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光大綠色環保
Everbright Greentech

CHINA EVERBRIGHT GREENTECH LIMITED
中國光大綠色環保有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1257)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS

LAYING A SOLID FOUNDATION AND KEEPING PACE WITH TIMES

- Revenue increased by 53% to HK$7,001,820,000 (2017: HK$4,581,352,000)
- EBITDA increased by 42% to HK$2,161,227,000 (2017: HK$1,517,788,000)
- Profit attributable to equity shareholders of the Company increased by 39% to HK$1,324,871,000 (2017: HK$953,823,000)
- Final dividend of HK6.5 cents per share (2017: HK9.0 cents). Total dividends for the year increased by 39% to HK12.5 cents per share (2017: HK9.0 cents)

2018 ANNUAL RESULTS

The board of directors (the "Board") of China Everbright Greentech Limited (the "Company" or "Everbright Greentech") is pleased to announce 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 and risk management committee of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018

	Note	**2018** **HK$'000**	2017 *HK$'000*
Revenue	*3*	**7,001,820**	4,581,352
Direct costs and operating expenses		**(4,932,366)**	(3,146,324)
Gross profit		**2,069,454**	1,435,028
Other revenue	*4*	**158,664**	118,376
Other loss	*5*	**(601)**	(2,437)
Administrative expenses		**(356,556)**	(236,923)
Profit from operations		**1,870,961**	1,314,044
Finance costs	*6(a)*	**(202,384)**	(125,565)
Share of loss of a joint venture		**(158)**	(891)
Profit before taxation	*6*	**1,668,419**	1,187,588
Income tax	*7*	**(337,068)**	(230,289)
Profit for the year		**1,331,351**	957,299
Attributable to:			
Equity shareholders of the Company		**1,324,871**	953,823
Non-controlling interests		**6,480**	3,476
Profit for the year		**1,331,351**	957,299
Earnings per share	*9*		
Basic and diluted (HK cents)		**64.12**	51.70

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018	2017
	HK$'000	*HK$'000*
Profit for the year	**1,331,351**	957,299
Other comprehensive income for the year:		
Items that may be reclassified subsequently to profit or loss:		
— Exchange differences on translation of financial statements of entities outside Hong Kong, net of nil tax		
— subsidiaries	**(423,077)**	318,158
— an associate	**(138)**	—
— a joint venture	**(2,906)**	—
	(426,121)	318,158
Total comprehensive income for the year	**905,230**	1,275,457
Attributable to:		
Equity shareholders of the Company	**900,712**	1,270,824
Non-controlling interests	**4,518**	4,633
Total comprehensive income for the year	**905,230**	1,275,457

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	2018 HK$'000	2017 (restated) HK$'000
Non-current assets			
Property, plant and equipment		**2,334,791**	2,144,206
Interests in leasehold land held for own use under operating leases		**167,263**	138,442
		2,502,054	2,282,648
Intangible assets		**7,486,422**	5,131,608
Interest in an associate		**56,216**	—
Interest in a joint venture		**57,446**	51,841
Other receivables, deposits and prepayments	*10*	**425,957**	370,729
Contract assets	*11*	**2,852,061**	1,766,507
Deferred tax assets		**34,797**	34,942
		13,414,953	9,638,275
Current assets			
Inventories		**124,656**	110,899
Debtors, other receivables, deposits and prepayments	*10*	**1,239,535**	518,034
Contract assets	*11*	**1,562,091**	820,979
Tax recoverable		**734**	19
Pledged bank deposits		**198,968**	203,007
Deposits with banks		**17,039**	736,229
Cash and cash equivalents		**2,044,826**	2,404,175
		5,187,849	4,793,342

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2018

	Note	2018 HK$'000	2017 (restated) HK$'000
Current liabilities			
Bank loans			
— Secured		**626,389**	314,903
— Unsecured		**288,986**	226,368
		915,375	541,271
Creditors, other payables and accrued expenses	*12*	**2,416,520**	1,665,570
Current taxation		**23,622**	9,885
		3,355,517	2,216,726
Net current assets		**1,832,332**	2,576,616
Total assets less current liabilities		**15,247,285**	12,214,891
Non-current liabilities			
Bank loans			
— Secured		**3,400,454**	2,444,734
— Unsecured		**1,690,730**	508,698
		5,091,184	2,953,432
Other payables	*12*	**67,004**	56,899
Deferred tax liabilities		**658,023**	438,514
		5,816,211	3,448,845
Net assets		**9,431,074**	8,766,046

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2018

	2018	2017 (restated)
	HK\$'000	*HK\$'000*
Capital and reserves		
Share capital	**1,608,029**	1,608,029
Other reserves	**7,730,823**	7,140,023
Total equity attributable to equity shareholders of the Company	**9,338,852**	8,748,052
Non-controlling interests	**92,222**	17,994
Total equity	**9,431,074**	8,766,046

NOTES

1 BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2018 and 2017 included in this preliminary announcement of annual results 2018 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

The accounting policies and basis of preparation adopted in the preparation of the financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2017 as disclosed in the Company's annual report dated 1 March 2018 except for the effect for the adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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 and risk management committee.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

(a) HKFRS 9, *Financial instruments*

(b) HKFRS 15, *Revenue from contracts with customers*

(c) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

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

(a) HKFRS 9, *Financial instruments*

Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, debtors and other receivables);

— contract assets as defined in HKFRS 15.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(a) HKFRS 9, *Financial instruments* *(Continued)*

Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except that the information relating to comparative periods has not been restated. Any differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 is recognised in retained profits and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39.

There has been no significant impact on the Group's financial position and results of operations as a result of this change in accounting policy and accordingly, the Group's opening balances as at 1 January 2018 have not been adjusted.

(b) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the retrospective method for the adoption of HKFRS 15 and therefore, comparative information has been restated.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

— When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

— When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

— When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

(b) HKFRS 15, *Revenue from contracts with customers* *(Continued)*

(i) Timing of revenue recognition *(Continued)*

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction contracts and provision of services.

(ii) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance of revenue recognition or significantly deferred.

There has been no impact on the Group as a result of this change in policy.

(iii) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, "Gross amounts due from customers for contract work", receivables related to service concession arrangements of the Group and unbilled receivables that were both included in "Debtors, other receivables, deposits and prepayments" are now reclassified to "Contract assets". Accordingly, "Gross amounts due from customers for contract work" of HK$805,504,000 and HK$1,775,670,000 and receivables included in "Debtors, other receivables, deposits and prepayments" of HK$218,865,000 and HK$811,816,000 were reclassified to "Contract assets" as at 1 January and 31 December 2017 respectively. The reclassification has no effect to reported profit or loss and net assets for any period presented.

(c) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related items, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the operating results of the Group.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are construction, integrated biomass utilisation project operation (biomass direct combustion power generation projects, biomass heat supply project, biomass electricity and heat cogeneration projects, waste-to-energy projects and integrated biomass and waste-to-energy projects), hazardous and solid waste treatment project operation (hazardous waste landfill projects and hazardous waste incineration projects), environmental remediation project operation and solar energy and wind power project operation (solar energy projects and wind power projects).

Revenue represents the revenue from construction services, revenue from integrated biomass utilisation project, hazardous and solid waste treatment project, environmental remediation project and solar energy and wind power project operation services and finance income.

Disaggregation of revenue from contracts with customers by major product or service lines is as follows:

	2018	2017
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope by HKFRS 15		
Disaggregated by service lines		
— Revenue from integrated biomass utilisation project construction services	**3,763,446**	2,892,944
— Revenue from hazardous and solid waste treatment project construction services	**363,994**	60,035
— Revenue from integrated biomass utilisation project operation services	**1,967,199**	1,030,719
— Revenue from hazardous and solid waste treatment project operation services	**409,146**	308,785
— Revenue from environmental remediation project operation services	**117,672**	—
— Revenue from solar energy and wind power project operation services	**239,515**	209,114
— Finance income	**140,848**	79,755
	7,001,820	4,581,352

For the year ended 31 December 2018, the Group has transactions with one (2017: four) local government authority in the People's Republic of China ("PRC") which individually exceeded 10% of the Group's revenue. The aggregated revenues from the PRC local government authority during the year ended 31 December 2018 amounted to HK$1,510,529,000 (2017: HK$2,506,499,000).

