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 2019 AND PROPOSED CHANGE OF AUDITOR

FINANCIAL HIGHLIGHTS

- Revenue increased by 33% to HK$9,279,555,000 (2018: HK$7,001,820,000)
- EBITDA increased by 33% to HK$2,876,139,000 (2018: HK$2,161,227,000)
- Profit attributable to equity shareholders of the Company increased by 22% to HK$1,621,477,000 (2018: HK$1,324,871,000)
- Final dividend of HK8.0 cents (2018: HK6.5 cents) per share. Total dividends for the year increased by 28% to HK16.0 cents (2018: HK12.5 cents) per share

2019 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 2019 together with comparative figures for the year ended 31 December 2018. 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 2019

	Note	**2019** **HK$'000**	2018 *(Note)* *HK$'000*
Revenue	3	**9,279,555**	7,001,820
Direct costs and operating expenses		**(6,478,539)**	(4,932,366)
Gross profit		**2,801,016**	2,069,454
Other revenue	4	**166,449**	158,664
Other loss		**(849)**	(601)
Administrative expenses		**(490,148)**	(356,556)
Profit from operations		**2,476,468**	1,870,961
Finance costs	5(a)	**(376,891)**	(202,384)
Share of profit/(loss) of a joint venture		**9,890**	(158)
Profit before taxation	5	**2,109,467**	1,668,419
Income tax	6	**(462,362)**	(337,068)
Profit for the year		**1,647,105**	1,331,351
Attributable to:			
Equity shareholders of the Company		**1,621,477**	1,324,871
Non-controlling interests		**25,628**	6,480
Profit for the year		**1,647,105**	1,331,351
Earnings per share	8		
Basic and diluted (HK cents)		**78.48**	64.12

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative is not restated. See note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
		(Note)
	HK$'000	*HK$'000*
Profit for the year	**1,647,105**	1,331,351
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	**(307,063)**	(423,077)
— An associate	**(2,062)**	(138)
— A joint venture	**(1,295)**	(2,906)
	(310,420)	(426,121)
Total comprehensive income for the year	**1,336,685**	905,230
Attributable to:		
Equity shareholders of the Company	**1,315,563**	900,712
Non-controlling interests	**21,122**	4,518
Total comprehensive income for the year	**1,336,685**	905,230

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019	2018
			(Note)
	Note	***HK$'000***	*HK$'000*
Non-current assets			
Property, plant and equipment		**2,643,243**	2,334,791
Interests in leasehold land held for own use		**403,987**	167,263
		3,047,230	2,502,054
Goodwill	9	**149,079**	—
Intangible assets	9	**10,781,335**	7,486,422
Interest in an associate		**76,621**	56,216
Interest in a joint venture		**61,177**	57,446
Other receivables, deposits and prepayments	10	**602,982**	425,957
Contract assets	11	**3,962,637**	2,852,061
Deferred tax assets		**29,396**	34,797
		18,710,457	13,414,953
Current assets			
Inventories		**228,391**	124,656
Debtors, other receivables, deposits and prepayments	10	**1,379,846**	1,239,535
Contract assets	11	**3,041,149**	1,562,091
Tax recoverable		**986**	734
Pledged bank deposits		**189,847**	198,968
Deposits with banks		**22,180**	17,039
Cash and cash equivalents		**2,685,459**	2,044,826
		7,547,858	5,187,849

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2019

	Note	**2019** ***HK$'000***	2018 *(Note)* *HK$'000*
Current liabilities			
Bank loans			
— Secured		**920,529**	626,389
— Unsecured		**1,101,810**	288,986
		2,022,339	915,375
Creditors, other payables and accrued expenses	12	**3,005,792**	2,416,520
Lease liabilities		**4,634**	—
Current taxation		**43,771**	23,622
		5,076,536	3,355,517
Net current assets		**2,471,322**	1,832,332
Total assets less current liabilities		**21,181,779**	15,247,285
Non-current liabilities			
Bank loans			
— Secured		**5,552,115**	3,400,454
— Unsecured		**3,520,322**	1,690,730
		9,072,437	5,091,184
Other payables	12	**556,845**	67,004
Lease liabilities		**8,381**	—
Deferred tax liabilities		**956,764**	658,023
		10,594,427	5,816,211
Net assets		**10,587,352**	9,431,074

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2019

	2019	2018
		(Note)
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**1,608,029**	1,608,029
Other reserves	**8,738,190**	7,730,823
Total equity attributable to equity shareholders of the Company	**10,346,219**	9,338,852
Non-controlling interests	**241,133**	92,222
Total equity	**10,587,352**	9,431,074

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative is not restated. See note 2.

