbright Greentech continued to deepen the implementation of the environmental, safety, health and social responsibility ("ESHS") system, and refined its "dual prevention mechanism" for hierarchical safety risk control and potential hazard rectification, as well as environmental management throughout its operational process. It also tightened specific controls over high-risk operation locations and procedures, and improved safety conditions at project sites.

Regarding project construction, during the year under review, Everbright Greentech had 12 projects completed construction and commenced operation; 2 projects completed construction, commanding a total investment of RMB4.299 billion. Everbright Greentech also had 12 environmental remediation services completed remediation work and were delivered in 2019. During the year under review, Everbright Greentech had 14 projects commenced construction, and 6 environmental remediation services projects gradually started remediation work.

As at 31 December 2019, Everbright Greentech's 20 hazardous waste and solid waste treatment projects were under operation and completed construction, with a designed annual hazardous waste and solid waste treatment capacity of 403,576 tonnes, an increase of 88% over the end of the previous year; in terms of integrated resources utilisation, approximately 5,242 tonnes of recycled products were sold. There were also 5 hazardous waste and solid waste treatment projects under construction, with a designed annual hazardous waste and solid waste treatment capacity of 160,000 tonnes.

As of 31 December 2019, Everbright Greentech had a total of 32 integrated biomass utilisation projects in operation, the annual on-grid electricity generation was approximately 4,533,143 MWh, which represented an increase of 51% over the same period last year. The designed annual biomass raw materials processing capacity of approximately 6,220,000 tonnes represented an increase of 47% over 2018. The designed daily household waste processing capacity of approximately 4,600 tonnes represented an increase of 64% over 2018. The annual heat supply of approximately 1,939,000 tonnes represented an increase of 73% over the same period last year. As of 31 December 2019, 13 integrated biomass utilisation projects under construction, with an annual on-grid electricity generation was approximately 1,658,815 MWh, a designed annual biomass raw materials processing capacity of approximately 1,870,000 tonnes, and a designed daily household waste processing capacity of approximately 2,950 tonnes.

During the year under review, Everbright Greentech obtained various subsidies exceeding RMB162 million in total.

During the year under review, greentech projects provided approximately 4,095,179,000 kWh of on-grid electricity in total, an increase of 42% compared with 2018. Greentech projects contributed an EBITDA of HK$2,890,813,000, a 33% increase compared with 2018. Greentech projects contributed a net profit attributable to the Group of HK$1,147,515,000, a 22% increase compared with 2018. The increase in profit was mainly due to the significant increase in both construction and operation service revenues compared with 2018.

Major operating and financial data of greentech projects in 2019 are summarised in the table below:

	2019	2018
Greentech projects		
Waste processing volume *(tonnes)*	**1,440,000**	881,000
Biomass raw materials processing volume *(tonnes)*	**4,636,000**	3,160,000
Hazardous waste and solid waste treatment volume *(tonnes)*	**198,000**	127,000
On-grid electricity *(MWh)*	**4,095,179**	2,873,871
EBITDA *(HK$'000)*	**2,890,813**	2,179,350

III. ENVIRONMENTAL WATER

As of 31 December 2019, the Group has a 72.87% stake in Everbright Water. Everbright Water is listed on the Mainboard of the Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange. It has developed a full-fledged business coverage, which includes raw water protection, water supply, municipal waste water treatment, industrial waste water treatment, reusable water, river-basin ecological restoration, and sludge treatment and disposal. Meanwhile, it has also formed a full industry chain on the water business, including project investment, planning and design, technological R&D, engineering and construction, operations management, among others.

As of 31 December 2019, Everbright Water had 1 raw water protection project, 3 water supply projects, 96 municipal waste water treatment projects, 12 industrial waste water treatment projects, 1 leachate treatment project, 8 reusable water projects, 6 ecological restoration of river-basin projects and 2 waste water source heat pump projects, commanding a total investment of approximately RMB23.485 billion. It also secured 2 EPC projects and 1 O&M project. These projects have a designed annual waste water treatment capacity of approximately 1,876,684,000 m^3, a designed annual reusable water supply capacity of approximately 75,409,000 m^3, and a designed annual water supply capacity of approximately 310,250,000 m^3. The waste water source heat pump projects provide heating and cooling services to an area of 295,000 m^2.

In terms of market expansion, during the year under review, Everbright Water secured 18 new projects and signed 1 supplementary agreement for its existing project, commanding a total investment of approximately RMB4.743 billion. It also secured 2 EPC projects and 1 O&M project. The new projects contributed to the increases in designed daily waste water treatment capacity by 655,000 m^3, designed daily reusable water supply capacity by 85,000 m^3, designed daily water supply capacity by 600,000 m^3, and designed daily sludge treatment and disposal capacity by 200 tonnes.

In terms of operations management, during the year under review, Everbright Water continued to promote its "Intelligent Water" management system and trials in order to make stable improvements to the the execution of each level of ESHS management system and risk management system. In 2019, 10 waste water treatment plants under Everbright Water were approved for an increase in tariffs ranging from 4% to 61%.

Everbright Water made steady progress in project construction. During the year under review, 18 projects commenced construction while 18 projects completed construction and commenced operation, with a designed daily waste water treatment capacity of approximately 440,600 m^3, a designed daily reusable water supply capacity of 40,000 m^3, a designed daily water supply capacity of 150,000 m^3, and a designed daily sludge treatment capacity of 50 tonnes.

Furthermore, Everbright Water obtained various subsidies totalling RMB65.27 million during the year under review.