The aggregated revenues from construction services, revenues from operation services and finance income derived from local government authorities in the PRC amounted to HK$6,492,439,000 for year ended 31 December 2018 (2017: HK$4,192,958,000). The revenues arose from all the four business segments as set out in note 3(b).

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting

The Group manages its business by segments, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

Integrated biomass utilisation project construction and operation: this segment engages in the construction and operation of biomass direct combustion power generation projects, biomass heat supply project, biomass electricity and heat cogeneration projects, waste-to-energy projects and integrated biomass and waste-to-energy projects to generate revenue from construction services, revenue from operation services as well as finance income.

Hazardous and solid waste treatment project construction and operation: this segment engages in the construction and operation of hazardous waste landfill projects and hazardous waste incineration projects to generate revenue from construction services, revenue from operation services as well as finance income.

Environmental remediation project operation: this segment engages in the operation of environmental remediation projects covering restoration of industrial contaminated sites, contaminated farmland, mines and landfills, treatment of industrial gas emission, integrated treatment of oil sludge, treatment of river/lake sediments and industrial sludge, construction and operation of wetland parks, environmental housekeeping services and anti-seepage at landfill sites to generate revenue from operation services.

Solar energy and wind power project operation: this segment engages in the operation of solar energy projects and wind power projects to generate revenue from operation services.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most 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, interests in an associate and a joint venture, deferred tax assets and current assets with the exception of intercompany receivables and other corporate assets. Segment liabilities include current taxation, deferred tax liabilities, creditors, other payables and accrued expenses attributable to the activities of the individual segments and borrowings managed directly by the segments, with the exception of intercompany payables and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

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

The measure used for reporting segment profit is "EBITDA" i.e. "earnings before interest, taxes, depreciation and amortisation". To arrive at EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' 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, interest expenses from borrowings managed directly by the segments, depreciation and amortisation and additions to non-current segment assets used by the segments in their operations.

Revenue from contracts with customers by timing of revenue recognition, as well as 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.

	Integrated biomass utilisation project construction and operation		Hazardous and solid waste treatment project construction and operation		Environmental remediation project operation		Solar energy and wind power project operation		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*
Revenue from external customers and reportable segment revenue recognised over time	**5,862,283**	3,993,684	**782,350**	378,554	**117,672**	—	**239,515**	209,114	**7,001,820**	4,581,352
Reportable segment profit (EBITDA)	**1,631,932**	1,143,235	**370,246**	241,454	**24,515**	(2,603)	**225,605**	195,827	**2,252,298**	1,577,913
Interest income from bank deposits	**3,254**	2,768	**1,918**	1,646	**50**	10	**478**	744	**5,700**	5,168
Finance costs	**150,172**	78,395	**21,188**	17,510	**—**	—	**24,965**	25,061	**196,325**	120,966
Depreciation and amortisation	**176,298**	99,495	**42,856**	36,730	**62**	2	**69,622**	67,193	**288,838**	203,420
Additions to property, plant and equipment, interests in leasehold land held for own use under operating leases, intangible assets and non-current portion of prepayments	**2,549,360**	2,403,929	**794,912**	274,676	**51,419**	87	**3,707**	6,161	**3,399,398**	2,684,853
Additions to non-current portion of contract assets	**1,400,506**	1,007,980	**9,210**	10,413	**—**	—	**—**	—	**1,409,716**	1,018,393
Reportable segment assets	**13,615,644**	9,214,577	**2,629,636**	1,587,539	**233,334**	4,936	**1,417,251**	1,588,125	**17,895,865**	12,395,177
Reportable segment liabilities	**6,514,660**	4,258,620	**859,052**	585,768	**106,240**	498	**535,853**	623,569	**8,015,805**	5,468,455

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(ii) Reconciliation of reportable segment revenue, profit, assets and liabilities

	2018	2017
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**7,001,820**	4,581,352
Profit		
Reportable segment profit (EBITDA) derived from the Group's external customers	**2,252,298**	1,577,913
Depreciation and amortisation	**(290,424)**	(204,635)
Finance costs	**(202,384)**	(125,565)
Unallocated head office and corporate income	**25,678**	21,603
Unallocated head office and corporate expenses	**(116,749)**	(81,728)
Consolidated profit before taxation	**1,668,419**	1,187,588
Assets		
Reportable segment assets	**17,895,865**	12,395,177
Unallocated head office and corporate assets	**706,937**	2,036,440
Consolidated total assets	**18,602,802**	14,431,617
Liabilities		
Reportable segment liabilities	**8,015,805**	5,468,455
Unallocated head office and corporate liabilities	**1,155,923**	197,116
Consolidated total liabilities	**9,171,728**	5,665,571

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(iii) Geographic information

The following table sets out information about the geographical location of (a) the Group's revenue from external customers, (b) the Group's property, plant and equipment, interests in leasehold land held for own use under operating leases and intangible assets and (c) the Group's non-current portion of 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 property, plant and equipment and interests in leasehold land held for own use under operating leases, and the location of the operation to which they are allocated, in the case of other receivables, deposits and prepayments, intangible assets and contract assets.

	2018	2017
	HK$'000	*HK$'000*
Revenue from external customers		
PRC	**6,994,319**	4,575,159
Germany	**7,501**	6,193
	7,001,820	4,581,352
Property, plant and equipment, interests in leasehold land held for own use under operating leases and intangible assets		
PRC (excluding Hong Kong)	**9,945,161**	7,365,258
Hong Kong	**1,840**	2,256
Germany	**41,475**	46,742
	9,988,476	7,414,256
Non-current portion of other receivables, deposits and prepayments and contract assets		
PRC	**3,278,018**	2,137,236

4 OTHER REVENUE

	2018	2017
	HK$'000	*HK$'000*
Interest income	**25,910**	25,881
Government grants*	**63,266**	29,734
Value-added tax refunds**	**59,609**	56,795
Others	**9,879**	5,966
	158,664	118,376

* Government grants of HK$58,584,000 were granted during the year ended 31 December 2018 (2017: HK$27,875,000) to subsidise certain integrated biomass utilisation and hazardous and solid waste treatment projects of the Group in the PRC. There were 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. The remaining amounts represent amortisation of deferred income which is included in other payables.

** The Group was entitled PRC value-added tax refunds of HK$59,609,000 during the year ended 31 December 2018 (2017: HK$56,795,000). There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refunds. There is no assurance that the Group will continue to receive such tax refunds in the future.

5 OTHER LOSS

	2018	2017
	HK$'000	*HK$'000*
Net loss on disposal of property, plant and equipment	**601**	2,437

6 PROFIT BEFORE TAXATION

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

	2018	2017
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank loans	**213,091**	131,547
Less: interest expenses capitalised into construction in progress*	**(10,707)**	(5,982)
	202,384	125,565

* The borrowing costs have been capitalised at a rate of 4.66% to 5.15% (2017: 4.41% to 4.90%) per annum during the year ended 31 December 2018.

