光大國際
Everbright International

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 2018

FINANCIAL HIGHLIGHTS

- Revenue increased by 36% to HK$27,227,998,000 (2017 : HK$20,043,116,000)
- EBITDA increased by 31% to HK$8,994,788,000 (2017: HK$6,863,209,000)
- Profit attributable to equity holders increased by 23% to HK$4,319,235,000 (2017: HK$3,509,990,000)
- Final dividend of HK12.0 cents per share (2017: HK12.0 cents per share). Total dividends for the year of HK24.0 cents per share (2017: HK24.0 cents per share)

2018 ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of China Everbright International Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2018 together with comparative figures for the year ended 31 December 2017. The annual results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000
REVENUE	4	**27,227,998**	20,043,116
Direct costs and operating expenses		**(17,797,402)**	(12,910,601)
Gross profit		**9,430,596**	7,132,515
Other revenue	5	**738,914**	555,232
Other income and gains/(losses), net	5	**(57,139)**	56,936
Administrative expenses		**(1,899,452)**	(1,438,464)
PROFIT FROM OPERATING ACTIVITIES		**8,212,919**	6,306,219
Finance costs	6	**(1,376,010)**	(938,280)
Share of profits of joint ventures		**157,774**	61,632
Share of profits and losses of associates		**3,759**	(1,372)
PROFIT BEFORE TAX	7	**6,998,442**	5,428,199
Income tax	8	**(1,728,667)**	(1,376,352)
PROFIT FOR THE YEAR		**5,269,775**	4,051,847
ATTRIBUTABLE TO:			
Equity holders of the Company		**4,319,235**	3,509,990
Non-controlling interests		**950,540**	541,857
		5,269,775	4,051,847
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	10		(Restated)
– Basic and diluted		**HK85.77 cents**	HK76.20 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**5,269,775**	4,051,847
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**–**	2,132
Exchange differences:		
Exchange differences on translation of foreign operations	**(2,172,421)**	2,174,658
Realisation of exchange reserve upon partial disposal of a joint venture	**–**	2,279
	(2,172,421)	2,176,937
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**(2,172,421)**	2,179,069
Other comprehensive income 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	**1,216**	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**1,216**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(2,171,205)**	2,179,069
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**3,098,570**	6,230,916
ATTRIBUTABLE TO:		
Equity holders of the Company	**2,522,471**	5,359,796
Non-controlling interests	**576,099**	871,120
	3,098,570	6,230,916

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated)
NON-CURRENT ASSETS			
Investment properties		**159,310**	165,133
Property, plant and equipment		**4,410,100**	4,025,016
Prepaid land lease payments		**213,082**	170,904
		4,782,492	4,361,053
Goodwill		**1,753,737**	1,747,451
Intangible assets		**12,642,951**	8,592,924
Interests in joint ventures		**679,246**	543,638
Interests in associates		**334,679**	248,002
Contract assets	*11*	**43,540,152**	36,780,980
Finance lease receivables		**16,435**	17,817
Other financial assets		**42,570**	38,567
Debtors, other receivables, deposits and prepayments	*12*	**1,572,127**	1,078,062
Deferred tax assets		**92,875**	77,250
Total non-current assets		**65,457,264**	53,485,744
CURRENT ASSETS			
Inventories		**658,759**	509,825
Contract assets	*11*	**7,536,954**	4,536,204
Finance lease receivables		**567**	550
Debtors, other receivables, deposits and prepayments	*12*	**5,492,094**	3,750,824
Tax recoverable		**1,519**	1,681
Pledged bank deposits and restricted balances in financial institutions		**1,115,382**	1,340,732
Deposits with banks with maturity period over three months		**2,722,719**	840,439
Cash and cash equivalents		**12,136,379**	8,657,193
Total current assets		**29,664,373**	19,637,448

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated)
CURRENT LIABILITIES			
Creditors, other payables and accrued expenses	13	**10,167,760**	8,505,257
Interest-bearing borrowings			
– Secured		**2,846,064**	1,309,485
– Unsecured		**2,088,871**	4,104,205
		4,934,935	5,413,690
Tax payable		**131,692**	114,273
Total current liabilities		**15,234,387**	14,033,220
NET CURRENT ASSETS		**14,429,986**	5,604,228
TOTAL ASSETS LESS CURRENT LIABILITIES		**79,887,250**	59,089,972
NON-CURRENT LIABILITIES			
Other payables	13	**299,269**	94,077
Interest-bearing borrowings			
– Secured		**13,537,237**	13,086,781
– Unsecured		**20,053,995**	12,953,532
		33,591,232	26,040,313
Deferred tax liabilities		**5,301,410**	4,312,044
Total non-current liabilities		**39,191,911**	30,446,434
NET ASSETS		**40,695,339**	28,643,538
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**17,329,537**	7,405,414
Reserves		**16,596,570**	15,148,865
		33,926,107	22,554,279
Non-controlling interests		**6,769,232**	6,089,259
TOTAL EQUITY		**40,695,339**	28,643,538

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 2017 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 2018 and 2017 included in this preliminary announcement of annual results 2018 do 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 2017 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 2018 in due course.

The Company's auditor has reported on the financial statements of the Group for the years ended 31 December 2018 and 2017. 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 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to HKFRS 4	*Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
HKFRS 9	*Financial Instruments*
HKFRS 15	*Revenue from Contracts with Customers*
Amendments to HKFRS 15	*Clarifications to HKFRS 15 Revenue from Contracts with Customers*
Amendments to HKAS 40	*Transfers of Investment Property*
HK(IFRIC)-Int 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as explained below regarding the impact of HKFRS 9 and HKFRS 15, 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 9 and HKFRS 15 are described below:

(a) HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group has recognised the transition adjustments against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

Classification and measurement

The following information sets out the impacts of adopting HKFRS 9 on the statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

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

(a) *(continued)*

Classification and measurement (continued)

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

		HKAS 39 measurement			HKFRS 9 measurement	
		Category	Amount	ECL	Amount	Category
	Notes		*HK$'000*	*HK$'000*	*HK$'000*	
Financial assets						
Finance lease receivables		L&R[1]	18,367	–	18,367	AC[2]
Other financial assets	*(i)*	AFS[3]	38,567	–	38,567	FVOCI[4]
Financial assets included in debtors, other receivables, deposits and prepayments		L&R	2,168,443	(35,669)	2,132,774	AC
Pledged bank deposits and restricted balances in financial institutions		L&R	1,340,732	–	1,340,732	AC
Deposits with banks with maturity period over three months		L&R	840,439	–	840,439	AC
Cash and cash equivalents		L&R	8,657,193	–	8,657,193	AC
			13,063,741	(35,669)	13,028,072	
Other assets						
Investment properties			165,133	–	165,133	
Property, plant and equipment			4,025,016	–	4,025,016	
Prepaid land lease payments			170,904	–	170,904	
Goodwill			1,747,451	–	1,747,451	
Intangible assets			8,592,924	–	8,592,924	
Contract assets	*(ii)*		41,317,184	–	41,317,184	
Interests in joint ventures			543,638	–	543,638	
Interests in associates			248,002	–	248,002	
Deferred tax assets			77,250	–	77,250	
Other assets included in debtors, other receivables, deposits and prepayments			2,660,443	–	2,660,443	
Inventories			509,825	–	509,825	
Tax recoverable			1,681	–	1,681	
			60,059,451	–	60,059,451	
Total assets			73,123,192	(35,669)	73,087,523	

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

(a) *(continued)*

Classification and measurement (continued)

	HKAS 39 measurement			HKFRS 9 measurement	
	Category	**Amount**	**ECL**	**Amount**	**Category**
		HK$'000	*HK$'000*	*HK$'000*	
Financial liabilities					
Financial liabilities included in creditors, other payables and accrued expenses	AC	8,033,396	–	8,033,396	AC
Interest-bearing borrowings	AC	31,454,003	–	31,454,003	AC
		39,487,399	–	39,487,399	
Other liabilities					
Other liabilities included in creditors, other payables and accrued expenses		565,938	–	565,938	
Tax payable		114,273	–	114,273	
Deferred tax liabilities		4,312,044	–	4,312,044	
		4,992,255	–	4,992,255	
Total liabilities		44,479,654	–	44,479,654	

[1] L&R: Loans and receivables
[2] AC: Financial assets or financial liabilities at amortised cost
[3] AFS: Available-for-sale investments
[4] FVOCI: Financial assets at fair value through other comprehensive income

Notes:

(i) The Group has elected the option to irrevocably designate its previous available-for-sale equity investments as equity investments at fair value through other comprehensive income.

(ii) The gross carrying amount of contract assets under the column "HKAS 39 measurement – Amount" represents the amount after the adjustments for the adoption of HKFRS 15 but before the measurement of ECLs. Further details of the adjustments for the adoption of HKFRS 15 are included in note 2(b).

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

(a) *(continued)*

Impairment

The following table reconciles the aggregate opening impairment allowances under HKAS 39 to the ECL allowances under HKFRS 9. Further details are disclosed in note 12.

	Impairment allowances under HKAS 39 at 31 December 2017	**Re-measurement**	**ECL allowances under HKFRS 9 at 1 January 2018**
	HK$'000	*HK$'000*	*HK$'000*
Financial assets included in debtors, other receivables, deposits and prepayments	–	35,669	35,669

Impact on reserves, retained profits and non-controlling interests

The impact of transition to HKFRS 9 on reserves, retained profits and non-controlling interests is as follows:

	Reserves, retained profits and non-controlling interests
	HK$'000
Available-for-sale investment revaluation reserve	
Balance as at 31 December 2017 under HKAS 39	(1,922)
Reclassification of financial assets from available-for-sale investments to other financial assets designated at fair value through other comprehensive income	1,922
Balance as at 1 January 2018 under HKFRS 9	–

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

(a) *(continued)*

Impact on reserves, retained profits and non-controlling interests (continued)

	Reserves, retained profits and non-controlling interests *HK$'000*
Other financial assets measured at fair value through other comprehensive income reserve	
Balance as at 31 December 2017 under HKAS 39	–
Reclassification of financial assets from available-for-sale investments to other financial assets designated at fair value through other comprehensive income	(1,922)
Balance as at 1 January 2018 under HKFRS 9	(1,922)
Retained profits	
Balance as at 31 December 2017 under HKAS 39	11,101,362
Recognition of expected credit losses for debtors under HKFRS 9	(26,698)
Balance as at 1 January 2018 under HKFRS 9	11,074,664
Non-controlling interests	
Balance as at 31 December 2017 under HKAS 39	6,089,259
Recognition of expected credit losses for debtors under HKFRS 9	(8,971)
Balance as at 1 January 2018 under HKFRS 9	6,080,288

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

(b) HKFRS 15 and its amendments replace HKAS 11 *Construction Contracts*, HKAS 18 *Revenue* and related interpretations and its applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in the financial statements.