As of 31 December 2019, Everbright Water had 101 projects under operation. These projects commanded a total investment of approximately RMB12.407 billion, with a total designed daily municipal waste water treatment capacity of 4,330,000 m^3, up 15% compared with 2018; a total designed daily industrial waste water treatment capacity of 80,000 m^3, up 14% compared with 2018; a total designed daily reusable water supply capacity of 121,600 m^3, up 49% compared with 2018; and a designed daily leachate treatment capacity of 600 m^3. Everbright Water also had 12 projects under construction, with a total investment of approximately RMB5.307 billion, including 6 municipal waste water treatment projects, 3 industrial waste water treatment projects, 1 reusable water project and 2 river-basin ecological restoration projects. These projects are designed to have a total daily municipal waste water treatment capacity of 285,000 m^3, a total daily industrial waste water treatment capacity of 21,000 m^3 and a daily reusable water supply capacity of 40,000 m^3.

During the year under review, the Group's environmental water projects treated a total of 1,433,805,000 m^3 of waste water, up 13% compared with 2018. Such environmental water projects contributed an EBITDA of HK$1,649,369,000, an increase of 15% compared with 2018. Environmental water projects contributed a net profit attributable to the Group of HK$619,343,000, up 21% compared with 2018. The increase of net profit was mainly due to the growth in revenue from the improvement of operation and the expansion of business.

Major operating and financial data relating to environmental water projects in 2019 are summarised in the table below:

	2019	2018
Environmental water projects		
Waste water treatment volume *('000 m^3)*	**1,433,805**	1,271,248
EBITDA *(HK$'000)*	**1,649,369**	1,437,774

IV. EQUIPMENT MANUFACTURING

During the year under review, based on the "Intelligent Manufacturing" approach, the equipment manufacturing sector took the initiative to implement key initiatives, such as introducing talents, boosting technological capacity, launching new products, enhancing productivity and offering excellent services. As a result, the equipment manufacturing sector saw continued improvement in its overall competitiveness in the market, as it strove to grow as a high-end equipment manufacturing supplier.

In terms of market development, the equipment manufacturing sector signed 33 external sales contracts and sold 45 sets of equipment to external markets, including 27 sets of grate furnaces, 11 sets of gas purification systems and 7 sets of leachate systems. In 2019, the total external contract sales for equipment secured by the sector amounted to RMB850 million.

In terms of equipment supply and services, during the year under review, the equipment manufacturing sector launched a total of 39 service items, spanning 15 provinces and municipalities in China. In 2019, the equipment manufacturing sector provided 79 sets of grate furnaces for projects of the Group and external customers, with an 32% increase compared with 2018. The designed daily waste processing capacity of these grate furnaces reached 39,200 tonnes, up 22% production capacity compared with 2018. Moreover, the equipment manufacturing sector sold 64 sets of grate furnaces, 59 sets of gas purification systems and 27 sets of leachate treatment systems during the year under review.

In terms of after-sales service, during the year under review, contributions from the after-sales market of the equipment manufacturing sector saw a further increase. Among them, a total of 87 external after-sales service contracts were signed, with a total value of RMB32.077 million, recording an increase of 17% as compared with 2018. A total of 118 after-sales service projects were provided throughout the year, amounting to an increase of 79% year-on-year, of which 67 were internal projects and 51 were external projects.

During the year under review, we successfully self-developed a grate furnace model with a daily processing capacity of 1,000 tonnes with the prototype under trial run. In addition, the Group's capability in self-developed technology for equipment manufacturing was substantially enhanced. Throughout the year under review, we were able to complete 13 design optimisation projects and 20 independent design projects. A total of 3 new product development projects were also completed in the same time frame.

In 2019, the equipment manufacturing sector received various dedicated subsidies, totalling approximately RMB3.77 million.

Furthermore, the construction of Phase III of the Group's equipment manufacturing centre in Changzhou City was completed, and the centre commenced trial operation, during the year under review. It expanded the equipment manufacturing capacity of the Group, and provided a resilient safeguard in terms of infrastructure for more rapid development in terms of the Group's equipment manufacturing capability.

V. ECO-RECYCLING

As the Group's new business sector, the eco-recycling sector mainly focuses on solid waste treatment front-end services and the utilisation of renewable resources, with the aim to become a first-class investor, operator and services provider in China when it comes to integrated urban-rural environmental management.

During the year under review, the Group was determined to follow Chinese President Xi Jinping's directive for waste sorting, and carefully took steps to put the directive into action, for the building of a full industry chain from waste recycling and sorting to harmless treatment. The eco-recycling sector actively explored new technologies and new models, and expanded upon business opportunities in areas of waste sorting, sanitation operation services, zero-waste cities and the utilisation of renewable resources.

During the year under review, the Group invested RMB45 million to obtain a 90% equity interests in a technology-based enterprise focusing on the waste sorting business, and forayed into the waste sorting and resource recycling business sector. Its main scope of business focuses on R&D, the manufacturing and sales of smart waste recycling machines, as well as the sorting, collection and transportation of waste and reuse of resources through the "Internet +" model. Based on the strength of its "Dian Dian Recycling" brand, the enterprise launched waste-sorting programmes in cities including Beijing, Ji'nan, Suzhou and Chengdu. These programmes have served over one million people, and are able to sort and recycle approximately 10,000 tonnes of renewable resources annually. The demonstration community project of the "Dian Dian Recycling" brand in Ji'nan City is based on a four-area waste collection and disposal system, coupled with incentivising initiatives, and encourages residents in the community to actively implement waste sorting.