	2018	2017
	HK$'000	*HK$'000*
(b) Staff costs		
Contributions to defined contribution retirement plan	**43,071**	26,793
Salaries, wages and other benefits	**403,159**	266,583
	446,230	293,376

	2018	2017
	HK$'000	*HK$'000*
(c) Other items		
Amortisation		
— interests in leasehold land held for own use under operating leases	**4,277**	3,756
— intangible assets	**168,664**	106,274
Depreciation	**117,483**	94,605
Credit loss on debtors	**1,939**	—
Net foreign exchange loss/(gain)	**1,453**	(13,156)
Auditors' remuneration		
— audit services	**2,850**	2,830
— other services	**—**	200
Operating lease charges: minimum lease payments		
— hire of premises	**9,520**	7,939
Listing expenses	**—**	15,252

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2018	2017
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**—**	—
Current tax — PRC Income Tax		
Provision for the year	**91,503**	53,530
Over-provision in respect of prior years	**(2,031)**	(3,742)
	89,472	49,788
Deferred tax		
Origination and reversal of temporary differences	**247,596**	180,501
	337,068	230,289

No provision for Hong Kong Profits Tax has been made in the financial statements for the years ended 31 December 2018 and 2017 as the Group's operations in Hong Kong did not earn any income subject to Hong Kong Profits Tax.

Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the year, certain PRC subsidiaries are subject to tax concessions under the relevant tax rules and regulations.

8. DIVIDENDS

Dividends to the equity shareholders of the Company attributable to the year

	2018	2017
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK6.0 cents (2017: Nil) per ordinary share	**123,965**	—
Final dividend proposed after the end of the reporting period of HK 6.5 cents (2017: HK9.0 cents) per ordinary share	**134,295**	185,947
	258,260	185,947

The proposed final dividend for the year ended 31 December 2018 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.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$1,324,871,000 (2017: HK$953,823,000) and the weighted average of 2,066,078,000 (2017: 1,844,979,000) ordinary shares in issue during the year. The weighted average number of ordinary shares in issue during the year ended 31 December 2017 is calculated based on the assumption that 1,440,000,000 shares were in issue at the beginning of the year, taking into consideration the effect of share split and the capitalisation issue.

Weighted average number of ordinary shares

	2018	2017
	'000 shares	*'000 shares*
Issued ordinary shares at 1 January	**2,066,078**	—*
Share split and capitalisation issue	**—**	1,440,000
Effect of shares issued under Initial Public Offering	**—**	404,979
Weighted average number of ordinary shares at 31 December	**2,066,078**	1,844,979

* Represents less than 1,000 shares

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2018 and 2017 were the same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during both years.

10 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2018	2017 (restated)
	HK$'000	*HK$'000*
Debtors	**369,417**	171,604
Other receivables, deposits and prepayments	**1,291,325**	716,325
Amounts due from fellow subsidiaries	**4,750**	834
	1,665,492	888,763
Less: Non-current portion		
— Other receivables, deposits and prepayments	**(425,957)**	(370,729)
Current portion	**1,239,535**	518,034

Included in "Debtors, other receivables, deposits and prepayments" are debtors (net of loss allowance) with the following ageing analysis as at the end of the reporting period:

	2018	2017 (restated)
	HK$'000	*HK$'000*
Current	**205,409**	155,709
Within 1 month past due	**117,451**	3,875
More than 1 month but within 3 months past due	**10,666**	3,522
More than 3 months but within 6 months past due	**17,816**	6,040
More than 6 months but within 12 months past due	**8,464**	66
More than 12 months past due	**9,611**	2,392
Amounts past due	**164,008**	15,895
	369,417	171,604

10 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

The ageing analysis of debtors based on the date of invoice and net of loss allowance, as at the end of the reporting period is as follows:

	2018	2017 (restated)
	HK$'000	*HK$'000*
Within 1 month	**173,350**	124,878
More than 1 month but within 2 months	**20,940**	19,022
More than 2 months but within 4 months	**131,584**	9,001
More than 4 months but within 7 months	**18,770**	12,281
More than 7 months but within 13 months	**12,354**	4,016
More than 13 months	**12,419**	2,406
	369,417	171,604

Debtors are due within 30 to 90 days from the date of billing.

11 CONTRACT ASSETS

	2018	2017 (restated)
	HK$'000	*HK$'000*
Non-current		
Service concession assets *(note 11(a))*	**2,852,061**	1,766,507
Current		
Service concession assets *(note 11(a))*	**204,598**	155,118
Unbilled renewable energy tariff subsidy *(note 11(b))*	**1,290,468**	665,861
Environmental remediation contract assets *(note 11(c))*	**67,025**	—
	1,562,091	820,979
	4,414,152	2,587,486
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in "Intangible assets"	**2,237,255**	1,724,200

11 CONTRACT ASSETS *(Continued)*

As a result of the adoption of HKFRS 15, certain comparative figures have been restated. Please refer to note 2(b)(iii).

(a) Service concession assets

Service concession assets arose from the Group's revenue from construction services under certain Build-Operate-Transfer ("BOT") and Build-Operate-Own ("BOO") arrangements and bear interest at rates ranging from 4.90% to 6.60% (2017: 4.90% to 6.60%) per annum as at 31 December 2018.

As at 31 December 2018, HK$2,213,959,000 (2017: HK$1,660,237,000) relates to certain BOT and BOO arrangements with operations commenced.

Pursuant to the BOT and BOO arrangements, the Group receives no payment from the grantors during the construction period and instead receives service fees for the Group's operation services when relevant services are rendered during the operating periods. The service concession assets are not yet due for payment and will be settled by the service fees to be received during the operating periods of the arrangements.

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

(b) Unbilled renewable energy tariff subsidy

The balance represents government on-grid tariff subsidy receivables for certain integrated biomass utilisation projects which newly commenced operations and arose from the Group's revenue from operations. The amounts will be billed and settled upon the completion of government administrative procedures pursuant to CaiJian [2012] No.102 Notice on the Interim Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加補助資金管理暫行辦法) jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.

(c) Environmental remediation contract assets

The balance arose from performance under environmental remediation contracts. Such contracts include payment schedules which require stage payments over the service periods once milestones are reached.

12 CREDITORS, PAYABLES AND ACCRUED EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Creditors		
— third parties	**1,726,771**	1,104,766
— fellow subsidiaries	**11,653**	1,711
	1,738,424	1,106,477
Other payables and accrued expenses	**644,276**	522,854
Amounts due to fellow subsidiaries	**307**	—
Deferred income — government grants	**100,517**	93,138
	2,483,524	1,722,469
Less: Non-current portion		
— Deferred income — government grants	**(59,080)**	(56,899)
— other payables and accrued expenses	**(7,924)**	—
	(67,004)	(56,899)
Current portion	**2,416,520**	1,665,570

The ageing analysis of creditors based on the date of invoice as at the end of the reporting period is as follows:

	2018	2017
	HK$'000	*HK$'000*
Within 6 months	**1,627,355**	1,037,721
More than 6 months	**111,069**	68,756
	1,738,424	1,106,477

Creditors totaling HK$1,593,174,000 (2017: HK$1,050,799,000) as at 31 December 2018 represent construction payables for the Group's BOT and certain BOO arrangements.

Creditors due to fellow subsidiaries are unsecured, interest free and repayable in accordance with the contract terms.

The amounts due to fellows subsidiaries are unsecured, interest-free and repayable on demand.

SCOPE OF WORK OF KPMG ON THE PRELIMINARY RESULTS ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2018 as set out in the preliminary results announcement have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

OPERATING RESULTS

Year 2018 is the commencing year for China's full implementation of the principles of the 19th National Congress of the Communist Party and a year of exceptional significance in the development of China's ecological civilisation. The report of the 19th National Congress of the Communist Party has laid down new requirements for the protection of the ecological environment. Ecological civilisation was included in the master planning for "balanced economic, political, cultural, social and ecological progress" with green development as one of the five major tenets for national development, as ecological civilisation assumed an increasingly important role and status in the national governance regime.

At the National Conference on Ecological and Environmental Protection held in 2018, convened in the highest order ever seen for meetings of its kind, the development of ecological civilisation was characterised as a "fundamental blueprint" holding the key to the sustainable development of the Chinese race in a further emphasis on its importance. Action plans and implementation proposals such as "Opinions on Strengthening the Protection of the Ecological Environment in All Aspects and Firmly Winning the Battle of Preventing and Controlling Environmental Pollution" (《關於全面加強生態環境保護堅決打好污染防治攻堅戰的意見》) and "Three-year Action Plan for Winning the Battle of Blue Sky Protection" (《打贏藍天保衛戰三年行動計劃》) were announced successively to unveil the full-scale battle for the protection of blue sky, clear water and clean land. Significant progress was made in the critical battle for the prevention and treatment of pollution, as the environmental protection industry thrived in a larger context where opportunities as well as challenges existed.