The Group has adopted HKFRS 15 using the full retrospective method of adoption. The effect of the transition on the current period has not been disclosed as the standard provides an optional practical expedient. The Group has also elected to apply the practical expedients for completed contracts and has not restated amounts for the contracts completed before 1 January 2017, and no comparative information is disclosed for the transaction price allocated to the remaining performance obligations.

Set out below are the amounts by which each financial statement line item was affected as a result of the adoption of HKFRS 15:

	Note	**Increase/ (decrease) 31 December 2017** *HK$'000*	**Increase/ (decrease) 1 January 2017** *HK$'000*
Assets			
Gross amounts due from customers for contract work (non-current)	*(i)*	(28,992,607)	(19,464,201)
Other receivables, deposits and prepayments (non-current)	*(i)*	(7,788,373)	(6,005,325)
Contract assets (non-current)	*(i)*	36,780,980	25,469,526
Total non-current assets		–	–
Gross amounts due from customers for contract work (current)	*(i)*	(2,697,922)	(1,569,027)
Debtors, other receivables, deposits and prepayments (current)	*(i)*	(1,838,282)	(808,589)
Contract assets (current)	*(i)*	4,536,204	2,377,616
Total current assets		–	–
Total assets		–	–

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

(b) *(continued)*

Note:

(i) Upon the adoption of HKFRS 15, the Group's "Contract assets" included in "Gross amounts due from customers for contract work", government on-grid tariff subsidy receivables and other receivables related to service concession arrangements included in "Debtors, other receivables, deposits and prepayments" in previously issued financial statements of the Group for the year ended 31 December 2017, have been separately disclosed in the consolidated statement of financial position as at 31 December 2017.

All customer contracts in force commencing from 1 January 2017 have been reviewed and assessed and it was determined that the application of HKFRS 15 had no significant impact on the recognition and measurement of revenue.

Apart from the above, the adoption of HKFRS 15 has had no significant impact on the financial position and/or financial performance of the Group for the year ended 31 December 2017. The impact on the statement of cash flows for the year ended 31 December 2017 only relates to the working capital adjustments. However, there was no impact on the net cash flows from operating activities. The cash flows from investing and financing activities were not affected.

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, methane-to-energy plants, sludge treatment and disposal projects and food waste treatment projects, 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, reusable water treatment plants, surface water treatment plants, waste-water source heat pump projects and water environment management projects, to generate revenue from construction services, revenue from operation services as well as finance income.

– Greentech project construction and operation: this segment engages in the construction and operation of integrated biomass utilisation projects, hazardous 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.

– Others: this segment engages in the conduct of environmental protection technology research and development, the provision of environmental-related technological services, design of environmental protection projects, the provision of environmental protection project equipment construction and installation services and sales of related equipment, waste treatment and operation of landfill, from which it generates revenue.

3. OPERATING SEGMENT INFORMATION *(continued)*

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, deferred tax assets and current assets with the exception of investments in other financial assets, 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.

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)*

(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 2018 and 2017 is set out below.

For the year ended 31 December

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue from external customers	**13,867,359**	11,059,728	**4,719,039**	3,591,633	**6,999,063**	4,580,092	**1,642,537**	811,663	**27,227,998**	20,043,116
Inter-segment revenue	**–**	280	**49,279**	–	**2,757**	1,260	**1,784,490**	1,385,504	**1,836,526**	1,387,044
Reportable segment revenue	**13,867,359**	11,060,008	**4,768,318**	3,591,633	**7,001,820**	4,581,352	**3,427,027**	2,197,167	**29,064,524**	21,430,160
Reconciliation:										
Elimination of inter-segment revenue									**(1,836,526)**	(1,387,044)
Reportable segment revenue derived from the Group's external customers									**27,227,998**	20,043,116

3. OPERATING SEGMENT INFORMATION *(continued)*

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

For the year ended 31 December

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment results:										
Reportable segment profit (EBITDA)	**5,407,348**	4,190,705	**1,437,774**	1,187,283	**2,179,350**	1,542,886	**735,521**	535,663	**9,759,993**	7,456,537
Elimination of inter-segment profits									**(673,407)**	(506,731)
Reportable segment profit derived from the Group's external customers									**9,086,586**	6,949,806
Finance costs									**(1,376,010)**	(938,280)
Depreciation and amortisation, including unallocated portion									**(620,336)**	(496,730)
Unallocated head office and corporate income									**39,580**	12,452
Unallocated head office and corporate expenses									**(131,378)**	(99,049)
Consolidated profit before tax									**6,998,442**	5,428,199
Other segment information:										
Depreciation and amortisation	**91,070**	66,916	**89,442**	95,079	**290,424**	204,635	**127,398**	108,179	**598,334**	474,809
Impairment of debtors	**–**	–	**16,664**	–	**1,939**	–	**37,851**	–	**56,454**	–
Additions to property, plant and equipment and prepayment of land leases during the year	**273,336**	140,086	**22,790**	9,741	**454,195**	482,699	**193,491**	454,538	**943,812**	1,087,064
Additions to intangible assets and non-current portion of prepayments during the year	**1,877,162**	505,631	**194,772**	221,411	**2,943,386**	2,203,967	**25,190**	11,553	**5,040,510**	2,942,562
Additions to non-current portion of contract assets during the year	**9,104,246**	9,040,160	**3,247,009**	2,720,978	**1,409,716**	1,018,393	**–**	–	**13,760,971**	12,779,531

3. OPERATING SEGMENT INFORMATION *(continued)*

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

	Environmental energy project construction and operation		Environmental water project construction and operation		Greentech project construction and operation		Others		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**43,099,343**	35,080,691	**19,298,504**	17,803,411	**18,573,215**	14,391,500	**4,226,974**	3,296,266	**85,198,036**	70,571,868
Non-current other financial assets									**42,570**	38,567
Unallocated head office and corporate assets									**9,881,031**	2,512,757
Consolidated total assets									**95,121,637**	73,123,192
Reportable segment liabilities	**17,773,496**	15,499,633	**10,921,723**	9,507,685	**9,168,525**	5,658,705	**2,501,133**	2,064,657	**40,364,877**	32,730,680
Unallocated head office and corporate liabilities									**14,061,421**	11,748,974
Consolidated total liabilities									**54,426,298**	44,479,654

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, 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 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, prepaid land lease payments and intangible assets**		**Non-current portion of debtors, other receivables, deposits and prepayments and contract assets**	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**–**	–	**45,196**	45,669	**–**	–
Other parts of the PRC	**26,741,256**	19,581,906	**16,326,306**	11,966,510	**45,110,263**	37,856,402
Germany	**7,501**	6,193	**41,475**	46,742	**–**	–
Poland	**473,170**	455,017	**726,272**	815,050	**2,016**	2,640
Vietnam	**6,071**	–	**286,194**	80,006	**–**	–
Total	**27,227,998**	20,043,116	**17,425,443**	12,953,977	**45,112,279**	37,859,042

(iii) Information about a major customer

For the years ended 31 December 2018 and 2017, 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:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Revenue from contracts with customers		
Revenue from environmental energy project construction services	**9,709,674**	8,257,085
Revenue from environmental water project construction services	**2,761,642**	2,112,003
Revenue from greentech project construction services	**4,127,440**	2,952,979
Revenue from environmental energy project operation services	**2,428,977**	1,469,952
Revenue from environmental water project operation services	**1,236,683**	878,426
Revenue from greentech project operation services	**2,730,775**	1,547,358
Revenue from equipment construction and installation services and sales	**1,159,536**	337,488
Others	**483,001**	474,175
Total revenue from contracts with customers	**24,637,728**	18,029,466
Finance income from service concession arrangements	**2,590,270**	2,013,650
Total revenue	**27,227,998**	20,043,116

The aggregated revenues from environmental energy project construction and operation services, environmental water project construction and operation services, greentech project construction and operation services and finance income derived from the local government authorities in the PRC amounted to HK$24,060,098,000 (2017: HK$18,643,331,000) for the year ended 31 December 2018. The revenues are included in "Environmental energy project construction and operation", "Environmental water project construction and operation" and "Greentech project construction and operation" segments as disclosed in note 3.

Performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 are as follows:

	HK$'000
Within one year	**30,518,128**
More than one year	**316,016,407**
	346,534,535

The remaining performance obligations expected to be recognised in more than one year relate to construction services, operation services and other services that are to be satisfied within 50 years. All the other remaining performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

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

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

	2018	2017
	HK$'000	*HK$'000*
Other revenue		
Rental income	**7,267**	6,047
Interest income	**112,886**	84,115
Dividend income	**1,664**	173
Government grants*	**134,123**	68,927
Value-added tax refund**	**375,643**	329,649
Others	**107,331**	66,321
	738,914	555,232
Other income and gains/(losses), net		
Fair value gains, net:		
Derivative financial instrument – transactions not qualified as hedge	**–**	72,320
Fair value adjustments of contingent consideration receivable *(note 12)*	**3,428**	–
Loss on disposal and write-off of property, plant and equipment, net	**(4,113)**	(2,111)
Loss on partial disposal of a joint venture	**–**	(13,273)
Impairment of debtors *(note 12)*	**(56,454)**	–
	(57,139)	56,936
Total	**681,775**	612,168

* Government grants of HK$134,123,000 (2017: HK$68,927,000) were granted during the year ended 31 December 2018 to subsidise certain environmental energy, environmental water and greentech 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$375,643,000 (2017: HK$329,649,000) was received/receivable during the year ended 31 December 2018 in relation to certain environmental energy, environmental water and greentech project 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

	2018	2017
	HK$'000	*HK$'000*
Interest on bank loans and other loans	**1,314,659**	919,598
Interest on corporate bond	**70,458**	22,971
Interest on finance leases	**1,600**	1,693
Less: Interest expenses capitalised into construction in progress*	**(10,707)**	(5,982)
	1,376,010	938,280

* The borrowing costs have been capitalised at rates ranging from 4.7% to 5.2% (2017: 4.4% to 4.9%) per annum during the year ended 31 December 2018.