In addition, the eco-recycling sector secured Yunnan Yuxi Environmental Sanitation Integration Project during the year under review. This project marks Everbright International's first environmental protection project in Yunnan Province. It has a designed daily waste collection and transportation capacity of 800 tonnes, and covers the needs for waste collection and transportation of the Hongta District of Yuxi City. The project's waste collection and transportation works were carried out in an orderly manner. During the year, the eco-recycling server explored project investment opportunities related to waste sorting, collection and transportation in Shandong and other provinces, while making rapid progress in sourcing projects related to collaboration of and investment in resource recycling technologies.

During the year under review, using a smart waste sorting system, the eco-recycling sector developed dedicated rubbish bags for residents to carry out their wet and dry waste-sorting, in a bid to collect data and better understand the waste sorting and disposal habits of the residents. The initiative traced the waste sorting process and fostered refined development of the waste sorting model. In addition, there was a focus on the eco-recycling segment to realise the concept of "sorting for utilisation, utilise after sorting" for household waste, advancing the level of integrated utilisation of recyclable resources. This sector proactively explored and promoted the low-value waste treatment business, including the integrated treatment of construction waste from old town area reconstruction, as well as paper-based food packaging materials.

VI. GREENERGY

The greenergy sector, another new business sector of the Group, has a keen focus on energy-saving lighting for urban roads and other energy conservation industries.

During the year under review, the Group and Beijing Jinglang Photoelectric Technology Co., Ltd. signed a cooperation agreement to jointly establish Everbright Brilliant Greenergy and Lighting (Shenzhen) Limited ("Everbright Greenergy"), a joint venture company in which Everbright International holds a 60% equity stake. The establishment of Everbright Greenergy marked Everbright International's entry into the new era for energy-saving technology and service. Everbright Greenergy focuses on the R&D and manufacturing of energy-saving streetlights, urban outdoor lighting projects and other types of energy-saving lighting products, offering comprehensive lighting solutions to conserve energy and reduce emissions. By providing such services, Everbright Greenergy aims to realise smart lighting through the intelligent control of outdoor lighting devices, as well as environmentally friendly lighting through the research and improvement of electric parameters when it comes to light sources. Everbright Greenergy will begin its business with the launch of its major product, Everbright Greenergy White Sodium Lamp. It is devoted to facilitating cities and regions to fully upgrade their energy-saving lighting networks based on different models, such as the EMC model or direct purchases. Leveraging on its advantages in technology, talent, capital and brand, Everbright Greenergy intends to enter the market by offering upgrades to the traditional high-pressure sodium lamps across the country. By integrating R&D, manufacturing, sales and the EMC model, the Group will explore a "triple-win" situation where three parties benefit as they help government authorities to save on budget, benefit the public, and also generate profit for the business.

During the year under review, the greenergy sector signed a strategic cooperation agreement with the Rizhao Municipal Government of Shandong Province on the EMC project for retrofitting energy-saving streetlights in Rizhao City, marking the successful launch of the first project of the greenergy sector, and the first cooperation with local governments using the EMC model. The project, invested in and constructed by Everbright Greenergy, involves approximately retrofitting 13,000 energy-saving streetlights. The completion of the project will see a significant improvement in lighting and save more than 45% of electricity. The government does not need to expend their budget to in the project while they share the benefits of energy conservation with enterprises. In addition, the greenergy sector undertook the energy conservation, retrofitting and regular maintenance of 122,000 streetlights in Ji'nan, Shandong Province. At the same time, the greenergy sector invested in setting up energy-saving streetlight production and R&D bases in Ji'nan. A number of demonstrative street areas have been successfully installed with Everbright Greenergy White Sodium Lamp in major cities such as Beijing, Shenzhen, Nanjing, and Hangzhou, boosting the brand awareness of the Everbright Greenergy White Sodium Lamp.

VII. ENVIROTECH

During the year under review, the Group made proactive efforts to optimise and adjust the framework for technological innovation, and further confirmed the technological innovation had important role on guiding and propelling the development of the Group. Through comprehensive reviews and the integration of technological R&D resources, the Group implemented its "Three Institutes" plan through the establishment of a green technology innovation and research institute, a zero-waste city research institute, and an ecological and environmental planning and design institute. The Group also established related technological innovation platforms in Hong Kong, Shenzhen, Nanjing, Qingdao and Xiong'an New Area.

The Group founded the China Everbright Green Technology Innovation Research Institute Limited (the "Green Innovation Research Institute") in Hong Kong in 2019. The Institute aims to attract advanced technologies and talents in order to become a platform for the commercialisation of green technologies. It also aims to be a centre of worldwide exchange and collaboration on technologies, a hub for technology collaboration in Mainland China, and also a centre of exchange and training among global talents. As the headquarters of Everbright International's technological innovation and R&D, with a focus on Hong Kong, a deep-rooted foundation in the mainland China and a global vision, the Green Innovation Research Institute will form a "Four-in-One" structure together with the Group's technological innovation platforms in Shenzhen, Nanjing and Qingdao cities, in order to better promote the Group's strategic planning of pursuing development that is driven by technology and innovation, as well as to ensure the commercialisation of technological R&D results. During the year under review, the Group also established its zero-waste city research institute in Xiong'an New Area. This marks China's first research institute dedicated to the "Zero-Waste City" theme within the area, which aims to provide insights and advice for the development of a "Zero-Waste Xiong'an", facilitate Xiong'an New Area into becoming an "Eco-friendly and Habitable New Urban Area", and steadily achieve the goal of becoming a pioneer in green and environmental protection to support the new area, which is of national significance and will form a crucial strategy in the coming millennium.