As a provider of specialised environmental protection services in China, the Group is principally engaged in the businesses of integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation and solar energy and wind power. As of 31 December 2018, the Group had 96 environmental protection projects with a total investment of approximately RMB24.468 billion (including Anqing Solid Waste Integrated Treatment Project, in which 49% interest held by the Group, with an investment amount of approximately RMB576 million); and independently undertook 9 environmental remediation projects, with a total contract amount of approximately RMB187 million.

In view of a marketplace underpinned by rapid changes and favourable government policies, the Group adopted a business philosophy of "Integrity, Efficiency, Pragmatism and Innovation" and sought prudent and determined progress in 2018, as it made steady advances in market development, project construction, operating results, technology research and development, corporate management and industry participation and reported further improvements in business scale and profitability on the back of efforts guided by technology and innovation.

In terms of market development, the Group reported strong momentum and encouraging results in business expansion. During the year under review, a record-high number of new projects were launched, as the Group secured 24 new projects and entered into 2 share transfer agreements for the acquisition of 2 environmental protection companies, involving an additional total investment of approximately RMB5.13 billion (including approximately RMB576 million in Anqing Solid Waste Integrated Treatment Project, in which the Group held 49% interest), and an additional environmental remediation contract amount of RMB187 million (acquisitions excluded). In terms of project scale, our aggregate power generation designed capacity was increased by 122MW, while our designed capacity for biomass processing was increased by approximately 600,000 tonnes per year. Our designed capacities for household waste processing and hazardous and solid waste treatment were increased by approximately 3,100 tonnes daily and 547,000 tonnes per year, respectively.

The new projects included 6 integrated biomass and waste-to-energy projects, 2 biomass electricity and heat cogeneration projects, 7 hazardous and solid waste treatment projects and 9 environmental remediation projects. For acquisitions, the Group entered into 2 share transfer agreements to acquire a 90% equity interest in Jiangsu Jiayuan Environmental Technology Co., Ltd. (江蘇佳願環境科技有限公司) ("Jiangsu Jiayuan") at a consideration of RMB180 million, increasing the Group's annual hazardous waste treatment designed capacity by 183,000 tonnes, and a 88.88% equity interest in Suntime Environmental Remediation Co., Ltd. (上田環境修復股份有限公司) ("Suntime Environmental Remediation") at a consideration of RMB222.2 million, further enhancing the qualification and platform of the environmental remediation sector.

Meanwhile, the Group has achieved a double breakthrough in terms of both geographic coverage and business sector. During the year under review, the Group further broadened the scope of its business by successfully tapping the environmental remediation business with a sound momentum for development. In hazardous and solid waste treatment sector, we continued to extend our business chain by making inroads into the sub-segment of integrated utilisation of hazardous and solid wastes through acquisition. In the meantime, the Group entered 5 new provincial markets for its environmental protection business, namely, Gansu Province, Zhejiang Province, Shaanxi Province, Fujian Province and Liaoning Province, expanding its presence in China to 14 provinces and municipalities in further enhancement of its position in the industry.

In January to February 2019, the Group secured Anhui Huaiyuan Hazardous Waste Landfill Project with an investment of approximately RMB174 million and an annual processing designed capacity of 40,000 tonnes for industrial solid wastes. Also, the Group secured Jiangsu Feng County Household Waste Emergency Landfill Site and Leachate Regulating Pool Construction Project with a contract value of approximately RMB30.32 million, which marks the 10th environmental remediation project that was independently undertaken by the Group.

In terms of project construction, the Group upheld the principle of "Excellence in Quality, Standard, Technology and Efficiency" in its engineering operations in steady advancement of its project construction. Record-high numbers were reported during the year under review with 23 projects starting construction and 14 projects being completed and commencing operation. As of 31 December 2018, the Group had 24 projects under construction or implementation, which are scheduled to be completed or commence operation in 2019. In addition, the Group has substantially raised the level of refined and standardised management in respect of its construction works by further amending and improving its engineering management systems and regulations.

In connection with technology research and development, the Group successfully applied for 2 projects under the 2018 key research programme of the Ministry of Science and Technology during the year under review. They included the "Integrated demonstration of pollution control technologies and zone-based systems for synchronised solid waste treatment" undertaken by the Group as part of the "Integrated demonstration and development of technologies for zone-based synchronised solid wastes treatment in Zhangjiagang", a key project under the category of "Solid waste recycling", as well as the "Research and development of in-situ testing equipment for membrane interface probe of volatile organic compounds (VOCs) at polluted sites" undertaken by the Group as part of a key project titled "New technologies and equipments for in-situ sampling of soil and underground water at polluted sites" under the category of "Causes of soil pollution at sites and treatment technologies". In addition, the Group participated into the project of "Key Technology and Application of Recycling and Controlling Pollution of Typical Hazardous Waste" led by Tongji University, and the results of the project received the Higher Education Outstanding Scientific Research Output Awards (second-class award in Scientific and Technological Progress) from the Ministry of Education in 2018.

The key research and development projects of Everbright Greentech Research Institute (光大綠色環保研究所) continued to progress in a systematic manner. Our biomass power generation projects achieved ultra-low emission (concentration level of NOx emissions below 50mg/m^3) through the research, investigation and adoption of technologies such as low-nitrogen combustion, flue gas recirculation, optimisation of the denitrification technology based on selective non-catalytic reduction (SNCR) and oxidation of active molecule. Everbright Greentech Research Institute has also built the Group's first hyperactive thionyl chloride ($SOCl_2$) processing line of commercial scale to facilitate urgent treatment of $SOCl_2$. It was the first large-scale facility for the processing of hazardous wastes containing $SOCl_2$ in China and elsewhere, providing a solid foundation for the Group's ongoing effort to drive development through technological innovation. As of 31 December 2018, the Group held 25 patents and software copyrights.

During the year under review, the Group completed the full implementation of the environmental, safety, health and social responsibility ("ESHS") management system ("ESHS Management System") and risk management system with a higher level of specialisation. The Group has formulated and issued regulations such as the "Safety Management Manual" (《安全管理手冊》), "Safety Management Standard System" (《安全管理標準體系》) and "Implementation Rules on Production Safety Accountability" (《安全生產責任制實施細則》) to stipulate the requirements for various safety management tasks. Meanwhile, a safety management structure comprising the "Safety Committee – Safety Sub-Committee – Safety Branch Committee" was set up to enhance our safety management structure, while the assignment of dedicated safety management personnel was also strengthened, with the number of our Certified Safety Engineers increasing by more than 80% as compared to 2017. During the year under review, several of our projects were awarded the honorary titles of "Exemplary Enterprise for the Development of Safety Culture" (安全文化建設示範企業) and "Advanced Entity in Production Safety" (安全生產先進集體), indicating local government authorities' strong recognition for the Group's ESHS management standards.

In terms of risk management, the Group has established a three-tier risk management system to implement effective tier-based management. Risk awareness in all projects and departments was further enhanced, as the practice of "dual accountability for the same job position" was introduced. The risk management system guided by the principle of "joint actions by senior and subordinate levels and interconnectedness of vertical and horizontal dimensions" was further improved, while the organisational structure and management process for risk management were functioning with growing effectiveness. During the year under review, the Group conducted 3 major risk inspection exercises, following which deficiencies and omissions were identified and rectified. Our key risk management measures have been robustly enforced with notable effect.