7. PROFIT BEFORE TAX

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

	2018	2017
	HK$'000	*HK$'000*
Depreciation	**274,156**	218,828
Amortisation		
– prepaid land lease payments	**5,208**	4,659
– intangible assets	**340,972**	273,243
Research and development costs	**82,727**	87,509
Minimum lease payments under operating leases	**44,850**	35,650
Auditor's remuneration		
– audit services	**7,180**	6,780
– other services	**9,310**	6
Employee benefit expense (excluding directors' remuneration):		
Wages, salaries, allowances and benefits in kind	**1,577,256**	1,153,384
Retirement scheme contributions	**242,618**	201,507
	1,819,874	1,354,891
Foreign exchange differences, net	**25,708**	43,224
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**348**	348

As at 31 December 2018, the Group had no forfeited contributions available to reduce its contributions to the retirement schemes in future years (2017: 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 2018 (2017: 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.

	2018	2017
	HK$'000	*HK$'000*
Current – Elsewhere:		
Charge for the year	**490,950**	399,647
Underprovision/(overprovision) in prior years	**16,244**	(12,726)
Deferred	**1,221,473**	989,431
Total tax expense for the year	**1,728,667**	1,376,352

9. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Dividends attributable to the year:		
Interim – HK12.0 cents (2017: HK12.0 cents) per ordinary share	**537,925**	537,926
Proposed final – HK12.0 cents (2017: HK12.0 cents) per ordinary share	**737,157**	537,926
	1,275,082	1,075,852
Dividend paid during the year:		
Final in respect of the previous financial year – HK12.0 cents (2017: HK13.0 cents) per ordinary share	**537,925**	582,752

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$4,319,235,000 (2017: HK$3,509,990,000), and the weighted average number of 5,035,567,681 ordinary shares (2017: the number of 4,606,078,797 ordinary shares, as restated) in issue during the year, as adjusted to reflect the rights issue during the year.

The weighted average number of ordinary shares adopted in the calculation of basic earnings per share for the years ended 31 December 2018 and 2017 has been adjusted to reflect the bonus element of the rights issue during the year ended 31 December 2018.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017.

11. CONTRACT ASSETS

	Notes	**31 December 2018** **HK$'000**	31 December 2017 *HK$'000* (Restated)	1 January 2017 *HK$'000* (Restated)
Non-current				
Service concession assets	*(a)*	**43,540,152**	36,780,980	25,469,526
Current				
Service concession assets	*(a)*	**5,112,965**	3,549,354	2,131,990
Unbilled renewable energy tariff subsidy	*(b)*	**1,835,849**	986,850	245,626
Other contract assets	*(c)*	**588,140**	–	–
		7,536,954	4,536,204	2,377,616
Total		**51,077,106**	41,317,184	27,847,142
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in "Intangible assets"		**4,151,924**	2,028,953	1,876,630

Notes:

(a) Included in "Service concession assets" are amounts of HK$582,215,000 (2017: HK$589,970,000) and HK$603,995,000 (2017: HK$617,792,000) which are related to the construction service under Build-Operate-Transfer ("BOT") and certain Build-Operate-Own ("BOO") arrangements or upgrade services under Transfer-Operate-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% (2017: 4.90% to 7.83%) per annum. Among the total of HK$48,653,117,000 (2017: HK$40,330,334,000), HK$27,558,726,000 (2017: HK$22,641,899,000) 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 2018 comprised contract assets of HK$67,025,000 (2017: Nil) arising from performance under environmental remediation service contracts, HK$251,466,000 (2017: Nil) arising from performance under construction management service contracts, and HK$269,649,000 (2017: Nil) 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 are amounts of HK$235,309,000 (2017: Nil) and HK$17,039,000 (2017: Nil) which are 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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Non-current		
Debtors	**50,216**	–
Other receivables, deposits and prepayments	**1,519,756**	1,078,062
	1,569,972	1,078,062
Contingent consideration receivable	**2,155**	–
	1,572,127	1,078,062
Current		
Debtors	**2,511,537**	1,355,737
Less: Impairment	**(87,980)**	–
	2,423,557	1,355,737
Other receivables, deposits and prepayments	**3,062,151**	2,395,087
	5,485,708	3,750,824
Contingent consideration receivable	**6,386**	–
	5,492,094	3,750,824
Total	**7,064,221**	4,828,886

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

	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**–**	–
Effect of adoption of HKFRS 9 *(note 2)*	**35,669**	–
At beginning of year (restated)	**35,669**	–
Impairment losses, net *(note 5)*	**56,454**	–
Exchange realignment	**(4,143)**	–
At end of year	**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:

	2018	2017
	HK$'000	*HK$'000*
Current	**1,773,812**	1,042,466
Within 1 month past due	**161,750**	81,669
More than 1 month but within 3 months past due	**120,415**	50,996
More than 3 months but within 6 months past due	**243,686**	51,375
More than 6 months but within 12 months past due	**93,537**	41,884
More than 12 months past due	**80,573**	87,347
Amounts past due	**699,961**	313,271
	2,473,773	1,355,737

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:

	2018	2017
	HK$'000	*HK$'000*
Within 1 month	**1,391,980**	804,294
More than 1 month but within 2 months	**231,078**	130,252
More than 2 months but within 4 months	**287,053**	162,453
More than 4 months but within 7 months	**290,313**	54,742
More than 7 months but within 13 months	**110,917**	97,503
More than 13 months	**162,432**	106,493
	2,473,773	1,355,737

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$2,473,773,000 (2017: HK$1,355,737,000), of which HK$213,357,000 (2017: Nil), HK$119,146,000 (2017: Nil), HK$148,663,000 (2017: HK$20,456,000) and HK$10,612,000 (2017: HK$10,937,000) 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, environmental water projects, greentech 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 2018 are advances made to local government authorities in relation to service concession arrangements amounting to HK$65,151,000 (2017: HK$142,236,000) 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 2019 to 2026.

Included in "Debtors, other receivables, deposits and prepayments" under non-current assets at 31 December 2018 is an advance of HK$4,029,000 (2017: Nil) 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" under current assets at 31 December 2017 were an advance of HK$163,878,000 to the Group's joint venture for daily operation, which was unsecured, interest-bearing at 106% of the rates announced by the People's Bank of China and repayable within one year, and an advance of HK$65,417,000 to the Group's joint venture for daily operation, which was unsecured, interest-free and repayable on demand.

Included in "Debtors, other receivables, deposits and prepayments" at 31 December 2018 is contingent consideration receivable of HK$8,541,000 (2017: Nil) 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.

	2018	2017
	HK$'000	*HK$'000*
At beginning of year	**–**	–
Additions	**5,643**	–
Fair value gain recognised in profit or loss *(note 5)*	**3,428**	–
Exchange realignment	**(530)**	–
At end of year	**8,541**	–
Portion classified as current assets	**(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

	2018	2017
	HK$'000	*HK$'000*
Creditors	**7,829,514**	6,375,531
Other payables, accrued expenses and deferred income – government grants	**2,637,515**	2,223,803
	10,467,029	8,599,334
Less: Non-current portion – other payables, accrued expenses and deferred income – government grants	**(299,269)**	(94,077)
Current portion	**10,167,760**	8,505,257

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:

	2018	2017
	HK$'000	*HK$'000*
Within 6 months	**6,688,659**	5,656,914
Over 6 months	**1,140,855**	718,617
	7,829,514	6,375,531

Creditors totalling HK$5,986,034,000 (2017: HK$6,004,018,000) represent construction payables for the Group's BOT and certain BOO arrangements, of which HK$1,136,000 (2017: HK$1,188,000) 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$6,940,000 (2017: Nil) 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 2018 is other payable of HK$28,583,000 (2017: HK$22,444,000) due to a non-controlling shareholder of a non-wholly-owned subsidiary, which is unsecured, interest-free and repayable on demand. Included in "other payables, accrued expenses and deferred income – government grants" at 31 December 2017 was other payable of HK$7,116,000 due to the Group's associate, which was unsecured, interest-free and repayable on demand.

14. COMPARATIVE AMOUNTS

As further explained in note 2, due to the adoption of the new HKFRSs during the current year, the presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation.

15. EVENT AFTER THE REPORTING PERIOD

On 21 January 2019 (the "Third Issue Date"), China Everbright Water Limited ("CEWL"), a 75.24%-owned subsidiary, issued the third tranche of the RMB-denominated corporate bonds with an aggregate principal amount of not exceeding RMB2.5 billion (the "Corporate Bond") with principal amount of RMB700 million, before related expenses, with a maturity period of five years from the Third Issue Date. The third tranche of the Corporate Bond bears interest at a rate of 3.89% per annum. The interest will be repayable by CEWL annually from the Third Issue Date and up to the maturity date. According to the terms of the Corporate Bond, after three years from the Third Issue Date, CEWL is entitled to adjust the interest rate of the third tranche of the Corporate Bond for the remaining two years before the maturity date. CEWL will announce the adjustment in interest rate, if any, 20 working days prior to the payment of the interest for the third year after the Third Issue Date. The bondholders have an option to sell back the third tranche of the Corporate Bond to CEWL at the nominal price, and the exercisable period of this option is five working days immediately after the issuance of CEWL's announcement related to the adjustment in interest rate of the third tranche of the Corporate Bond.

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 2018 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

The year of 2018 marked the 40th anniversary of China's reform and opening-up, it is also an important milestone in the history of the development of China's ecological and environmental protection industry. During the year, the Chinese government rolled out a series of major strategic initiatives related to ecological conservation and environmental protection, demonstrating its commitment to the protection and management of the ecological environment. In shaping the philosophy of ecological conservation, Xi Jinping's Ideology on Ecological Civilization, which was affirmed at the National Conference on Ecological and Environmental Protection, provides direction and guidance for the country to enhance its efforts in ecological and environmental protection and for a beautiful China.

Following a top-down approach, the Communist Party of China Central Committee and the State Council of the People's Republic of China (the "PRC") issued "Opinions on Comprehensively Strengthening Environmental Protection and Resolutely Winning the Battle Against Pollution", which provided a clear timetable and roadmap for the battle against environmental pollution. In terms of institutional reform, the Ministry of Ecology and Environment of the PRC ("MEE") was established at the beginning of 2018, with a mission of unifying various regulatory, supervisory and administrative law enforcement responsibilities in relation to the ecological environment and urban and rural pollution. In terms of legal assurance, new development concepts, as well as the demands for ecological conservation and a beautiful China, were included into the Constitution of the PRC. Regarding environmental regulations and supervisions, a centralised inspection system for environmental protection was put in place to ensure the strict implementation of various ecological and environmental protection policies. These fundamental, ground-breaking and long-term initiatives have accelerated the development of a top-down system on ecological conservation, which facilitate continual improvement in the long-term standardisation and professional quality of China's ecological and environmental protection industry.