The results of technological innovation further drove the development of the Group's major business in 2019. During the year under review, scientific and technological R&D investment exceeded RMB200 million for the first time, accomplishing outstanding scientific and technological achievements. In respect of solid waste treatment, the Group successfully developed the first domestic large-scale household waste grate furnace with a daily waste processing capacity of 1,000 tonnes, consolidating its position as a leading company in the industry. The Group also established an unstaffed and highly-automated intelligent control system, and achieved progress in phases by adopting this system in several waste-to-energy projects within the Group. The Group completed a scientific research demonstration project on plasma melting technology for the treatment of 30 tonnes/day of household waste incineration fly ash in Zhenjiang Waste-to-energy Project, providing new technology to address the fly ash issue. With regard to water environment management, the Group was in process of developing a stable and highly efficient leachate treatment technology by adopting EDR technique in the treatment of leachate MBR effluent, and explored a new method that innovated the solid waste landfill leachate treatment technique. The Group's high-parameter reheating technology with a header system successfully passed the national science research results assessment. The Group's envirotech sector obtained various subsidies of RMB10.45 million in total from the government during the year.

In 2019, the Group was granted 181 patents and software copyright licenses in total, including 11 invention patents, 124 utility patents, 42 software copyright licenses and 4 appearance patents. A total of 24 important essays were published in core journals and international conferences. As of 31 December 2019, the Group had been granted 773 patents and software copyright licenses in total, including 105 invention patents, 588 utility model patents, 76 software copyright licenses and 4 appearance patents.

VIII. ENVIRONMENTAL PLANNING

In order to support the healthy development of the Group's ecological and environmental protection business, the Group has reclassified Everbright Ecological and Environmental Planning and Design Institute (the "Environmental Planning and Design Institute") as a new business sector. The Group will further improve the design qualifications of the Environmental Planning and Design Institute with the aim of developing it into a first-class planning institute to enhance innovation capabilities, and through the marketization of development, striving to achieve new breakthroughs in various aspects, including design quality, value creation, brand building and industry-leading.

During the year under review, Environmental Planning and Design Institute took the initiative to seek opportunities in various design consulting services projects and signed 2 EPC projects. It was responsible for the projects' engineering design, equipment procurement, construction management, completion and handover, etc.. In addition, the Everbright Analysis and Testing Centre achieved breakthroughs during the year under review, as it conducted testing on various fields such as gas, fly ash, bottom ash, leachate, air and groundwater, and so on. The total amount of internal and external testing service contracts reached over RMB2.68 million.

BUSINESS PROSPECTS

2020 is the last year of China's "13th Five-year Plan", marking the point at which the country is set to become an all-round wealthy society and accomplish its first centenary goal. As a vital part of China's development and reforms in recent years, the ecological and environmental industry is also entering a critical year during which environmental protection efforts are expected to finally bear fruit in the final phase of the country's battle against pollution.

Prior to the Chinese New Year of 2020, the pneumonia epidemic caused by the novel coronavirus began to spread in China. Considering the severity of the accelerating spread of the epidemic, the Group implemented the PRC government's decisive measures and plans to secure victory in the battle of epidemic prevention and control, while fully implementing the work plans of China Everbright Group Ltd. ("Everbright Group") to prevent the spread of the epidemic. Undertaking responsibilities with all members of staff mobilised for relevant actions, the Group has adopted preventive and control measures in a scientific approach and executed policies with precision as standing at the forefront of the battle against the epidemic. Taking into account the challenge for epidemic prevention presented by the Group's geographically dispersed business presence and staff deployment, the Group quickly built up a three-level epidemic prevention system in its headquarters, business sectors, and project companies. Though the system, the Group issues epidemic prevention responsibilities, tasks, and working guidelines at each level, clarifying each responsibility to ensure no blind spot in epidemic prevention. At the project level, staff of the Group's project companies have showed utmost commitment during the epidemic prevention period, making meticulous planning and performing their duties with firm dedication to ensure the full-speed and stable operation of the projects. As the Group's projects continue to reach emission goals and provide the harmless treatment of household waste, medical waste and waste water, this is certain to eliminate any secondary virus transmission through waste. By providing reliable, effective environmental services, the Group has helped to safeguard the living environment, which are highly recognised by local governments, residents and the media.

In January 2020, the Ministry of Finance of the PRC, the National Development and Reform Commission and the National Energy Administration jointly published the Opinions on Facilitating the Sound Development of Power Generation Through Non-water Renewable Energy (Cai Jian [2020] No.4)* (《關於促進非水可再生能源發電健康發展的若干意見》)(財建[2020]4號)and the Measures for the Administration of Additional Subsidies for Renewable Energy Electricity Prices (Cai Jian [2020] No.5)* (《可再生能源電價附加補助資金管理辦法》)(財建[2020]5號). Under these new policies, local governments are expected to plan and build waste-to-energy projects and maintain the stable operation of existing ones by adjusting the amount of waste to be processed in light of the reasonable needs of the local environment. Given the new policies, Everbright International will strive to secure policy support, negotiate for the adjustment of waste treatment fees and create other favourable operating conditions, while continuously optimising its techniques and procedures, as well as pursuing technological innovation and advancement, in order to achieve steady development and stable efficiency.