As a result of the staff's concerted efforts and diligence, the Group was included in the Hang Seng Corporate Sustainability Benchmark Index during the year under review, awarded "Sustainability and Social Responsibility Reporting Award − Special Mention (Non-Hang Seng Index (Medium Market Capitalisation) Category)" in the "Best Corporate Governance Awards 2018" presented by Hong Kong Institute of Certified Public Accountants, and named "Listed Company with Best Investment Value" at the 8th China Securities Golden Bauhinia Award, which acknowledge the outstanding performance of the Group in environmental protection, social responsibility and corporate governance.

As the convenor of China Industry Development Promotion Association Biomass Energy Branch ("BEIPA"), the Group worked in tandem with the BEIPA to produce a number of reports with analysis on the current status, economics and existing issues of the biomass power generation and tariff-related policies as well as proposals for driving development of the industry during the year under review, in a bid to contribute to the ongoing positive development of the biomass industry. In the meantime, we were actively hosting domestic and international forums aimed at coordinating and driving the formulation of industry policies, promoting self-discipline and regulated development among industry players, as well as striving for the designation of the industry engaged in integrated utilisation of agricultural and forest wastes as a government-led social welfare business.

Furthermore, to increase public understanding of the environmental protection industry, the Group was vigorously engaged in initiatives to open its environmental protection facilities to the public. Five projects were made open in 2018 during the first phase, while 15 more projects are expected to be made open from 2019 to 2020. The initiative to open up to the public has obliged the projects to improve their environmental protection facilities, while further enhancing the Company's positive image.

The Group strives to build long-lasting and close relationships with our customers and suppliers. Through maintaining stable operations of projects and complying with environmental discharge standards, the Group has, over the years, assisted various local governments to improve local living environments, created job opportunities, and earned acknowledgement and approval from governmental departments of different levels by taking targeted measures in poverty alleviation and organising philanthropic events. As for suppliers, during the year under review, the Group arranged for numerous visits to our major suppliers, and paid return visits to some of our projects in light of the service conditions of major suppliers, so as to further refine the list of suppliers.

In terms of operating results, the Group reported encouraging growth in revenue and profitability for 2018. The Group's revenue from construction services reached a historical high as compared to the same periods of previous years, thanks to enhanced project management at the preparatory stage and steady progress of project construction. In connection with project operation services, revenues from the operation service segment continued to grow in line with the sustained increase in the volume of projects processed. For the year under review, the Group's revenue amounted to approximately HK$7,001,820,000, an increase of 53% over HK$4,581,352,000 for 2017. EBITDA amounted to approximately HK$2,161,227,000, an increase of 42% over HK$1,517,788,000 for 2017. Profit attributable to equity shareholders of the Company for the year was approximately HK$1,324,871,000, 39% more than HK$953,823,000 recorded for 2017. Basic earnings per share for 2018 amounted to HK64.12 cents, HK12.42 cents more than HK51.70 cents for 2017. The Group had ample cash flow and ready access to various financing options, reporting sound financial indicators across the board.

BUSINESS REVIEW AND PROSPECTS

For the year under review, revenue generated from the integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation and solar energy and wind power segments amounted to approximately HK$7,001,820,000 in aggregate, comprising approximately HK$4,127,440,000 from construction services, representing a 40% growth compared to HK$2,952,979,000 for 2017, and approximately HK$2,733,532,000 from operation services representing a 77% growth compared to HK$1,548,618,000 for 2017. Analysed by the nature of revenue, construction services, operation services and finance income accounted for 59%, 39% and 2%, respectively, of our total revenue.

Major financial data of integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation and solar energy and wind power projects for 2018 are set out as follows:

	2018					2017				
	Integrated biomass utilisation projects	**Hazardous and solid waste treatment projects**	**Environmental remediation projects**	**Solar energy and wind power projects**	**Total**	Integrated biomass utilisation projects	Hazardous and solid waste treatment projects	Environmental remediation projects	Solar energy and wind power projects	Total
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue										
— construction services	**3,763,446**	**363,994**	**—**	**—**	**4,127,440**	2,892,944	60,035	—	—	2,952,979
— operation services	**1,967,199**	**409,146**	**117,672**	**239,515**	**2,733,532**	1,030,719	308,785	—	209,114	1,548,618
— finance income	**131,638**	**9,210**	**—**	**—**	**140,848**	70,021	9,734	—	—	79,755
	5,862,283	**782,350**	**117,672**	**239,515**	**7,001,820**	3,993,684	378,554	—	209,114	4,581,352
EBITDA	**1,631,932**	**370,246**	**24,515**	**225,605**	**2,252,298**	1,143,235	241,454	(2,603)	195,827	1,577,913

Benefiting from favourable national policies, the Group received a total of approximately RMB97,005,000 in government grants and approximately RMB50,239,000 in value-added tax refunds in 2018.

The Group remains committed to enhancing value for the shareholders of the Company (the "Shareholders"). To reward Shareholders for their support while taking into account the Group's long-term sustainable development, the Board has proposed to pay a final dividend of HK6.5 cents per share to the Shareholders (2017: HK9.0 cents).

Integrated biomass utilisation

The Group mainly utilises biomass raw materials to generate both electricity and heat. Biomass raw materials are categorised into yellow culms and grey culms. Yellow culms consist of agricultural residues, such as wheat straw, rice straw, corn straw, rice husks, peanut husks, etc; while grey culms consist of forestry residues such as branches, barks and other manufacturing wood wastes, etc. In addition, the Group has developed a unique business model of urban-rural integration combining integrated biomass utilisation projects and waste-to-energy projects to provide one-stop services for integrated treatment of agricultural/forestry residues and rural household wastes in a pioneering attempt at treatment of the ecological environment in county areas.

While our comprehensive biomass raw material collection and conveyance system has safeguarded adequate fuel supply and the stable operation of our integrated biomass utilisation projects, we have also acquired biomass raw materials from nearby locations through regional coordination to lower our transportation costs. The combined effect of technical measures such as the optimisation of our in-furnance temperature field, anti-corrosion cladding and refined management of flue equipment has contributed to long cycles of stable operation of our biomass power generation projects in a major boost of the operational standards and economic benefits of our projects. Moreover, the Group's urban-rural integration business model, with unique advantages, has not only contributed to project cost reduction and stronger competitiveness in the industry, but has also further facilitated the expansion of the Group's business footprint.

As of 31 December 2018, the Group had a total of 51 integrated biomass utilisation projects, located variously in 12 provinces and municipalities in China, including mainly in Anhui Province, Jiangsu Province, Shandong Province, Hubei Province and Henan Province. During the year under review, our geographical reach was further extended to Gansu Province, Liaoning Province, Fujian Province and Shaanxi Province. Such projects commanded a total investment of approximately RMB15.424 billion and provided aggregate power generation designed capacity of 1,073MW, aggregate biomass processing designed capacity of approximately 8,699,800 tonnes per annum, and aggregate household waste processing designed capacity of approximately 9,350 tonnes per day. During the year under review, the Group had 22 integrated biomass utilisation projects in operation, generating approximately 2,557,059,000 kWh of on-grid electricity which represented an increase of 84% over 2017. Meanwhile, the Group processed approximately 3,159,990 tonnes of biomass raw materials and approximately 881,254 tonnes of household waste, representing increases of 88% and 254% over 2017, respectively. During the year under review, the Group supplied approximately 363,391 tonnes of steam, representing an increase of 112% over 2017. As of 31 December 2018, the Group had 14 integrated biomass utilisation projects under construction, with an aggregate power generation designed capacity of 354MW, an annual biomass processing designed capacity of approximately 2,800,000 tonnes and a daily household waste processing designed capacity of approximately 2,150 tonnes.

During the year under review, EBITDA of the Group's integrated biomass utilisation projects was approximately HK$1,631,932,000, an increase of 43% over 2017. The integrated biomass utilisation projects contributed net profit of approximately HK$1,041,932,000, an increase of 38% over 2017.