Key national policies nurture market opportunities and therefore facilitate the development of enterprises. As a result, as China promotes ecological conservation, the country's environmental protection industry has entered a historical period for development. As a leading enterprise in the environmental protection industry in China and Asia, as well as a world-renowned ecological and environmental group, the Company is driven by its corporate mission of being "Devoted to Ecology and Environment for a Beautiful China" and aspires to its corporate pursuit of "Creating Better Investment Value and Undertaking More Social Responsibility." In 2018, the Group achieved solid growth through enhancement of the quality, profitability and scale of its business, as well as improvement of its business penetration, expansion of its business chain and enrichment of its business scope, which led to remarkable operating results.

The year of 2018 marked the Group's 15th anniversary of its transformation into an environmental protection enterprise. During the year, the Group also began to develop with a goal of becoming a world-leading ecological and environmental group, which was set in the "Four, Three, Three" Initiative launched by China Everbright Group Ltd ("China Everbright Group"). Embracing the golden era of the industry and the immense market potential, the Group completed a HK$10 billion rights issue within the year under review, raising net proceeds of approximately HK$9.924 billion. The fund raised from the rights issue has provided sufficient funding to facilitate the rapid business growth of the Group in the future. This also brought the Group's gearing ratio to a healthier level and increased its capacity for debt financing necessary to support its long-term development.

In terms of market expansion, during the year under review, the Group secured a total of 58 new projects and signed 6 supplementary agreements for existing projects, which in aggregate commanded a total investment of RMB23.522 billion. These included 28 environmental energy projects and 2 supplementary agreements for existing environmental energy projects; 15 environmental water projects and 4 supplementary agreements for existing environmental water projects, and 15 greentech projects. Besides, the Group undertook 9 environmental remediation services during the year, with a total contract value of approximately RMB187 million. These new projects contributed to an increase in household waste processing capacity of 26,200 tonnes/day; an increase in water treatment capacity of 436,000 m^3/day; an increase in reusable water supply capacity of 40,000 m^3/day; an increase in leachate treatment capacity of 600 m^3/day; an increase in biomass treatment capacity of 600,000 tonnes/year; and an increase in hazardous and solid waste treatment capacity of 364,050 tonnes/year. During the year under review, the Group achieved breakthroughs in new business areas, such as environmental remediation, and entered Gansu and Fujian provinces. It further optimised its business development planning by aligning itself with national strategies such as the Yangtze River Economic Belt and the "Belt and Road" Initiative. As a result of these efforts, the Group has expanded its presence to over 150 locations across 20 provinces and municipalities in China, as well as overseas markets including Germany, Poland and Vietnam.

In terms of project construction, the Group's project construction works progressed smoothly, driving steady growth in construction service revenue. In 2018, the number of construction sites reached 93, of which 36 projects completed construction and commenced operation, while 45 projects commenced construction. The Group started 8 environmental remediation services and 2 of them were completed.

As a responsible environmental protection enterprise, the Group strictly follows the United Nations' Sustainable Development Goals, and pursues breakthroughs in fulfilling its sustainable development and social responsibilities in a self-disciplined manner. During 2018, the Group held a ceremony in Nanjing and announced that it will open up as much as 77 of its environmental protection facilities from all of its business sectors for public visits in the next three years. This has made the Group the only environmental protection enterprise strategically supported by the MEE in relation to the initiative of opening up environmental protection facilities to the public. During the year under review, the Group continued encouraging its projects to play the roles as hubs for environmental education, environmental science popularisation, circular economic development and industrial tourism. During the year under review, the Group's environmental protection projects received more than 150,000 domestic and foreign visitors from all social circles.

During the year under review, the Group continued proactively supporting and participating in various charitable activities relating to environmental education, energy conservation, emission reduction, ecological conservation and community care, among others. Moreover, the Group remained the lead sponsor of the Earth Hour Hong Kong campaign, which was organised by World Wide Fund For Nature Hong Kong, for the fifth consecutive year. The Group also sponsored Heifer International Hong Kong's "Read to feed" fundraising program for the second consecutive year. In 2018, the Group also appointed a group of employees as environmental protection promotion ambassadors, who launched a series of environmental education workshops at primary and secondary schools in Hong Kong; the ambassadors also brought some student groups from primary and secondary schools in Hong Kong to visit the Group's Boluo Waste-to-energy Project in Guangdong Province. The project tours gave the students opportunities to understand the harmless treatment, reduction and reuse of household waste. At the project company level, the Group's projects regularly organised various activities relating to philanthropy and environmental science popularisation, which helped enhance their ties with the local communities and mutual support with the local residents.

During the year under review, on the back of its commitment to improving sustainable development, corporate governance and social responsibility, the Group was awarded a number of domestic and international accolades and honors. It became a strategic partner of the "Belt and Road" International Alliance for Green Development and the Ecological Protection and Green Development of the Yangtze River Economic Belt, and ranked first in the Top Ten Influential Solid Waste Treatment Enterprises in China for the eighth consecutive year. In addition, the Group was named the "Most Honored Company" in the 2018 All-Asia (ex-Japan) Executive Team Rankings, granted the Outstanding Listed Company Contributing to Reform and Opening-up Award at the 8th China Securities Golden Bauhinia Awards 2018 in celebration of the 40th anniversary of China's reform and opening-up, awarded the Outstanding ESG Award 2018, as well as several award recognitions for excellence in business management and corporate governance granted by the Asian Excellence Awards of Corporate Governance Asia.

In terms of sustainable development, the Group was once again included in RobecoSAM's 2018 Sustainability Yearbook and awarded the RobecoSAM Bronze Class Distinction. For the first time, it was included in the Green Supply Chain CITI Index, which was jointly launched by the Institute of Public and Environmental Affairs and the Natural Resources Defence Council. The Group ranked the 40th in the overall annual top 100 brand list, the highest ranking in the environmental protection category. It also ranked the top among all environmental protection enterprises that were included in the index. The Group also received the Best Social Responsibility Brand Award at the China Charity Festival for the fourth consecutive year.

The Group was included in the Dow Jones Sustainability Emerging Markets Index for the third consecutive year, the only Chinese company in emerging markets (ex-Taiwan) to be included in the index. It was also selected as a constituent stock of the Hang Seng Corporate Sustainability Index and included in the Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index for the fifth year running. The Group was again selected as a constituent stock of both the FTSE4Good Index and the MSCI China Index.

Regarding operating results, the Group continued facilitating the concurrent development of its six major business sectors during the year under review. Its revenue, profits before tax and profits attributable to equity holders of the Company all recorded stable growth. The Group's project construction continued progressing rapidly, with the number of projects under construction hitting a record high, resulting in continued growth in construction service revenue. The Group also saw significant growth in revenue from operation services, as it continued reducing costs, expanding its income streams and enhancing efficiency, in addition to continued growth in the number of operating projects. During the year under review, the Group's consolidated revenue amounted to HK$27,227,998,000, an increase of 36% over HK$20,043,116,000 in 2017. EBITDA amounted to HK$8,994,788,000, an increase of 31% over HK$6,863,209,000 in 2017. Profit attributable to equity holders of the Company was HK$4,319,235,000, 23% more than HK$3,509,990,000 recorded in the previous year. Basic earnings per share for 2018 was HK85.77 cents, HK9.57 cents higher than restated amount of HK76.20 cents in 2017. The Group has ready access to financing channels, with abundant capital and a healthy gearing ratio. It also performed well across all financial indicators.

During the year under review, the Group made substantial progress in expanding its financing channels, including completing a rights issue that raised fund of approximately HK$10 billion; reaching a comprehensive strategic cooperation agreement with the Shenzhen Branch of the Bank of China Limited, through which the Group obtained up to RMB12 billion financial support; China Everbright Water Limited ("Everbright Water"), a subsidiary of the Group, completed the issuance of the RMB-denominated corporate bonds, with an aggregate principal amount of RMB800 million. The expansion of financing channels has provided diverse, long-term and stable financial support for the Group's next round of development, while actively responding and adjusting to the volatility of RMB exchange rate. As at 31 December 2018, the Group had cash on hand of HK$15,974,480,000, helping it maintain healthy gearing ratio and financial position.

The Group strives to enhance value for the Company's shareholders (the "Shareholders") and persists in sharing development results with the Shareholders. To reward the Shareholders for their support and consider the Group's goal of pursuing long-term sustainable development, the Board suggested a final dividend for the year ended 31 December 2018 of HK12.0 cents per share to the Shareholders. The total dividends for the year are to be HK24.0 cents per share (2017: HK24.0 cents per share).

Environmental Protection Business

As at 31 December 2018, the Group had secured 324 environmental protection projects, which command a total investment of approximately RMB94.485 billion. Among these projects, 196 projects had completed construction, with a total investment of approximately RMB43.787 billion; 57 projects were under construction, with a total investment of approximately RMB26.052 billion; and 71 projects were in the preparatory stage, with a total investment of approximately RMB24.646 billion.

During the year under review, the Group's environmental energy, environmental water and greentech projects generated a total revenue of HK$25,585,461,000, of which construction service revenue increased by 25% to HK$16,598,756,000 and operation service revenue increased by 64% to HK$6,396,435,000, as compared with 2017. The proportions of revenue are as follows: construction service revenue 65%, operation service revenue 25% and finance income 10%.