Having been dedicated to environmental protection for 17 years, Everbright International has built a constructive business framework centering on the development of zero-waste cities with a primary focus on waste-to-energy services, out of which various emerging business sector have grown in tandem. The Group is now striving to build a new business structure across the three domains of environment, resource and energy. With its waste-to-energy business and complementary services acting as its central pillar, Everbright International has become one of the first Chinese companies to secure a leading position in the international environmental market, driving the development of the industry. It has developed a steadfast triangle with water treatment, hazardous waste treatment and waste-to-energy forming the three corners, which are built upon a host of peerless businesses. This has further boosted the Group towards becoming a leading player in the realms of water and hazardous waste treatment. In addition, the Group has helped to stimulate industrial revolution and continuously bolstered its advantageous position via the right equipment and technological progress, by utilising knowledge provided by the equipment manufacturing and envirotech sectors. The strength of Everbright International's brand image, urban resources and thousands of employees, combined with a favourable capital market, have provided a powerful driving force behind the Group's consistent exponential growth and remarkable achievements as it actively forayed into and rapidly gained a foothold in the two emerging resource- and energy-related business segments, continuously improved its business framework, and created new growth poles.

* *For identification purpose only.*

Currently, Everbright International is a colossal organic system with business sectors that are all growing systematically and creating synergy. It is now experiencing an unprecedented period full of historic opportunities that radiates unparalleled vigour and vitality. 2020 is the year Everbright International will march towards the goal of becoming a globally leading world-class company at an accelerated pace. In response to opportunities arising from the latest national policies, industry trends and market movements, the Group will launch the new "Three, Five, Eight and Seven" development strategy. This means it will focus on the three areas of the environment, resource and energy where there is greater space for development and the improvement of its business structure; boost capabilities in five major aspects, namely market expansion, project construction, project operations, equipment manufacturing and technological innovation; concentrate on its competitive advantages, bolster overall strength and sustainability in order to cement the foundation for further success; and concentrate on expanding and strengthening its eight business sectors: environmental energy, greentech, environmental water, equipment manufacturing, eco-recycling, greenergy, envirotech and environmental planning. Doing so will allow the Group to share resources and develop synergistically in a bid towards establishing a pan-environmental systematic business structure and an ecosphere that incorporates environmental protection and its derivative businesses with Everbright International at its core. It will also further strengthen protection in terms of the seven aspects of finance, procurement, budget, safety and environment, human resources, efficiency as well as corporate culture, to comprehensively improve the overall governance while enhancing its capabilities of early warning and risk prevention, with a view to safeguarding the Group's stable and sustainable growth.

(1) The environmental energy sector will boost its innovativeness in order to cement its market position; (2) the greentech sector will continue to develop hazardous waste and solid waste treatment services while tapping into new areas; (3) the environmental water sector will expand its business scale, with the aim to build a full value-chain business system; (4) the equipment manufacturing sector will continue to expand into both domestic and overseas markets and step up its product R&D efforts; (5) the eco-recycling sector will closely follow development trends in the industry, taking front-end waste sorting and resource recycling as entry points through which to enter the market, and also implement the Group's "Five Points and One Line" full value-chain business philosophy for waste sorting and treatment; (6) the greenergy sector will enhance market exploration with continuous improving its products, facilitating the establishment of manufacturing and R&D bases; (7) the envirotech sector will set up a technological R&D system led by an institute that has a presence in four cities (that is, the Hong Kong-headquartered Green Technology Innovation Research Institute that also has technological research platforms in Shenzhen, Nanjing and Qingdao), to better facilitate the better development of other sectors; (8) the environmental planning sector will build upon the Ecological and Environmental Planning and Design Institute as a platform to strongly support internal business needs and proactively secure new businesses, with the aim to create new points for profit growth.

Led and supported by Everbright Group and the Board, Everbright International is convinced that with the concerted efforts of its management team and employees, it will continue to see stable progress as it steels itself to handle unprecedented challenges and changes, rides waves of change and grows by capitalising on unrivalled development opportunities, and innovates throughout its progress in order to continue making outstanding accomplishments to the fullest extent possible, in a bid to live up to the trust and expectations of all sectors of society. The Group will hold fast to its aspirations and bear its mission in mind, as well as put in all efforts to fulfill its corporate mission of being "Devoted to Ecology and Environment for a Beautiful China" and maintain its corporate pursuit of "Create Better Investment Value and Undertake More Social Responsibility" while being held accountable. In doing so, Everbright International will do its utmost to take great strides towards its goal of becoming a world-leading ecological and environmental management group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

In 2019, the Group's consolidated revenue amounted to HK$37,557,635,000, an increase of 38% over HK$27,227,998,000 in 2018. The increase in revenue was mainly attributable to the construction of record high number of projects bringing higher construction service revenue and rise in operation service revenue as a result of continuous increment of operating capacity during the year. Consolidated gross profit was HK$11,457,901,000, an increase of 21% over HK$9,430,596,000 in 2018. The Group's consolidated gross margin decreased by 4 percentage points to 31% as compared with last year. The EBITDA amounted to HK$10,957,474,000, an increase of 22% over HK$8,994,788,000 in 2018. Profit attributable to equity holders of the Company for 2019 was HK$5,203,291,000, 20% more than HK$4,319,235,000 as compared with last year. Basic earnings per share for 2019 were HK84.70 cents, HK1.07 cents less than the amount of HK85.77 cents in last year. The decrease in basic earnings per share was due to the dilution impact of the HK$10 billion rights issue completed in September 2018.