NOTES

1 BASIS OF PREPARATION

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of annual results 2019 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements.

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 2018 as disclosed in the Company's annual report dated 6 March 2019 except for the effect for the adoption of the revised Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, 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 new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

HKFRS 16, *Leases* *(Continued)*

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.2%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

2 CHANGES IN ACCOUNTING POLICIES *(Continued)*

HKFRS 16, *Leases* *(Continued)*

b. Lessee accounting and transitional impact *(Continued)*

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$'000
Operating lease commitments at 31 December 2018	17,206
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(5,076)
— leases of low-value assets	(1,012)
	11,118
Less: total future interest expenses	(3,148)
Total lease liabilities recognised at 1 January 2019	7,970

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities at 31 December 2018.

The Group presents right-of-use assets in "Property, plant and equipment" (except for leasehold land included in "Interests in leasehold land held for own use" as mentioned below) and presents lease liabilities separately in the statement of financial position. So far as the impact of the adoption of HKFRS 16 on interests in leasehold land held for own use previously classified as under operating leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the caption for the balance. These amounts are included within "Interests in leasehold land held for own use".

There is no impact on the opening balance of the Group's equity as at 1 January 2019 on the initial application of HKFRS 16.

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17.

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, hazardous waste incineration projects and physicochemical and resources recycling projects), environmental remediation project operation and solar energy and wind power project operation (solar energy projects and wind power projects).

Disaggregation of revenue

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 service lines is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope by HKFRS 15		
Disaggregation by service lines		
— Revenue from integrated biomass utilisation project construction services	**4,050,945**	3,763,446
— Revenue from hazardous and solid waste treatment project construction services	**868,814**	363,994
— Revenue from integrated biomass utilisation project operation services	**3,032,982**	1,967,199
— Revenue from hazardous and solid waste treatment project operation services	**640,767**	409,146
— Revenue from environmental remediation project operation services	**287,296**	117,672
— Revenue from solar energy and wind power project operation services	**204,220**	239,515
— Finance income	**194,531**	140,848
	9,279,555	7,001,820

For the year ended 31 December 2019, the Group has transactions with one (2018: one) local government authority in the People's Republic of China ("PRC") which individually exceeded 10% of the Group's revenue. The aggregated revenues from this PRC local government authorities during the year ended 31 December 2019 amounted to HK$1,870,814,000 (2018: HK$1,510,529,000).

The aggregated revenues from construction services, revenues from operation services and finance income derived from local government authorities in the PRC amounted to HK$8,269,856,000 for year ended 31 December 2019 (2018: HK$6,492,439,000). The revenue arose from all the four business segments is 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 projects, 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, hazardous waste incineration projects and physicochemical and resources recycling 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 stewardship 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 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 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, lease liabilities, 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 management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below.

	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	
	2019	2018 *(Note)*	**2019**	2018 *(Note)*	**2019**	2018 *(Note)*	**2019**	2018 *(Note)*	**2019**	2018 *(Note)*
	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	**7,270,316**	5,862,283	**1,517,723**	782,350	**287,296**	117,672	**204,220**	239,515	**9,279,555**	7,001,820
Reportable segment profit (EBITDA)	**2,192,943**	1,631,932	**571,824**	370,246	**55,454**	24,515	**185,683**	225,605	**3,005,904**	2,252,298
Interest income from bank deposits	**4,535**	3,254	**2,068**	1,918	**403**	50	**322**	478	**7,328**	5,700
Finance costs	**247,809**	150,172	**22,958**	21,188	**7,759**	—	**22,084**	24,965	**300,610**	196,325
Depreciation and amortisation	**240,940**	176,298	**64,772**	42,856	**13,165**	62	**66,557**	69,622	**385,434**	288,838
Additions to property, plant and equipment, interests in leasehold land held for own use, intangible assets, goodwill and non-current portion of prepayments	**3,039,039**	2,549,360	**1,648,153**	794,912	**197,095**	51,419	**911**	3,707	**4,885,198**	3,399,398
Additions to non-current portion of contract assets	**1,445,068**	1,400,506	**8,142**	9,210	**—**	—	**—**	—	**1,453,210**	1,409,716
Reportable segment assets	**18,899,891**	13,615,644	**4,247,704**	2,629,636	**503,712**	233,334	**1,302,854**	1,417,251	**24,954,161**	17,895,865
Reportable segment liabilities	**9,430,879**	6,514,660	**1,382,686**	859,052	**337,821**	106,240	**477,163**	535,853	**11,628,549**	8,015,805