Major financial data relating to the three major environmental protection business sectors in 2018 are summarised in the table below:

	2018				2017			
	Environmental Energy Projects	**Environmental Water Projects**	**Greentech Projects**	**Total**	Environmental Energy Projects	Environmental Water Projects	Greentech Projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Restated)	(Restated)		(Restated)
Revenue								
– Construction services	**9,709,674**	**2,761,642**	**4,127,440**	**16,598,756**	8,257,085	2,112,003	2,952,979	13,322,067
– Operation services	**2,428,977**	**1,236,683**	**2,730,775**	**6,396,435**	1,469,952	878,426	1,547,358	3,895,736
– Finance income	**1,728,708**	**720,714**	**140,848**	**2,590,270**	1,332,691	601,204	79,755	2,013,650
	13,867,359	**4,719,039**	**6,999,063**	**25,585,461**	11,059,728	3,591,633	4,580,092	19,231,453
EBITDA	**5,407,348**	**1,437,774**	**2,179,350**	**9,024,472**	4,190,705	1,187,283	1,542,886	6,920,874

The Group has placed equal emphasis on generating social and economic benefits, which involves its commitment to adhering to environmental protection and social responsibility, promoting energy conservation and emissions reduction, with an aim of boosting economic, social and environmental benefits. During the year under review, the Group processed 20,062,000 tonnes of household waste, 127,000 tonnes of hazardous and solid waste and 3,160,000 tonnes of agricultural waste, and generated 9,571,626,000 kWh of green electricity. This output can support the annual electricity consumption needs of 7,976,000 households, which was equivalent to saving 3,829,000 tonnes of standard coal while reducing carbon dioxide (CO_2) emissions by 10,517,000 tonnes. The Group also treated 1,271,248,000 m^3 of waste water, 4,349,000 m^3 of leachate produced from waste-to-energy plants, and reduced COD (Chemical Oxygen Demand) emissions by 692,000 tonnes. Since the Group's first environmental protection project commenced operation in 2005, it has processed an accumulated 69,221,000 tonnes of household waste, 691,000 tonnes of hazardous and solid waste and 7,295,000 tonnes of agricultural waste, and generated 29,101,801,000 kWh of green electricity. This fulfilled the annual electricity consumption needs of 24,252,000 households, which was equivalent to saving 11,641,000 tonnes of standard coal while reducing CO_2 emissions by 31,884,000 tonnes, and preventing 3,783,234,000 trees from being cut down. The Group has treated an accumulated 8,270,691,000 m^3 of waste water and 13,933,000 m^3 of leachate produced from waste-to-energy plants, and reduced COD emissions by 3,120,000 tonnes.

I. ENVIRONMENTAL ENERGY

A. Environmental Energy

As at 31 December 2018, the Group had 93 waste-to-energy projects, 12 food waste treatment projects, 2 landfill leachate treatment projects, 2 methane-to-energy projects, 3 sludge treatment and disposal projects, 1 fecal treatment project and 1 fly ash landfill project, with a total investment of approximately RMB49.945 billion. These projects have a total designed annual household waste processing capacity of approximately 31,791,500 tonnes, which can generate annual on-grid electricity of approximately 10,061,250,000 kWh. The total designed annual sludge treatment capacity is approximately 73,000 tonnes, and the total designed annual food waste treatment capacity is approximately 658,825 tonnes.

During the year under review, in terms of market expansion, the Group secured 28 new projects and 2 supplementary agreements for its existing projects, with a total investment of approximately RMB14.992 billion. Among these projects, there were 18 waste-to-energy projects and 2 supplementary agreements for existing waste-to-energy projects of the Group, commanding a total investment of approximately RMB13.953 billion, with an increase of designed daily household waste processing capacity by 23,100 tonnes, up by 71% as compared with 2017. In addition, the Group secured 6 food waste treatment projects, commanding a total investment of approximately RMB613.2 million, with an increase of designed daily food waste processing capacity by 1,155 tonnes. The Group also secured 2 landfill leachate treatment projects, 1 fecal treatment project and 1 fly ash landfill project, which command a total investment of approximately RMB426 million.

During the year under review, in respect of the waste-to-energy projects, the Group expanded into new provinces, namely Hubei Province and Jiangxi Province, in addition to Tianjin, a municipality under the direct administration of the Chinese government. As a result, the Group's business footprint spans 76 locations across 14 provinces in China, in addition to Vietnam.

Regarding operation management, the environmental energy sector continued adhering to its operational philosophy of "Pursuing Excellence and Close to Zero Discharge", and ensured that all of its projects comply with relevant emissions standards and operate efficiently. During the year, average electricity generated by waste reached 350 kWh per tonne, with integrated power consumption ratio of approximately 15%. The Group's role as an industry benchmark has become more prominent, with 10 of its waste-to-energy projects awarded the "National AAA-rated Waste-to-energy Project". This helped further consolidate the Group's leading position in the waste-to-energy field. During the year, the environmental energy sector obtained various subsidies of approximately RMB164 million in total.

Regarding project construction, during the year under review, 15 projects completed construction and commenced operation, commanding a total investment of approximately RMB4.247 billion. Among these projects, 13 waste-to-energy projects completed construction and commenced operation, commanding a total investment of approximately RMB4.116 billion with a total designed daily household waste processing capacity of 7,500 tonnes; and 2 landfill leachate treatment projects completed construction and commenced operation. In addition, 20 projects commenced construction during the year, commanding a total investment of approximately RMB11.784 billion. Among these projects, 15 waste-to-energy projects commenced construction, commanding a total investment of approximately RMB11.332 billion with a total designed daily household waste processing capacity of 17,750 tonnes. These projects are expected to complete construction and commence operations in 2019 and 2020. In the meantime, 3 food waste treatment projects also commenced construction, commanding a total investment of approximately RMB321 million with a total designed daily food waste processing capacity of 675 tonnes. Moreover, there were 2 landfill leachate treatment projects commenced construction, commanding a total investment of approximately RMB131 million.

As at 31 December 2018, 56 waste-to-energy projects commenced operations, commanding a total investment of approximately RMB22.919 billion and with a total designed daily household waste processing capacity of 46,600 tonnes. In the meantime, the Group had 21 waste-to-energy projects under construction, commanding a total investment of approximately RMB15.342 billion, with a total designed daily household waste processing capacity of 24,650 tonnes. It also had 16 waste-to-energy projects in the preparatory stage, commanding a total investment of approximately RMB10.103 billion, with a total designed daily household waste processing capacity of 15,850 tonnes.

During the year under review, the Group's environmental energy projects processed a total of 18,236,000 tonnes of household waste, an increase of 55% as compared with 2017. All projects generated 5,419,543,000 kWh of on-grid electricity in total, an increase of 58% as compared with 2017. Environmental energy projects contributed an EBITDA of HK$5,407,348,000, an increase of 29% as compared with 2017. Environmental energy projects contributed a net profit attributable to the Group of HK$3,424,444,000, an increase of 27% as compared with 2017. The increase in profit was mainly attributable to the significant growth in revenue from operation services, due to the continuing increase in the aggregate processing capacity of the operating projects.

Major operating and financial data of the environmental energy projects in 2018 are summarised in the table below:

	2018	2017
Environmental energy projects		
Waste processing volume *(tonnes)*	**18,236,000**	11,743,000
On-grid electricity *(MWh)*	**5,419,543**	3,432,697
EBITDA *(HK$'000)*	**5,407,348**	4,190,705

B. Environmental Protection Industrial Parks

During the year under review, the Group continued to uphold the philosophy of "Integrated Planning, Logical Arrangements, Efficient Land Utilisation and Centralised Handling" to steadily carry out the planning and construction of environmental protection industrial parks. It also strived to build the parks into advanced environmental protection industrial parks, and to transform them into bases that promote industrial tourism and environmental education.

As at 31 December 2018, the Group has built 12 environmental protection industrial parks featured with the Chinese characteristics. These industrial parks are located in Suzhou, Changzhou, Suqian, Zhenjiang New District, Yixing, Lianyungang Xuwei New District, Nanjing and Xinyi of Jiangsu Province, Weifang of Shandong Province, Ganzhou of Jiangxi Province, as well as Lankao County and Ruzhou City of Henan Province. In the future, the Group will adhere to its corporate core value and principle of "Producing Quality Projects and Building a Quality Brand", and further advance the designs, operation and management of its environmental protection industrial parks.

II. ENVIRONMENTAL WATER

As at 31 December 2018, the Group held a 75.24% stake in Everbright Water, which is listed on the Mainboard of Singapore Exchange Securities Trading Limited. Everbright Water had 87 municipal waste water treatment projects (including 2 upgrading projects and 4 sludge treatment and disposal facilities), 7 industrial waste water treatment projects, 1 leachate treatment project, 6 water environment management projects, 3 water supply projects, 5 reusable water projects and 2 waste water source heat pump projects, commanding a total investment of approximately RMB18.74 billion. These projects have an aggregate designed annual waste water treatment capacity of approximately 1,683,234,000 m^3 and have an annual reusable water supply capacity of approximately 44,384,000 m^3. The waste water source heat pump projects are built to offer heating and cooling services to an area of 295,000 m^2. The water supply projects have a designed daily water supply capacity of 250,000 m^3.

On 3 August 2018, Everbright Water announced that it had submitted a listing application to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to list its ordinary shares on the Main Board of the Stock Exchange, in order to achieve a dual listing status in both Singapore and Hong Kong, with an aim of attracting different investors, broadening its shareholder base and promoting the long-term development. The dual listing process is currently underway smoothly. Separately, during the year under review, Everbright Water completed the issuance of the second tranche of its RMB-denominated corporate bonds with an aggregate principal amount of RMB800 million. This helped to broaden its financing channels.

In terms of market expansion, during the year under review, Everbright Water secured 15 new projects and signed 4 supplementary agreements to its existing projects, commanding a total investment of approximately RMB3.579 billion and an aggregate designed daily water treatment capacity of 476,600 m^3. Those projects include several upgrading and expansion projects and auxiliary facilities to Everbright Water's existing projects. This does not only demonstrate its effort in complying with relevant discharge standards and ensuring stable operations over the years has gained trust and support from the local governments and residents, but also has laid a good foundation for water treatment services with higher standards and efficiency in the future.

In terms of project construction, during the year under review, Everbright Water had 9 new projects under construction, commanding a total investment of approximately RMB1.499 billion. These projects included 8 waste water treatment projects, with a total designed daily waste water treatment capacity of 280,000 m^3. These projects also included 1 water supply project with a designed daily water supply capacity of 50,000 m^3.

In addition, 9 projects completed construction and commenced operation, commanding a total investment of approximately RMB960 million and a total daily waste water treatment capacity of 30,000 m^3. These projects included 8 waste water treatment projects and 1 water environment management project.

In terms of operation management, during the year under review, Everbright Water continued the promotion of its "Intelligent Water" management system and pilot programs at the project level in order to enhance the projects' operational efficiency. During the year under review, 18 waste water treatment plants located in Shandong, Jiangsu and Liaoning received regulatory approval to effect tariff hikes, ranging from 1% to 165%. In addition, multiple projects received awards and recognitions from governments at central, provincial and municipal levels, including: 5 municipal waste water treatment plants were recognised as the "Outstanding Waste Water Treatment Plant" by Jiangsu Provincial Department of Housing and Urban-Rural Development. In addition, Jiangsu Xinyi Economic Development Zone Waste Water Treatment Project was listed as one of the "2017 Case Study on Third-party Treatment for Industrial Park Environmental Pollution" by the MEE. During the year, Everbright Water obtained various subsidies of exceeding RMB80 million in total.