The increase in profit was mainly attributable to the steady progress of a number of projects under construction during the year under review, resulting in the increase in the revenue from construction services. In addition, the aggregate volume of on-grid electricity of projects in operation continued to rise, contributing to a significant increase in revenue from the operation services.

Major operating and financial data of the integrated biomass utilisation segment in 2018 are summarised in the table below:

	2018	2017
Integrated biomass utilisation projects		
On-grid electricity *(MWh)*	**2,557,059**	1,393,204
Biomass raw materials processing volume *(tonne)*	**3,159,990**	1,684,691
Waste processing volume *(tonne)*	**881,254**	249,212
Volume of steam generation *(tonne)*	**363,391**	171,027
EBITDA *(HK$'000)*	**1,631,932**	1,143,235

Hazardous and solid waste treatment

The Group is principally engaged in the safe treatment and integrated utilisation of wastes including general industrial solid wastes, hazardous wastes and infectious animal carcasses. Currently, the Group conducts the disposal by way of incineration, landfill, physicochemical treatment and integrated utilisation.

The Group is capable of safely disposing of 43 out of 46 categories of hazardous wastes listed in the National Catalog of Hazardous Wastes. During the year under review, we further diversified our business to integrated hazardous waste utilisation, giving us the ability to fully meet customers' requirements on the back of our solid technical strengths and ability to provide one-stop services.

As of 31 December 2018, the Group had a total of 36 hazardous and solid waste treatment projects, located variously in 5 provinces in China, including mainly in Jiangsu Province and Shandong Province. During the year under review, our geographic reach was further extended to Zhejiang Province. Such projects commanded a total investment of approximately RMB7.65 billion (including approximately RMB576 million in Anqing Solid Waste Integrated Treatment Project, in which the Group held 49% interest) and an aggregate annual processing designed capacity of approximately 1,181,030 tonnes. During the year under review, there were 12 hazardous and solid waste treatment projects in operation completing safe treatment of approximately 127,052 tonnes of hazardous wastes, an increase of 12% over 2017. There were 4 hazardous and solid waste treatment projects under construction with an aggregate annual processing designed capacity of 93,000 tonnes.

During the year under review, the Group entered into a share transfer agreement to acquire a 90% equity interest in Jiangsu Jiayuan at a consideration of RMB180 million. Located in Suzhou and Wuxi area, Jiangsu Jiayuan is an environmental protection company that focuses on resource recycling. Its core business covers the treatment and reuse of industrial hazardous waste, such as copper-containing sludge and etching waste liquid that are generated from printed circuit board ("PCB"). Jiangsu Jiayuan has two subsidiaries, namely Jiangyin Zhongxin Resource Recycling Company Limited (江陰中鑫資源再生有限公司) ("Jiangyin Zhongxin"), a wholly-owned subsidiary, and Kunshan Zhonghuan Industrial Company Limited (昆山中環實業有限公司) ("Kunshan Zhonghuan"), in which Jiangsu Jiayuan holds a 68% equity interest. In terms of hazardous waste processing capacity, Jiangsu Jiayuan is capable of processing 65,000 tonnes of copper-containing etching waste liquid, 10,000 tonnes of tin-stripping waste liquid, 12,000 tonnes of nickel-containing etching waste liquid and 60,000 tonnes of heavy metal-containing sludge, which suspended production as it is in the process of replacing its license for operation of hazardous waste disposal. Jiangyin Zhongxin, which is currently in operation, has an annual copper-containing etching waste liquid processing capacity of 10,000 tonnes. Kunshan Zhonghuan is also in operation with processing capacity of 23,000 tonnes of copper-containing etching waste liquid and 3,000 tonnes of tin-stripping waste liquid annually.

During the year under review, the Group's hazardous and solid waste treatment projects contributed EBITDA of approximately HK$370,246,000, an increase of 53% over 2017. Hazardous and solid waste treatment projects contributed net profit of approximately HK$245,373,000, an increase of 48% over 2017. The increase in profit was mainly attributable to stable business development and sustained increase in the aggregate processing capacity of projects in operation.

Major operating and financial data of the hazardous and solid waste treatment segment in 2018 are summarised in the table below:

	2018	2017
Hazardous and solid waste treatment projects		
Hazardous and solid waste processing volume *(tonne)*	**127,052**	113,031
EBITDA *(HK$'000)*	**370,246**	241,454

Environmental Remediation

The Group's environmental remediation businesses covers mainly the restoration of industrial contaminated sites, restoration of contaminated farmland, restoration of mines and landfills, treatment of industrial gas emission, integrated treatment of oil sludge, treatment of river/lake sediments and industrial sludge, construction and operation of wetland parks, environmental housekeeping services and anti-seepage at landfill sites.

Since the establishment of the Environmental Remediation Management Centre in August 2017, the Group has been making vigorous efforts to develop the environmental remediation business as a key task, delivering fruitful results in the building of the environmental remediation business team, qualification enhancements and market development. The environmental remediation segment has been growing in size. With an increasing number of employees, over 85% of them hold certified qualifications, senior professional titles and advanced academic background. The high-calibre team has provided a strong assurance for the further development of our business.

In connection with qualifications, the Group continued to enhance the qualifications of Everbright Environmental Repairing (Jiangsu) Limited (光大環境修復 (江蘇) 有限公司) ("Environmental Remediation Co."). As of 31 December 2018, Environmental Remediation Co. was qualified as a Class III contractor for specialised environmental engineering and Class C operator of environmental pollution treatment work in Jiangsu Province. It had also obtained a safe production permit, an "AAA" corporate credit rating and an "AA" credit rating given by a credit rating agency and China Construction Bank, respectively, as well as ISO9001, OHSAS18001 and ISO14001 management system accreditations.

During the period under review, the Group independently undertook 9 environmental remediation projects, which were located mainly in Jiangsu Province, Tianjin, Shanghai and Jiangxi Province. They included 2 completed projects, 6 projects under implementation and 1 project in preparation with a total contract amount of approximately RMB187 million.

In addition, the Group entered into a share transfer agreement to acquire 88.88% equity interest in Suntime Environmental Remediation at a consideration of RMB222.2 million. Suntime Environmental Remediation's principal business includes technical services and design, consultation and construction in relation to environmental remediation. It is a national high-tech enterprise with the following licenses: the First-grade Professional Contracting Qualification for Environmental Protection Projects, Environmental Engineering EPO License (Class B) (for pollution remediation and prevention of water pollution), the Third-Grade General Contractor for Municipal Public Works, Jiangsu Environmental Pollution Control License (Class A) (contaminated soil, groundwater and water body remediation) and the General Contractor for Jiangsu Environmental Pollution Control License (1st Class). Suntime Environmental Remediation holds 96 national patents, 19 of which are invention patents, as well as 10 registered trademarks. Changzhou Suntime Environmental Testing and Technology Company Limited (常州上田環境檢測技術有限公司) is the inspection and testing arm of Suntime Environmental Remediation with China Metrology Accreditation which qualifies it to issue valid data and results with proof. As of 31 December 2018, the contract value of the projects under implementation of Suntime Environmental Remediation was approximately RMB432 million.

During the year under review, environmental remediation projects contributed EBITDA and net profit of approximately HK$24,515,000 and HK$19,867,000 respectively.

Major financial data of the environmental remediation segment for 2018 are summarised as follows:

	2018	2017
Environmental remediation projects		
EBITDA *(HK$'000)*	**24,515**	(2,603)

Solar energy and wind power

The Group has 7 solar energy projects and 2 wind power projects in operation located in Jiangsu Province, Anhui Province, Shanxi Province and Germany respectively, involving a total investment of approximately RMB1.395 billion and providing an aggregate power generation designed capacity of 125.9MW. The Group is responsible for building, managing and operating these projects and selling electricity generated by such projects to local power grid companies.

During the year under review, the Group's solar energy and wind power projects sold approximately 316,811,000 kWh of electricity, contributing EBITDA of approximately HK$225,605,000, representing an increase of 15% over 2017. Solar energy and wind power projects contributed net profit of approximately HK$110,047,000, representing an increase of 14% over 2017 mainly in tandem with the increase in the volume of on-grid electricity supply by the wind power projects.