Financial Position

As at 31 December 2019, the Group's total assets approximately amounted to HK$119,351,503,000 with net assets amounting to HK$44,726,579,000. Net asset value per share attributable to equity holders of the Company was HK$5.917 per share, representing an increase of 7% as compared to HK$5.523 per share as at the end of 2018. As at 31 December 2019, gearing ratio (total liabilities over total assets) of the Group was 63%, an increase of 6 percentage points as compared with that of 57% as at the end of 2018.

Financial Resources

The Group adopts a prudent approach on cash and financial management to ensure proper risk control and low cost of funds. It finances its operations primarily with internally generated cash flow and loan facilities from banks. As at 31 December 2019, the Group had cash and bank balances of HK$12,302,988,000, representing a decrease of HK$3,671,492,000 as compared to HK$15,974,480,000 at the end of 2018. Most of the Group's cash and bank balance, representing approximately 99%, was denominated in Hong Kong dollars and Renminbi.

Borrowings

The Group is dedicated to enhancing the ways of financing and improving banking facilities to reserve funding to support the development of the environmental protection business. As at 31 December 2019, the Group had outstanding borrowings of HK$53,179,873,000, representing an increase of HK$14,653,706,000 as compared to HK$38,526,167,000 at the end of 2018. The borrowings included secured interest-bearing borrowings of HK$21,085,310,000 and unsecured interest-bearing borrowings of HK$32,094,563,000. The borrowings are mainly denominated in Renminbi, representing approximately 54% of the total, and the remainder is denominated in Hong Kong dollars, US dollars and Polish zloty. Most of the borrowings are at floating rates. As at 31 December 2019, the Group had banking facilities of HK$77,028,783,000, of which HK$27,841,500,000 have not been utilised. The banking facilities are of 1 to 21 years terms.

Foreign Exchange Risks

The Company's financial statements are denominated in Hong Kong dollars, which is the functional currency of the Company. The Group's investments made outside Hong Kong (including mainland China) may incur foreign exchange risks. The Group's operations are predominantly based in China, which makes up over 99% of its total investments and revenue. The Group's assets, borrowings and major transactions are mainly denominated in Renminbi, and as such, it forms a natural hedging effect. With this in mind, the Group also pursues an optimal allocation of borrowings in different currencies while setting appropriate levels of borrowing in non-base currencies, and adoption of proper financial instruments to closely manage foreign exchange risk.

Pledge of Assets

Certain banking facilities of the Group were secured by revenue and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plants and equipment, and prepaid land lease payments and the equity interests of certain subsidiaries of the Company. As at 31 December 2019, the aggregate net book value of assets and equity interests in subsidiaries pledged amounted to approximately HK$52,510,366,000.

Commitments

As at 31 December 2019, the Group had purchase commitments of HK$10,626,406,000 outstanding in connection with the construction contracts.

Contingent Liabilities

As at 31 December 2019, the Company granted financial guarantees to a subsidiary. The Board does not consider it probable that a claim will be made against the Company under the guarantees. The maximum liability of the Company as at 31 December 2019 for the provision of the guarantees was HK$357,443,000.

Internal Management

The Group adheres to the management principle of "People-oriented, Pragmatism, Creativity and Systematic Management", and has built a comprehensive management structure to maximise efficiency. The Company's management holds Management Decision Committee meeting on a monthly basis to review current operations and management, with a view to ensuring the sustainable development of the Company. The responsibilities of each functional department and business sector of the Company are clear with various comprehensive management systems. Internal control procedures are sound and have been implemented effectively. The Company's Internal Audit Department performs its internal monitoring functions to ensure that each functional department and business sector would strictly comply with the relevant internal control requirements.

The Group is committed to building a comprehensive risk management culture. It implements the risk management model of "Integration of Policy, Procedure and System with Risk-oriented", to comprehensively strengthen risk management and risk control. During the year under review, the Group amended the "Risk Management Practice Handbook" and the "Annual Risk Management Instructions" according to the progress of the implementation of risk management system. In light of its actual situation, the Company created the "Internal Control Management Manual" pursuant to the relevant requirements of risk management and internal control under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to direct the effective implementation of internal control. In order to improve the overall risk management of investment projects, the Group's Project Review Committee has built up review systems for full-time and part-time committee members respectively. It has also amended and issued the "Project Review Organisation and Review Workflow", in an effort to strengthen the risk management of investment projects in advance and in process as well as enhancing the quality and efficiency of project review. A procurement management center, a budget management center, a R&D center, a technology management center and a technology committee have been established at the headquarters of the Company. Meanwhile, Everbright International has developed an electronic transaction platform for tendering and procurement, to further enhance its management efficiency and risk control capability.

Human Resources

Human Resources are the key strategy of corporate development which require appropriate personnel to execute this core strategy. The Group highly values its human resources management and puts great emphasis on staff training. It believes that realising the full potential of its employees is crucial to its long term growth. The Group continued to improve its human resources through internal training as well as local, overseas, and on-campus recruitment.

During the year under review, to cope with the need of its business development, the Group established the Ecological Environment Institute to arrange for appropriate training centrally. Training programmes for general managers and construction directors, training courses for safety and environmental management and training courses for public communication staff were also held to enhance management's and staff's professional and general competence through continuous education. All along employees of the Group are provided with a platform for personal development. During the year under review, the Group conducted internal selection and recruitment for vacancies in headquarters. Employees with vision and self-confidence are encouraged to apply for internal transfer so that they can unleash their full potential in their favorite job positions. In order to enhance the efficiency of human resources management and to encourage existing staff to refer suitable candidate(s) to the Group, the Group issued a series of management measures for human resources, which included "Management Measures for Staff Recruitment", "Management Measures for Reserve Cadres", "Requirements on the Selection and Appointment of Senior and Middle Management" and the "Management Measures and Awards for Talent Referral by Internal Staff". In addition to the issuance of the "Measures for the Establishment of Talent Cultivation Base", the Group selected 16 operating projects as talent cultivation bases to provide internship opportunities for its future management and senior technical staff. Total 167 staffs were selected to join the training arranged by the talent cultivation bases.