During the year under review, Everbright Water explored opportunities and made good progress in enhancing its core technology industrial chain. It set up a joint-venture company in Germany, E+B Umwelttechnik GmbH, with an aim of establishing overseas business channels and promoting its core technologies globally; it jointly incorporated Hebei Xiong'an Huashen Water Engineering Technology Limited with its partners, focusing on the research and development ("R&D") of wading and hydraulic engineering technology, equipment, new materials, among others; it also acquired Xuzhou Municipal Engineering Design Institute Co., Ltd., strengthening its capabilities and enriching its experience in the field of municipal engineering design.

As at 31 December 2018, Everbright Water had 72 municipal waste water projects in operation (including projects in trial run), 5 industrial waste water treatment projects in operation (including projects in trail run), and 1 municipal waste water project that had completed construction. These projects command a total investment of approximately RMB9.066 billion and have a total designed daily waste water treatment capacity of 3,865,000 m^3. In addition, Everbright Water had 13 projects under construction, commanding a total investment of approximately RMB4.961 billion, including 9 waste water treatment projects, with an aggregate designed daily waste water treatment capacity of 290,000 m^3, 2 water environment management projects, and 2 water supply projects.

During the year under review, the environmental water projects treated 1,271,248,000 m^3 of waste water. Environmental water projects contributed an EBITDA of HK$1,437,774,000, an increase of 21% when compared with 2017. Environmental water projects contributed a net profit attributable to the Group of HK$512,290,000, an increase of 29% when compared with 2017. The increase was mainly due to the significant growth in revenue driven by continual expansion of the business.

Major operating and financial data relating to the environmental water projects in 2018 are summarised in the table below:

	2018	2017
Environmental water projects		
Waste water treatment volume *('000 m^3)*	**1,271,248**	1,187,615
EBITDA *(HK$'000)*	**1,437,774**	1,187,283

III. GREENTECH

As at 31 December 2018, the Group held a 69.7% stake in China Everbright Greentech Limited ("Everbright Greentech"), which is listed on the Main Board of the Stock Exchange, had 93 projects, including 51 integrated biomass utilisation projects, 33 hazardous and solid waste treatment projects, 7 solar energy projects and 2 wind power projects, all of which command a total investment of approximately RMB24.305 billion. The aggregate annual designed processing capacity of biomass raw materials was 8,699,800 tonnes; the annual household waste processing capacity was approximately 3,412,750 tonnes; the annual hazardous and solid waste treatment capacity stood at approximately 998,030 tonnes; the annual on-grid electricity generation was approximately 7,120,003,000 kWh; and the annual heat supply was approximately 2,112,000 tonnes. In addition, Everbright Greentech tapped into environmental remediation field during the year under review. It has undertaken a total of 9 environmental remediation services, with a total contract value of approximately RMB187 million.

Riding on its rapid and sound development momentum, Everbright Greentech was selected for the first time as a Constituent Stock of the Hang Seng Corporate Sustainability Benchmark Index during the year under review. This recognition demonstrates that Everbright Greentech is well recognised by the market and investors for its environmental contribution, social responsibility and corporate governance. In addition, as a committee member of the Biomass Energy Industry Promotion Association under China Industry Association for the Promotion of Industrial Development, Everbright Greentech proactively coordinated and promoted the making of biomass-related policies, and advocated the imposition of industrial self-discipline, which further enhanced its influence and discourse right in the industry during the year under review.

In terms of market development, during the year under review, Everbright Greentech secured 15 new projects, commanding a total investment of approximately RMB4.953 billion; it also undertook 9 environmental remediation services, with a total contract value of approximately RMB187 million. These projects include: 8 integrated biomass utilisation projects, commanding a total investment of approximately RMB2.697 billion, with an aggregate designed daily household waste processing capacity of 3,100 tonnes and an annual biomass raw materials processing capacity of 600,000 tonnes; 7 hazardous and solid waste treatment projects, commanding a total investment of approximately RMB2.256 billion, with an annual hazardous and solid waste treatment capacity of 364,050 tonnes.

During the year under review, Everbright Greentech tapped into new markets in 5 provinces, including Zhejiang, Gansu, Fujian, Liaoning and Shaanxi, facilitating the Group to further expand its footprint to Gansu and Fujian provinces.

Regarding project construction, during the year under review, Everbright Greentech had 12 projects that completed construction and commenced operation, commanding a total investment of approximately RMB3.149 billion. These projects include: 7 integrated biomass utilisation projects, commanding a total investment of approximately RMB2.192 billion, with an aggregate designed daily household waste processing capacity of 1,200 tonnes and a designed annual biomass raw material processing capacity of 1,189,800 tonnes; 5 hazardous and solid waste treatment projects, with a total investment of approximately RMB957 million, and a designed annual hazardous and solid waste treatment capacity of 83,000 tonnes. Besides, 2 environmental remediation services completed relevant remediation works during the year under review. Additionally, Everbright Greentech had a total of 16 projects under construction throughout the year under review, hitting a historical high. These projects include: 10 integrated biomass utilisation projects, with a total investment of approximately RMB2.906 billion, a designed daily household waste processing capacity of 1,150 tonnes, and a designed annual biomass raw materials processing capacity of 2,050,000 tonnes; 6 hazardous and solid waste treatment projects, with a total investment of approximately RMB1.106 billion and a designed annual hazardous and solid waste treatment capacity of 113,000 tonnes. Other than that, 8 environmental remediation services started relevant services during the year. During the year under review, Everbright Greentech obtained various subsidies exceeding RMB97 million.

As at 31 December 2018, Everbright Greentech had 43 projects in operation, commanding a total investment of approximately RMB9.675 billion. These projects include 22 integrated biomass utilisation projects, 12 hazardous and solid waste treatment projects, 7 solar energy projects and 2 wind power projects, with a designed daily household waste processing capacity of 2,800 tonnes, an annual processing capacity of biomass raw materials of 4,269,800 tonnes and an annual hazardous and solid waste treatment capacity of approximately 213,980 tonnes. Everbright Greentech had 18 projects under construction, commanding a total investment of approximately RMB5.224 billion, including 14 integrated biomass utilisation projects and 4 hazardous and solid waste treatment projects. These projects have a designed daily household waste processing capacity of 2,150 tonnes, an annual processing capacity of biomass raw materials of 2,800,000 tonnes and a designed annual hazardous and solid waste treatment capacity of 93,000 tonnes. Additionally, Everbright Greentech had 32 projects that were in the preparatory stage, which command a total investment of approximately RMB9.406 billion, including 15 integrated biomass utilisation projects and 17 hazardous and solid waste treatment projects, with a designed daily household waste processing capacity of 4,400 tonnes, an annual processing capacity of biomass raw materials of 1,630,000 tonnes and an annual hazardous and solid waste treatment capacity of approximately 691,050 tonnes.

During the year under review, greentech projects generated aggregate on-grid electricity of 2,873,871,000 kWh, an increase of 72% as compared with 2017. Greentech projects contributed an EBITDA of HK$2,179,350,000, a 41% increase over 2017; net profit attributable to the Group was HK$941,558,000, a 20% increase over 2017. The increase in profit was mainly due to the significant increase in both construction and operation service revenues as compared with 2017.

Major operating and financial data of the greentech projects in 2018 are summarised in the table below:

	2018	2017
Greentech projects		
Waste processing volume *(tonnes)*	**881,000**	249,000
Biomass raw materials processing volume *(tonnes)*	**3,160,000**	1,685,000
Hazardous and solid waste treatment volume *(tonnes)*	**127,000**	113,000
On-grid electricity *(MWh)*	**2,873,871**	1,667,503
EBITDA *(HK$'000)*	**2,179,350**	1,542,886

IV. ENVIROTECH

The envirotech sector continued acting as a core driving force behind the Group's growth during the Group's latest round of development. As a result, the Group stepped up its effort in technological development and was fully committed to enhancing its core technological competencies through technological advancement, with an aim of facilitating the Group to transform from a traditional company into an advanced enterprise.

During the year under review, the Group achieved significant progress in the commercialisation of technological research results, as it boosted its effort in technological development. In the area of solid waste treatment, envirotech collaborated with the Group's environmental energy sector to develop a set of technologies relating to high-parameter, high-speed turbine generator, the first of such types in China, at Jiangyin Waste-to-energy Project Phase III, which is able to generate electricity of 600 kWh per tonne of waste. Envirotech developed plasma melting technology for the treatment of fly ash that is generated from waste-to-energy process and completed the design of a set of systematic process with the processing capacity of 30 tonnes per day; with independent intellectual property rights, this technology facilitates Zhenjiang Waste-to-energy Project to become a benchmark project, and also laid a solid foundation for the localisation and industrialisation of such technology. Envirotech also developed flue gas recirculation technology, which was successfully applied to 12 projects of the Group, including Shouguang Waste-to-energy Project, Zouping Waste-to-energy Project and Laiyang Waste-to-energy Project, etc. In addition, envirotech developed an automatic combustion control (ACC) system, which had been applied to 21 waste-to-energy projects; this combustion system enabled these projects to realise full automatic control of the waste incineration system, alleviates the operators' workload of these projects and ensures stable loading and outputs. In the area of water environment management, envirotech developed different techniques and processes that continued boosting the Group's core technological competitiveness, including: a set of process relating to biological aerated filters with Everbright's characteristic that delivers effective denitrification results, the development of a set of process relating to high-density sedimentation tank with independent intellectual property rights, and also designed a set of new type devices for the integrated treatment of rural waste water.

During the year under review, envirotech was approved to establish a substation under a national postdoctoral research center. Everbright Environmental Protection Technology Institute, which is based in Nanjing City, was accredited as one of the "Independent Research and Development Institution Affiliated with Major Leading Enterprises" by Jiangsu Provincial Department of Science and Technology. Moreover, envirotech had two sets of technologies that passed appraisals by experts from the Chinese Society for Environmental Sciences, namely the integrated treatment technology for household and food waste incineration and the PNCR technology for waste incineration. Envirotech obtained various technology subsidies of approximately RMB9.60 million in total by the government during the year.

Envirotech's design institute was renamed as Everbright Eco-environment Design and Research Institute, and secured a number of certificates, including a Grade-B solid waste treatment project design certificate and a Grade-B power transmission project design certificate, as well as a Grade-B power generation (including thermal, hydro- and nuclear power and new energy) and a Grade-B consultation certificate of municipal utility project. In addition, Everbright Analysis and Testing Center already commenced operation, was accredited by the China Metrology Accreditation (CMA) and received 62 accreditations for its testing capabilities.