Major operating and financial data of the solar energy and wind power segment in 2018 are summarised in the table below:

	2018	2017
Solar energy and wind power projects		
On-grid electricity *(MWh)*	**316,811**	274,299
EBITDA *(HK$'000)*	**225,605**	195,827

The Group strives to realise sustainable development for the corporation and the community by making vigorous efforts to drive energy conservation and emission reduction, in persistent fulfilment of the mission and undertaking of being "Devoted to Ecology and Environment for a Beautiful China." During the year under review, the Group generated approximately 2,873,870,000 kWh of green electricity, which was sufficient for the annual electricity consumption of 2,394,892 households, reducing standard coal consumption by 1,149,548 tonnes and carbon dioxide (CO_2) emissions by 2,480,117 tonnes, while saving 373,603,100 trees. The Group also treated 143,676 m^3 of leachate in its waste-to-energy power plants and hazardous waste landfills.

Business prospects

In 2019, we will be celebrating the 70th anniversary of the founding of new China. This will also be a crucial year for achieving success in the realisation of a moderately prosperous society and winning the critical battle for the prevention and treatment of pollution. With resolute determination, the PRC government will continue to thoroughly fulfill the requirements put forth at the National Conference on Ecological and Environmental Protection and seek to win the critical battle for the prevention and treatment of pollution, such that the quality of our ecological environment will be further improved. In the meantime, a new cycle of environmental inspection will be commenced in full scale, and ongoing demand for environmental treatment services is expected as the environmental protection authorities under the central government continue to roll out "repeat inspection".

Meanwhile, as China's environmental protection industry continues to grow with optimisation in the industry mix, enterprises in the environmental protection business are facing more stringent requirements and China's environmental protection market is entering a stage of consolidation where companies with poor quality will be eliminated. In view of the challenges as well as opportunities in the environmental industry, the

Group will continue to drive innovations in technology, business and management and persist in seeking developments in "three dimensions": in length as we seek to extend the industry chain, in depth as we try to penetrate for more market shares, and in breadth as we look to widen our business scope, with a view to procuring sustainable development in various businesses.

To further optimise its business structure, the Group will advance its integrated biomass utilisation business in a steady pace to cement its position in the industry, edge up our effort in the development of the hazardous and solid waste treatment business to enhance its position in the industry and increase its weighting among our principal businesses, we will commence the environmental remediation business with full force. In terms of business types, the Group will drive the development of its biomass integrated utilisation business from direct combustion power generation to electricity and heat cogeneration, urban-rural integration and bio-gas. In connection with hazardous and solid waste treatment, an end-to-end change in the industry chain from the "incineration + landfill" model to the model of "integrated utilisation + physio-chemical processing + incineration + landfill" will be implemented. Our environmental remediation business will diversify into integrated environmental services, as opposed to restoring individual sites only.

Looking to the future, with the solid backing of China Everbright Group Limited and strong support of China Everbright International Limited, our controlling shareholder, and on the back of its extensive experience in the development and operation of diversified project portfolios and strong ability in market development, the Group will continue to persist in the rationale of being "Prudent, Proactive and Practical", bearing in mind its initial commitment and mission as it strives incessantly to become a leader in China's environmental business sector.

Subsequent events

The Group completed the acquisitions of Suntime Environmental Remediation and Jiangsu Jiayuan in January 2019.

FINANCIAL REVIEW

Financial position

As at 31 December 2018, the Group's total assets amounted to approximately HK$18,602,802,000 (31 December 2017: HK$14,431,617,000) with net assets amounting to approximately HK$9,431,074,000 (31 December 2017: HK$8,766,046,000). Net asset value per share attributable to equity shareholders of the Company was HK$4.52 per share, an increase of 7% compared to net asset per share of HK$4.23 as at the end of 2017. As at 31 December 2018, gearing ratio (total liabilities over total assets) of the Group was 49%, an increase of 10 percentage points as compared to that 39% as at the end of 2017. Current ratio of the Group was 155%, a decrease of 61 percentage points as compared to that of 216% as at the end of 2017.

Financial resources

The Group adopts a prudent approach to cash and financial management to ensure proper risk control and lower the costs of funds. It finances its operations primarily with the proceeds from the global offering, internally generated cash flow and bank loans. As at 31 December 2018, the Group had cash and bank balances of approximately HK$2,260,833,000, a decrease of approximately HK$1,082,578,000 as compared to HK$3,343,411,000 as at the end of 2017. Most of the Group's cash and bank balances were denominated in Hong Kong dollars and Renminbi.

Indebtedness

The Group endeavours to develop a diverse range of financing options and increasing banking facilities to reserve funds for the development of its environmental protection business. As at 31 December 2018, the Group had outstanding borrowings of approximately HK$6,006,559,000, an increase of approximately HK$2,511,856,000 as compared to HK$3,494,703,000 as at the end of 2017. The borrowings included secured interest-bearing borrowings of approximately HK$4,026,843,000 (31 December 2017: HK$2,759,637,000) and unsecured interest-bearing borrowings of approximately HK$1,979,716,000 (31 December 2017: HK$735,066,000). The borrowings of the Group were mainly denominated in Renminbi, representing approximately 83% of the total, and the remainder is denominated in Hong Kong dollars. All of the borrowings were at floating rates. As at 31 December 2018, the Group had banking facilities of approximately HK$11,261,010,000 (31 December 2017: HK$7,057,275,000), of which approximately HK$5,254,451,000 (31 December 2017: HK$3,562,572,000) was unutilised. The tenor of banking facilities ranged from 1 year to 16 years.

In June 2018, the Company entered into a comprehensive strategic cooperation agreement with Bank of China Limited, Shenzhen Branch ("BOC") to deepen the two parties' strategic cooperation in energy conservation and environmental protection. Pursuant to the agreement, BOC will provide RMB4 billion funding to the Group in the coming 3 years, which will offer strong financial backup for its development. The RMB4 billion funding is subject to definitive agreements to be entered into by the Group and BOC.

Foreign exchange risks

The Company's financial statements are denominated in Hong Kong dollars, which is also 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 Mainland China, which makes up over 95% of its total investments and revenue. Most of the Group's assets, borrowings and major transactions are denominated in Renminbi, basically forming a natural hedging effect.

The Group closely manages its foreign exchange risk through an optimal allocation of borrowings in different currencies, controlling borrowings in non-base currencies at a moderate level, and the adoption of appropriate financial instruments.

Pledge of assets

Certain banking facilities at the Group were secured by revenue, contract assets and receivables in connection with the Group's service concession arrangements, bank deposits, mortgages over property, plant and equipment and interests in leasehold land held for own use under operating leases. As at 31 December 2018, the aggregate net book value of assets pledged amounted to approximately HK$7,597,951,000 (31 December 2017: HK$6,582,527,000).

Commitments

As at 31 December 2018, the Group had outstanding purchase commitments of approximately HK$1,578,260,000 (31 December 2017: HK$1,470,949,000) under the construction contracts and capital commitments relating to the capital injection to an associate of approximately HK$56,216,000 (31 December 2017: Nil) and a joint venture of Nil (31 December 2017: HK$9,500,000) and acquisition of subsidiaries of approximately HK$406,380,000 (31 December 2017: Nil).

Contingent liabilities

As at 31 December 2018, the Group did not have any contingent liabilities (31 December 2017: Nil).

Tax relief and exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's shares.

Use of proceeds

The net proceeds from the global offering on 8 May 2017 after deducting share issuance expenses and listing expenses ("Net Proceeds") was approximately HK$3,234,510,000. As of 31 December 2018, the Company had used approximately HK$3,104,211,000 (31 December 2017: HK$1,013,030,000) of the Net Proceeds for the purposes as set out in the prospectus of the Company dated 21 April 2017, representing 96% of the Net Proceeds.