As at 31 December 2019, the Group had approximately 13,200 employees. Employees within the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from a discretionary performance bonus, the Group also provides other benefits such as medical insurance and a mandatory provident fund scheme to employees in Hong Kong.

Principal Risks and Uncertainties

During the year under review, the Group continued to implement the relevant work of the risk management system. The principal risks faced by the Group during the year were adequately identified and assessed, which included policy changing risk, environmental compliance risk, construction project management risk, staff turnover risk, accounts receivable risk, market competitive risk, not-in-my-backyard risk and cost control risk, the details of which are set out in the 2019 annual report.

Environmental and Social Management

The Group pays particular attention to the impact of its operations on the environment and society. An environmental and social management system has been developed and implemented in accordance with the Safeguard Policy Statement of the Asian Development Bank and international best practices. The system contains a set of policies, standards, guidelines, and working procedures for enhancing the environmental and social performance of the Group. Meanwhile, the Group is also committed to maintaining a close relationship with our key stakeholders, including investors, shareholders, governments, employees, local communities, suppliers, and non-governmental organisations, through various communication channels.

In order to better integrate system requirements into operational practices, the Group has implemented its ESHS Management System since 2016. The system comprises management standards to provide procedural guidelines on identification of material environmental, safety, health, and social issues, environmental, health and safety audits, incident investigation and reporting, work injury treatment and contractor ESHS management. Implementation of the system has not only promoted sustainable development within the Group, but also extended our safety culture and policies to the supply chain. In 2019, the Group continued to optimise the ESHS Management System, and enhanced its implementation at all project companies to drive for the standardisation of construction and operational management.

The operation of the Group's projects strictly adheres to the applicable environmental protection standards and requirements. The key laws, regulations and standards which are highly relevant to the Group's business include the Environmental Protection Law of the PRC, Law of the PRC on Environmental Impact Assessment, Production Safety Law of the PRC, Labour Law of the PRC, the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485-2014), the Emission Standard for Air Pollutants of Thermal Power Plants (GB13223-2011), and the Discharge Standard for Pollutants of Municipal Wastewater Treatment Plants (GB18918-2002), etc. In 2019, there was no confirmed case of non-compliance in relation to environmental protection that would have a significant impact on the Group.

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Group strives to maintain a high standard of corporate governance as it believes good corporate governance practices are increasingly important for maintaining and promoting the confidence of Shareholders. They are crucial for the development of the Group's business and protection of the Shareholders' interests. The Group upholds the management principle of "People-oriented, Pragmatism, Creativity and Systematic Management", and through a set of rules and regulations, has continuously strengthened internal control and risk management system. Furthermore, by full and timely public disclosure of information, the Group has maintained transparency and accountability which also enhanced its corporate values.

The Corporate Governance Code and Corporate Governance Report (the "CG Code") set out in Appendix 14 to the Listing Rules have been duly adopted by the Board as the code on corporate governance practices of the Company.

The Company complied with all Code Provisions as set out in the CG Code throughout the year ended 31 December 2019. The Company will continue to commit itself to enhancing its corporate governance appropriate to the conduct and growth of its business, and from time to time, to reviewing its corporate governance practices to ensure the same comply with the CG Code and align with the latest developments.

The details of the Company's corporate governance practices are set out in the 2019 annual report to be published in April 2020.

The Board

The Board currently comprises 5 executive Directors and 4 independent non-executive Directors ("INED(s)"). The number of INEDs represents more than one-third of the Board and at least one of whom possess the appropriate professional qualifications or accounting or related financial management expertise as required by the Listing Rules. The INEDs offer diversified experience and professionalism, serve to advise the Board on strategic development, and provide checks and balances for safeguarding the interest of the Shareholders and the Group as a whole.

Board Committees

As an integral part of good corporate governance, the Board has established the following 5 Board committees with specific written terms of reference which deal clearly with their respective authority and duties:

1. *Audit Committee*

   The Audit Committee, currently comprising 3 INEDs, namely Mr. Mar Selwyn (Chairman), Mr. Fan Yan Hok, Philip and Mr. Zhai Haitao, is primarily responsible for reviewing the Group's financial reporting process, risk management and internal control systems, internal and external audit and such other financial and accounting matters of the Group, etc.. Under its terms of reference, the Audit Committee is required to oversee the relationship between the Company and Ernst & Young, the external auditor of the Company. The terms of reference of the Audit Committee are available on the websites of the Company and Hong Kong Exchanges and Clearing Limited ("HKEx").

2. *Risk Management Committee*

   The Risk Management Committee currently comprises Mr. Fan Yan Hok, Philip (Chairman), an INED, Mr. Mar Selwyn, an INED, Mr. Suo Xuquan, an INED, Mr. Wong Kam Chung, Raymond, the executive Director and the Chief Financial Officer, Mr. Hu Yanguo, the executive Director and the Deputy General Manager, and Ms. Guo Ying, the General Manager of Internal Audit Department and Risk Management Department of the Company. Its main duties are to provide oversight of the Company's risk management programs, and to review the effectiveness of the management's processes for identifying, assessing, mitigating and monitoring enterprise-wide risks. The terms of reference of the Risk Management Committee had been established in writing.