In respect of technology exchange, the Group continued looking for collaboration and exchange in technological innovation, with an open and flexible manner. During the year under review, the Group signed a contract with Qingdao University of Technology ("QUT") to jointly launch Everbright-QUT Research Institute of Environmental Technology, the first dioxin testing and control engineering research center in Shandong Province. The institute targets to begin with high standard dioxin testing services and become a national examination and testing authority. It aims to become a national platform with international standard that integrates testing services, technological R&D, technological consultation and social services in the environmental sector.

During the year under review, the Group was granted a total of 212 patents and software copyright licenses, including 1 international invention patent and 8 domestic invention patents, 187 were utility invention patents, and 16 were software copyright licenses. The Group also published a book named Leachate Treatment Technology and Engineering for Waste Incineration Plants. During the year under review, the Group's multi-step hydraulic mechanical waste grate furnace and its control method was granted a letter of patent by the Indonesian authorities.

V. EQUIPMENT MANUFACTURING

In 2018, the Group closely adhered to the national policy trends and grasped development opportunities accordingly. Through the implementation of key initiatives, such as acquisition of talent, enhancement of technology capacity, launch of new products, enhancement of productivity and offering of excellent services, the Group's equipment manufacturing sector achieved a new round of growth, with external sales posting excellent results. As a result, the sector's overall competitiveness was continued being enhanced.

In terms of sales performance, the Group secured 31 external sales contracts in 2018. A total of 75 sets of equipment were sold to external markets, an increase of 25% as compared with 2017. The equipment sold consisted of 35 sets of grate furnaces, with the 750 tonnes/day grate furnace successfully entering the Indian market; 25 sets of gas purification systems; and 15 sets of leachate treatment systems. The contracts secured in 2018 had a total value of approximately RMB1.555 billion, double that of 2017.

In terms of equipment supply and services, during the year under review, the Group commenced a total of 39 service items that span across 15 provinces in China and Vietnam. These include an EPC project and 2 equipment contracting projects. In 2018, the Group provided 60 sets of grate furnaces to its internal projects, with production capacity up by 36% as compared with 2017. In 2018, these furnaces contributed a total designed daily waste processing capacity of 32,400 tonnes, up by 84% compared with 2017. In 2018, the Group sold 23 sets of grate furnaces, 18 sets of gas purification systems and 11 sets of leachate treatment systems.

Separately, after-sales services of the equipment manufacturing sector contributed more economic benefit, with the total contract value of the after-sales services increased by 4.6 times from 2017 to RMB29 million, the first time ever that this figure surpassed RMB10 million. The number of after-sales services projects was 66 in total, up by 40% as compared with 2017, including 48 internal projects and 18 external projects.

In terms of new technology and new product development, the Group's self-developed technology capability was improved remarkably. In 2018, the Group completed 17 design optimisation projects and 16 design projects as the sole designer. It also developed 4 new products, including the self-developed 850 tonnes/day grate furnace, which is by far the largest grate furnace manufactured in China. The Group three core technologies were recognised among the "Top 100 Technologies relating to Environmental Protection by the International Think Tank", which was announced by the Foreign Economic Cooperation Office and Chinese Research Academy of Environmental Sciences. During the year under review, equipment manufacturing obtained various subsidies totalling approximately RMB12 million.

Moreover, the Group's equipment manufacturing centre, which is based in Changzhou City, commenced the construction of its phase III during the year under review. This expansion also provides additional production capacity for core equipment and a solid foundation for the Group to explore new business opportunities in the promising equipment manufacturing market.

VI. ECO-RECYCLING

As the increasing urbanisation trend over the recent years in the PRC, which has been driving consumption, investment and the upgrading of industrial structure, living standards in urban and rural areas have been improving accordingly. The demands for the improvement of urban and rural environment have been increasing. In view of this, the Group established the eco-recycling sector in 2018. As the Group's new business sector, the eco-recycling sector mainly focuses on environmental services and renewable resources utilisation, with an aim of becoming China's first-class investor, operator and services provider in the area of integrated urban-rural environmental management.

The eco-recycling sector is committed to the expansion of business in the areas of household waste sorting, sanitation services and renewable resources untilisation. Household waste sorting involves the development and operation of waste sorting systems, including household waste sorting and loading from the sources, collection and transportation of sorted waste, circulation of sorted renewable resources and information management platform services, among others. Sanitation services involve integrated environmental sanitation services, including urban-rural cleaning, development, operation and management of household waste collection and transportation systems, sanitation+ services, intelligent sanitation management, among others. Renewable resources utilisation focuses on disposal of large waste and yard waste, treatment of construction and refurbishment waste, and disposal of electronic waste. The sector aims to develop a nationwide network management platform on renewable resources trading and a full-chain business system on waste sorting and resources utilisation.

The eco-recycling sector is currently exploring new technologies and business models. By leveraging on the Group's other major business sectors, it will gradually develop a full-chain business system that ranges from waste collection till end disposal.

VII. INTERNATIONAL BUSINESS

During the year under review, the Group continued closely following China's overseas development strategies like the "Belt and Road" initiative. By leveraging on its advantages in investment, operation, management, technology and equipment, the Group proactively looked for exchange and communication opportunities globally, with an open, co-operative and win-win attitude, in an effort to increase the proportion of its overseas business in its overall business.

As at 31 December 2018, the Group had 3 overseas environmental protection projects in Germany, Poland and Vietnam. During the year under review, the Group's German Ground Solar Energy Project operated smoothly, providing stable electricity to the local communities for a long time. Separately, as the Group's first overseas acquisition project, NOVAGO Sp. z o.o. contributed revenue of HK$473,170,000 and an EBITDA of HK$133,864,000 during the year under review.

During the year under review, Can Tho Waste-to-energy Project in Vietnam, the Group's first overseas waste-to-energy project, completed construction and commenced operation. The project has become Vietnam's first high-standard, advanced waste-to-energy project. The Group is committed to developing the project into a local and regional benchmark, with an aim of further expanding the markets in Vietnam and even the Southeast Asian region.

In February 2018, the Group was granted a loan of US$100 million from Asian Development Bank ("ADB"), following the signing of a loan agreement to focus on the development of waste-to-energy market in Vietnam. Pursuant to the loan agreement, both parties will work together to develop household waste-to-energy projects in various cities in Vietnam, to promote the harmless treatment, reduction and reuse of urban household waste in the local areas. In October 2018, the Group won the bidding for Vietnam's Hue Waste-to-energy Project, which commands an investment of approximately US$59.05 million (equivalent to approximately RMB400 million) and has a designed daily household waste processing capacity of 400 tonnes. Equipped with a power generator of 7.5 MW, the project will be constructed in parallel with a fly ash landfill site. The core equipment of the project will adopt the self-developed equipment by Everbright International, including a grate furnace system, a gas emission treatment system and a leachate treatment system, with gas emissions fully complying with the EU Industrial Emissions Directive 2010/75/EU ("Euro 2010 Standard").

BUSINESS PROSPECTS

Looking at the global landscape in 2019, profound changes are in motion. The uncertainty and instability of the international environment are intensifying, while international relations are undergoing deep and complex changes. In the domestic market, the year of 2018 saw the beginning of the trade dispute between China and the U.S., bringing with new significant challenges to China's economic development and changes to its external environment.

Despite the difficult and complex domestic and external environment, countries around the world have not changed their political will and demand to resolve climate change and improve environmental quality. China has made continuous effort to promote ecological conservation, enhance the protection of the ecological environment, and prevent and control pollution. On 2 December 2018, the United Nations Climate Change Conference was held in Katowice, Poland, during which delegates agreed on how to put the Paris Agreement into practice. The Paris Agreement shows that the worldwide green and low-carbon transformation is irreversible. Furthermore, China's Central Economic Work Conference reiterated that "in 2019, China needs to continue improving pollution prevention and management, focusing on putting in greater effort and investing more resources into the implementation of the battle for a blue sky." In order to continue making smooth progress in pollution prevention and control, the country will need to do its best within its capabilities to overcome obstacles in this protracted battle, with determination, confidence, patience and perseverance. During this golden era for the industry's development, the Group will devote itself to solidifying its existing businesses and markets, and extending its business chain, so as to promote further development of its seven major business sectors in 2019.

The environmental energy sector, while solidifying its leading position in the domestic market, will seek breakthroughs across different areas such as technology, management, market expansion, environmental standards, among others. The environmental water sector will grasp opportunities arising from government policies related to the water industry, and pursue sustainable development through technological innovation. The greentech sector will continue focusing on innovation and organic growth, and seize opportunities presented by policies and industry trends, to further drive its development in terms of business penetration and expansion. The envirotech sector will focus on overcoming technical hurdles relating to the environmental protection techniques, and plays an important role as the Group's platform for technology R&D, so as to become an engine that facilitates the Group's innovation and development, as well as providing first-class technical support to all the other business sectors of the Group. The equipment manufacturing sector will continue focusing on technical innovation, by adhering to its development strategy of "carrying out in-house R&D, importing advanced technologies, and encouraging joint development, with support from industrial-academic research collaboration" to further improve the quality of its one-stop integrated environmental equipment services, as well as to proactively promote the simultaneous growth of both internal supply and external sales. The eco-recycling sector, the Group's new business sector, is devoted to exploring business areas such as waste sorting, environmental and sanitary services and renewable resources utilisation; by leveraging on the other business sectors of the Group, it targets to develop a full-chain business system that ranges from waste collection till end disposal. The international business sector will continue to follow the country's overseas development strategies, such as the "Belt and Road" Initiative, to accumulate overseas business experience, and to diversify its business models such as "going global by forging business alliances with other partners" and "reaching multilateral collaborations", and to explore good overseas business opportunities in a cautious manner.

Over the past 15 years, the Group has put great effort into progressing forward. Starting from scratch, it has grown from a small company to a large group, with advantages in scale, quality, technology and culture, which combine to form the Group's golden brand. Looking forward, as the flagship of China Everbright Group's "Four, Three, Three" Initiative, the Group will develop with efficiency and vitality as an overseas enterprise, and demonstrate responsibility and capability as a state-owned enterprise. By continuing its strong growth momentum in 2018, the Group will closely follow the national policies, identify market trends, keep its strategic focus, and adhere to China Everbright Group's key themes for transformation, namely "Agility, Technology and Ecology", so as to achieve a steady growth and stable progress, amidst changing environment. By adhering to its corporate mission of "Creating Better Investment Value and Undertaking More Social Responsibility", the Group will continue carrying out its six strategic areas of work, namely to boost scale and efficiency, to strengthen quality of services and brand, and to drive growth through innovation and talent management, in order to continuously enhance its overall strength.