Item	Movements
	HK$'000
Net Proceeds	3,234,510
Less: Proceeds utilised	
Including:	
Investments in integrated biomass utilisation projects	(2,069,048)
Investments in hazardous and solid waste treatment projects	(658,987)
Working capital and other general corporate purposes	(310,000)
Research and development and acquisition of advanced technologies	(66,176)
Proceeds unused as of 31 December 2018	130,299

The remaining unused proceeds will be used for the purposes as set out in the prospectus.

HUMAN RESOURCES

The Group has always attached great importance to human resource management, and mapped out the structure of its human resource requirements according to its business development trends to provide an ongoing drive force for its rapid development. During the year under review, the Group continued to actively promote and attract talents through, among others, internal training, open recruitment and on-campus recruitment. We seek to improve staff quality through different approaches, such as collective external training, internal associations, technical exchange sessions and personal learning programmes. The Group has also provided different types of trainings designed to explore the potentials of employees, with a view to achieving co-development and sharing of fruitful results between employees and the Company.

As at 31 December 2018, the Group had over 2,000 employees in total in Hong Kong and Mainland China. As of 31 December 2018, our total staff cost was approximately HK$446,230,000 (As of 31 December 2017: HK$293,376,000). Employees are remunerated according to their qualifications, experiences, job nature and performance, with reference to market conditions. Apart from the discretionary performance bonus, the Group also provides other benefits such as medical insurance and mandatory provident fund.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has always held risk management in high regard. During the year under review, the Group continued to refine its internal control and risk management systems and identify and assess its critical risk exposures. Key risks associated with the development of the Group's environmental protection business included changes in environmental protection policies, environmental and social responsibilities, safety liability, peers competition, technology and innovation, as well as legal and internal policy compliance. Details of key risks will be discussed in the annual report.

ENVIRONMENTAL AND SOCIAL MANAGEMENT

The Group has continued to make improvements to its ESHS Management System, driving ongoing upgrades in the external as well as internal management of environment, safety, occupational health and social responsibility and gradually realising systematic and standardised management throughout the Group to maximise control over relevant risks and minimise management deficiencies.

The performance of the operations and environmental services of the Group's projects are gauged in strict adherence to relevant standards and requirements of their respective environmental impact assessment reports, taking into account expectations of the neighboring communities. Key regulations and standards applicable to the Group's business include the "Environmental Protection Law of the People's Republic of China", the "Production Safety Law of the People's Republic of China", the "Labor Law of the People's Republic of China", the Standard for Pollution Control on Municipal Solid Waste Incineration (GB18485–2014), Directive 2010/75/EU and its relevant Annexes/Amendments (for waste-to-energy projects of urban-rural integration projects), the Emission Standard of Air Pollutants for Thermal Power Plants (GB13223–2011) (for biomass power generation projects), the Standard for Pollution Control on the Security Landfill Site for Hazardous Waste (GB18598–2001) and the Pollution Control Standard for Hazardous Wastes Incineration (GB18484–2001), among others. No breach of the said laws and regulations and environmental protection standards resulting in significant loss for and impact to the Group was recorded in 2018.

FINAL DIVIDEND

The Board proposes the payment of a final dividend of HK6.5 cents per share for the year ended 31 December 2018 (2017: HK9.0 cents), which together with the interim dividend of HK6.0 cents paid in October 2018, results in a full-year dividend of HK12.5 cents per share. The dividend payout ratio in 2018 is 19.5%.

A final dividend will pay to the Shareholders whose names appear on the register of members of the Company on Tuesday, 28 May 2019. Subject to approval by the Shareholders of the final dividend at the forthcoming annual general meeting ("AGM") of the Company, dividend cheques will be dispatched to the Shareholders on or around Friday, 14 June 2019.

AGM

The AGM of the Company expected to be held on Tuesday, 21 May 2019 and the notice of annual general meeting will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") .

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed for the following periods:

(a) For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM expected to be held on Tuesday, 21 May 2019, the register of members of the Company expected to be closed on Thursday, 16 May 2019 to Tuesday, 21 May 2019, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong expected not later than 4:30 p.m. on Wednesday, 15 May 2019.

(b) For the purpose of determining the Shareholders who qualify for the final dividend, the register of members of the Company expected to be closed on Monday, 27 May 2019 to Tuesday, 28 May 2019, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong expected not later than 4:30 p.m. on Friday, 24 May 2019.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct for securities transactions by the directors. Having made specific enquiries with all directors of the Company, the Company confirmed that all directors have complied with the required standard set out in the Model Code during the year under review.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group believes that maintaining sound and high standards of corporate governance is not only a key element in safeguarding the interest of the Shareholders, but also a way to enhance the corporate value and strengthen the accountability and transparency of the Group. Through a set of rules and regulations, the Group has constantly reinforced its internal control, risk prevention and management.

The Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Listing Rules has been adopted by the Board as the code for corporate governance practices of the Company. The Company has fully complied with the code provisions set out in the CG Code during the year of 2018.

Board Committees

The Board has established three Board committees, namely audit and risk management committee, remuneration committee and nomination committee, to oversee the particular aspect of the Company's affairs. The Board committees are provided with sufficient resources to discharge their duties.

Audit and Risk Management Committee

The audit and risk management committee, currently comprises all 3 independent non-executive directors, namely Mr. Chow Siu Lui (Chairman), Mr. Philip Tsao and Prof. Yan Houmin.

It is primarily responsible for providing an independent review of the effectiveness of the financial reporting process, risk management and internal control systems of the Group, overseeing the audit process, reviewing the completeness, accuracy, clarity and fairness of the Company's financial statements, considering the scope, approach and nature of both internal and external audits, reviewing and monitoring connected transactions and performing other duties and responsibilities as may be assigned by the Board from time to time, etc.

The terms of reference of the audit and risk management committee are published on the websites of the Stock Exchange and the Company.

Remuneration Committee

The remuneration committee currently comprises Mr. Philip Tsao (Chairman), an independent non-executive director, Mr. Qian Xiaodong, the executive director and chief executive officer of the Company, and 2 other independent non-executive directors, namely Mr. Chow Siu Lui and Prof. Yan Houmin.

The terms of reference of the remuneration committee, which are published on the websites of the Stock Exchange and the Company, setting out the duties of the remuneration committee, including determining, with delegated responsibilities, the remuneration packages of the individual executive directors and senior management, etc.

Nomination Committee

The nomination committee currently comprises Mr. Wang Tianyi (Chairman), the Chairman of the Board, and all 3 independent non-executive directors, namely Mr. Chow Siu Lui, Mr. Philip Tsao and Prof. Yan Houmin.

Its primary responsibilities include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; considering the need for identifying suitable persons to become directors and made recommendations to the Board on the selection of individuals nominated for directorships, etc.

The terms of reference of the nomination committee are published on the websites of the Stock Exchange and the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, the Board confirms that the Company has maintained a sufficient public float as required by the Listing Rules during the year under review.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The results announcement of the Company for the year ended 31 December 2018 is published on the website of the Stock Exchange at www.hkex.com.hk and the website of the Company at http://www.ebgreentech.com/en/ir/announcements.php.

By Order of the Board
China Everbright Greentech Limited
Qian Xiaodong
Chief Executive Officer

Hong Kong, 6 March 2019

As at the date of this announcement, the members of the Board comprise:

Mr. WANG Tianyi *(Chairman, Non-executive director)*
Mr. QIAN Xiaodong *(Chief Executive Officer, Executive director)*
Mr. YANG Zhiqiang *(Vice President, Executive director)*
Mr. WANG Yungang *(Vice President, Executive director)*
Ms. GUO Ying *(Non-executive director)*
Mr. TANG Xianqing *(Non-executive director)*
Mr. CHOW Siu Lui *(Independent non-executive director)*
Mr. Philip TSAO *(Independent non-executive director)*
Prof. YAN Houmin *(Independent non-executive director)*