3. Nomination Committee

The Nomination Committee currently comprises Mr. Cai Yunge (Chairman), an executive Director and the Chairman of the Board, Mr. Wang Tianyi, the executive Director and the Chief Executive Officer, and all the 4 INEDs, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan. Its primary responsibilities include but not limited to reviewing annually the structure, size and composition (including the skills, knowledge and experience) of the Board, reviewing and reporting the Board diversity to the Board, assessing the independence of the INEDs, making recommendations to the Board, by taking into account the Board Diversity Policy and the Nomination Policy (please refer to the sections headed "Board Diversity Policy" and "Nomination Policy" in the 2019 annual report for more details), on appointment or re-appointment or re-designation of Directors and assessing the qualifications and competencies of the candidates, so as to ensure that all nominations are fair and transparent. The terms of reference of the Nomination Committee are available on the websites of the Company and HKEx.

4. Remuneration Committee

The Remuneration Committee currently comprises Mr. Zhai Haitao (Chairman), an INED, Mr. Cai Yunge, the executive Director and the Chairman of the Board, and 3 other INEDs, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn and Mr. Suo Xuquan. The terms of reference of the Remuneration Committee, which are available on the websites of the Company and HKEx, set out the duties of the Remuneration Committee, including but not limited to determining, with delegated responsibilities by the Board, the remuneration packages of the individual executive Directors and senior management.

5. Disclosure Committee

The Disclosure Committee currently comprises 4 executive Directors, namely, Mr. Wang Tianyi (Chairman), the Chief Executive Officer, Mr. Wong Kam Chung, Raymond, the Chief Financial Officer, Mr. Hu Yanguo, the Deputy General Manager and Mr. Qian Xiaodong, the Deputy General Manager as well as Mr. An Xuesong, the Deputy General Manager and Ms. Poon Yuen Ling, the Company Secretary. The Board has delegated the day-to-day execution of its continuous disclosure obligations to the Disclosure Committee to ensure the compliance of the Company with its disclosure obligations. The terms of reference of the Disclosure Committee had been established in writing.

Other than the 5 Board committees above, the Management Decision Committee, being chaired by the Chief Executive Officer of the Company, is responsible for handling the day-to-day business activities and making collective decisions on major matters relating to the Group's daily business operations, management and personnel matters, etc.. The Management Decision Committee also takes charge of reviewing the investment projects of the Group, after recommended by the Project Advisory Committee, pursuant to the power delegated from the Board to the Chief Executive Officer. For project risk management and project technological risk management, the Group has set up the Project Advisory Committee to monitor and assess risks regularly, boost related management standards and evaluate investment projects as well as assess the technologies used in different investment projects. For project financial control, the Group insists on stringent budget management, and has set up the Budget Management Centre that focuses on monitoring construction budgets. In addition, the Group has also set up Internal Audit Department and Risk Management Department to perform internal audits, and risk management and control functions respectively to bolster the Group's management standards.

Model Code for Securities Transactions by Directors

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its own code of conduct for Directors' transactions in securities of the Company. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2019.

FINAL DIVIDEND

The Board has proposed to pay a final dividend of HK13.0 cents per share (2018: HK12.0 cents per share) for the year ended 31 December 2019, payable to the Shareholders whose names appear on the register of members of the Company (the "Register of Members") on Friday, 29 May 2020. Subject to approval by the Shareholders of the payment of final dividend at the forthcoming annual general meeting of the Company to be held on Wednesday, 20 May 2020 (the "AGM"), the final dividend will be paid to the Shareholders on or around Friday, 19 June 2020.

ANNUAL GENERAL MEETING

The AGM is expected to be held on Wednesday, 20 May 2020 and the notice of the AGM will be published and dispatched in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the AGM and entitlement to the final dividend, the Register of Members will be closed in accordance with the following timetable:

(i) For determining the Shareholders' eligibility to attend and vote at the AGM:

(a)	Latest time to lodge transfer documents for registration	4:30 pm on Thursday, 14 May 2020
(b)	Closure of Register of Members	Friday, 15 May 2020 to Wednesday, 20 May 2020 (both dates inclusive)

(ii) For determining entitlement to the final dividend:

(a)	Latest time to lodge transfer documents for registration	4:30 pm on Tuesday, 26 May 2020
(b)	Closure of Register of Members	Wednesday, 27 May 2020 to Friday, 29 May 2020 (both dates inclusive)
(c)	Record date	Friday, 29 May 2020

During the above closure periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the relevant latest time set out above.

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

During the year under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.ebchinaintl.com/en/ir/announcements.php) and HKEx (www.hkexnews.hk). The 2019 annual report containing all the information required by the Listing Rules will be published on the websites of the Company and HKEx and dispatched to the Shareholders in due course.

By Order of the Board
China Everbright International Limited
Wang Tianyi
Chief Executive Officer

Hong Kong, 18 March 2020

As at the date of this announcement, the Board comprises: (i) five executive Directors, namely Mr. Cai Yunge (Chairman), Mr. Wang Tianyi (Chief Executive Officer), Mr. Wong Kam Chung, Raymond, Mr. Hu Yanguo and Mr. Qian Xiaodong; and (ii) four independent non-executive Directors, namely Mr. Fan Yan Hok, Philip, Mr. Mar Selwyn, Mr. Zhai Haitao and Mr. Suo Xuquan.