The Group firmly believes that, with the support of China Everbright Group's strategies and resources, and the trust and expectation of all social circles, it will continue leveraging its advantages in scale, quality, technology and brand to continue its effort in the future. The Group will foster new dynamics for innovation-driven development, and solidify the domestic market and expand overseas market, marching towards its strategic target of "Striving to Become a World-leading Ecological and Environmental Group."

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

In 2018, the Group's consolidated revenue amounted to HK$27,227,998,000, an increase of 36% over HK$20,043,116,000 in 2017. 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$9,430,596,000, an increase of 32% over HK$7,132,515,000 in 2017. The Group's consolidated gross margin slightly decreased by 1 percentage point to 35% as compared with last year. The EBITDA amounted to HK$8,994,788,000, an increase of 31% over HK$6,863,209,000 in 2017. Profit attributable to equity holders of the Company for 2018 was HK$4,319,235,000, 23% more than HK$3,509,990,000 as compared with last year. Basic earnings per share for 2018 were HK85.77 cents, HK9.57 cents more than the restated amount of HK76.20 cents in last year.

FINANCIAL POSITION

As at 31 December 2018, the Group's total assets approximately amounted to HK$95,121,637,000 with net assets amounting to HK$40,695,339,000. Net asset value per share attributable to equity holders of the Company was HK$5.523 per share, representing an increase of 10% as compared to HK$5.031 per share as at the end of 2017. As at 31 December 2018, gearing ratio (total liabilities over total assets) of the Group was 57%, a decrease of 4 percentage points as compared with that of 61% as at the end of 2017.

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. During the year under review, the Group has raised an actual net proceeds of HK$9,924,123,000 by way of rights issue to support its business development. As at 31 December 2018, the Group had cash and bank balances of HK$15,974,480,000 representing an increase of HK$5,136,116,000 as compared to HK$10,838,364,000 at the end of 2017. Most of the Group's cash and bank balance, representing approximately 95%, 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 2018, the Group had outstanding borrowings of HK$38,526,167,000, representing an increase of HK$7,072,164,000 as compared to HK$31,454,003,000 at the end of 2017. The borrowings included secured interest-bearing borrowings of HK$16,383,301,000 and unsecured interest-bearing borrowings of HK$22,142,866,000. The borrowings are mainly denominated in Renminbi, representing approximately 52% 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 2018, the Group had banking facilities of HK$53,496,404,000, of which HK$17,047,840,000 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 98% 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 2018, the aggregate net book value of assets and equity interests in subsidiaries pledged amounted to approximately HK$33,100,358,000.

COMMITMENTS

As at 31 December 2018, the Group had purchase commitments of HK$8,542,181,000 outstanding in connection with the construction contracts.

CONTINGENT LIABILITIES

As at 31 December 2018, 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 2018 for the provision of the guarantees was HK$402,215,000.

INTERNAL MANAGEMENT

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

The Group is committed to building a comprehensive risk management culture and develops the risk management model of "Integration of Policy, Procedure and System with Risk-oriented" to strengthen management and control risk more comprehensively. During the year under review, according to the progress of the implemented risk management system, the Group amended various management rules including Risk Management Policy and the Risk Management Practice Handbook. In order to improve overall risk management on investment projects, the Group has established the Project Advisory Committee by integrating the former Investment Project Risk Management Advisory Committee, the Engineering and Technology Management Committee, and the Overseas Project Advisory Panel. Through the combined efforts of the Project Advisory Committee, the Tender Management Committee and the Environmental, Safety, Health, and Social Responsibility ("ESHS") Management Committee to enhance the risk management of investment projects in advance and in process.

During the year under review, the Group continued to uphold its business principle of "operating safely and stably in compliance with relevant emission standards". It actively carried out daily inspections on safety, environment and occupational health. Apart from "Safe Production Month", the Group took strong steps in safety management and carried out safety risk assessments to ensure all projects – either under construction or in operation – strictly follow all safety guidelines. These steps also secured the stable operation of all environmental protection projects including waste-to-energy, integrated biomass utilisation and waste water treatment projects, while enhancing their economic benefits as well.

The Group actively involved in and promoted ecological conservation and "Building a Beautiful China". In order to enhance environmental management and to better support its rapid business growth and green development, the Group set up a leading group for environmental management which is mainly responsible for regulating, monitoring and supervising the implementation of environmental and safety measures of all business sectors. During the year under review, the Group drew up and issued a number of documents, namely "Notice on further enhancing environmental management, eliminating operational risk and improving operational efficiency", "Notice on improving relevant environmental information of operating projects disclosed on the online monitoring platform", "Evaluation method for environmental management", "Internal reporting system for environmental and safety accidents and incidents", which further improved the Group's internal control system, facilitated project construction and enhanced operational efficiency.

During the year under review, the Group stepped up its risk management measures of "prevention in advance, control in process and elimination afterward". Through the implementation of evaluation on environmental management of operating projects, as well as the following up and monitoring of evaluation results, the Group realized continual improvement in environmental management level. The Group also accelerated the construction of environmental information monitoring platform, shared platform and environmental test platform. Through the application of internet, IoT and informatization technologies, the Group fully integrated operating system data and set up a new corporate management model focusing on "big data platform" and "Internet Plus", with a view to realizing the full control and full completion of all its construction and operating projects.

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 and puts great emphasis on staff training. It believes that realizing 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 its development, the Group continued to enhance the ESHS management system (the "ESHS Management System") and risk management system by organizing trainings on Risk Management Tool Usage, Performance Appraisal System, Corporate Large Database Usage. And there were over 400 finance staff attending the annual finance training. All these have enhanced the overall quality of our staff. To facilitate the integration of newly recruited staff, the Group held the 22nd to 25th execution trainings for more than 1,300 participants. A total of 56 managers and senior technical staff completed the Tsinghua University CEO Course (the 7th session) in July 2018. The 8th session of the course, which was joined by 55 participants, already started in October 2018. To ensure that employees' development meets the objectives of the Group's sustainable development, the Group continued to enrich its management level talent pool across its 7 core business sectors. There are over 820 management personnel who will be the main and new power to support the future development of the Group. Through competition and selection processes, new project leaders and department heads were selected, and staff members were highly motivated, allowing those who have passion and vision to grow and unleash their potential in the right job positions.

As at 31 December 2018, the Group had more than 10,000 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 continuously implemented relevant work of the risk management system. The principal risks faced by the Group during the year were adequately identified and assessed according to the requirements of Risk Management Policy and Risk Management Practice Handbook, which included environmental compliance risk, policy changing risk, construction project management risk, accounts receivable risk, not-in-my-backyard risk, raw material supply risk, market competitive risk, staff management risk, financing management risk and overseas market risk, the details of which are set out in the 2018 annual report.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group pays particular attention to the impact of its operations on both the environment and society. It has established an environmental and social management system following the Safeguard Policy Statement of the ADB and other internationally recognised practices, which contains specific procedures to ensure the Group's operating activities compile with the ADB's and other multilateral development banks' safeguard policy principles and requirements.

The operating and environmental performance of the Group's projects strictly adheres to the standards and requirements of their respective environmental impact assessment reports. The Group also takes into consideration the expectations of neighbouring communities. The key regulations and standards which are highly relevant to the Group's business include the Environmental Protection Law of the PRC, Production Safety Law of the PRC, Labour Law of the PRC, the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485-2014) and Euro 2010 Standard and its relevant Annexes/Amendments (for environmental energy projects), the Emission Standard for Air Pollutants of Thermal Power Plants (GB13223-2011) (for biomass power generation projects under greentech sector), and the Discharge Standard for Pollutants of Municipal Wastewater Treatment Plants (GB18918-2002) (for environmental water projects), etc.

In order to better integrate system requirements into operational practices, the Group implemented its ESHS Management System in 2016. The system comprises management standards to provide procedural guidelines on issues identification, auditing, 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 2018, the Group continued to optimise the ESHS Management System, and enhanced its implementation at all project companies to achieve standard and delicacy in construction and operational management. Furthermore, the Group organised various activities such as ESHS knowledge contests and plant managers' forums so as to enhance project companies' capacities in environmental and social impact management.

CORPORATE GOVERNANCE

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 the 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 Rules Governing the Listing of Securities on the Stock Exchange (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 2018, except that, with respect to Code Provision A.4.1, a non-executive Director was not appointed for a specific term during the period from 1 January 2018 to 15 March 2018. The Board believes that the then arrangement enabled the Company to have a greater flexibility to organize the composition of the Board to serve the needs of the Group. Besides, the said non-executive Director was subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association. As such, the Board considers that sufficient measures had been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code. The said non-executive Director resigned as a Director with effect from 16 March 2018. The Company has therefore complied with Code Provision A.4.1 of the CG Code since 16 March 2018.

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.

During the year under review, the Board has met regularly and has currently established 5 Board committees, namely Audit Committee, Risk Management Committee, Nomination Committee, Remuneration Committee and Disclosure Committee.

In addition, 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 a 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 a Budget Approval Management Committee 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.

Audit Committee

The Audit Committee, currently comprising 3 independent non-executive Directors (the "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 ("EY"), 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").

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, an executive Director and the Chief Financial Officer, Mr. Hu Yanguo, an 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.

Nomination Committee

The Nomination Committee currently comprises Mr. Cai Yunge (Chairman), an executive Director and the Chairman of the Board, Mr. Wang Tianyi, an 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 2018 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.

Remuneration Committee

The Remuneration Committee currently comprises Mr. Zhai Haitao (Chairman), an INED, Mr. Cai Yunge, an 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.

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.

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 2018.

The details of the Company's corporate governance practices are set out in the 2018 annual report.

FINAL DIVIDEND

The Board has proposed to pay a final dividend of HK12.0 cents per share (2017: HK12.0 cents per share) for the year ended 31 December 2018, payable to the Shareholders whose names appear on the register of members of the Company (the "Register of Members") on Friday, 31 May 2019. 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, 22 May 2019 (the "AGM"), the final dividend will be paid to the Shareholders on or about Friday, 21 June 2019.

ANNUAL GENERAL MEETING

The AGM is expected to be held on Wednesday, 22 May 2019 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, 16 May 2019
(b)	Closure of Register of Members	Friday, 17 May 2019 to Wednesday, 22 May 2019 (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, 28 May 2019
(b)	Closure of Register of Members	Wednesday, 29 May 2019 to Friday, 31 May 2019 (both dates inclusive)
(c)	Record date	Friday, 31 May 2019

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 22, 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 2018 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, 12 March 2019

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.