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

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

	2019	2018
		(Note)
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue and consolidated revenue	**9,279,555**	7,001,820
Profit		
Reportable segment profit (EBITDA) derived from the Group's external customers	**3,005,904**	2,252,298
Depreciation and amortisation	**(389,781)**	(290,424)
Finance costs	**(376,891)**	(202,384)
Unallocated head office and corporate income	**13,522**	25,678
Unallocated head office and corporate expenses	**(143,287)**	(116,749)
Consolidated profit before taxation	**2,109,467**	1,668,419
Assets		
Reportable segment assets	**24,954,161**	17,895,865
Unallocated head office and corporate assets	**1,304,154**	706,937
Consolidated total assets	**26,258,315**	18,602,802
Liabilities		
Reportable segment liabilities	**11,628,549**	8,015,805
Unallocated head office and corporate liabilities	**4,042,414**	1,155,923
Consolidated total liabilities	**15,670,963**	9,171,728

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

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 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, 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.

	2019	2018
		(Note)
	HK$'000	*HK$'000*
Revenue from external customers		
PRC	**9,273,442**	6,994,319
Germany	**6,113**	7,501
	9,279,555	7,001,820
Property, plant and equipment, interests in leasehold land held for own use and intangible assets		
PRC (excluding Hong Kong)	**13,784,710**	9,945,161
Hong Kong	**6,245**	1,840
Germany	**37,610**	41,475
	13,828,565	9,988,476
Non-current portion of other receivables, deposits and prepayments and contract assets		
PRC	**4,565,619**	3,278,018

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

4 OTHER REVENUE

	2019 HK$'000	2018 HK$'000
Interest income	**16,145**	25,910
Government grants*	**70,805**	63,266
Value-added tax refunds**	**63,709**	59,609
Others	**15,790**	9,879
	166,449	158,664

* Government grants of HK$67,648,000 (2018: HK$58,584,000) were granted during the year ended 31 December 2019 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 Group was entitled PRC value-added tax refunds of HK$63,709,000 (2018: HK$59,609,000) during the year ended 31 December 2019. 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 PROFIT BEFORE TAXATION

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

	2019 HK$'000	2018 (Note) HK$'000
(a) Finance costs		
Interest on bank loans	**388,735**	213,091
Interest on amount due to an intermediate holding company	**11,555**	—
Interest on lease liabilities	**605**	—
	400,895	213,091
Less: interest expenses capitalised into construction in progress*	**(24,004)**	(10,707)
	376,891	202,384

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2.

* The borrowing costs have been capitalised at a rate of 4.66% to 5.39% (2018: 4.66% to 5.15%) per annum during the year ended 31 December 2019.

5 PROFIT BEFORE TAXATION *(Continued)*

	2019	2018
	HK$'000	*HK$'000*
(b) Staff costs		
Contributions to defined contribution retirement plan	**56,875**	43,071
Salaries, wages and other benefits	**533,603**	403,159
	590,478	446,230

	2019	2018
	HK$'000	*HK$'000*
(c) Other items		
Amortisation		
— interests in leasehold land held for own use	**—**	4,277
— intangible assets	**245,109**	168,664
Depreciation		
— owned property, plant and equipment*	**134,183**	117,483
— right-of-use assets*	**10,489**	—
Credit loss on debtors	**2,000**	1,939
Net foreign exchange (gain)/loss	**(907)**	1,453
Auditors' remuneration		
— audit services	**2,990**	2,850
Total minimum lease payments for leases previously classified as operating leases under HKAS 17*	**—**	9,520
Expense relating to short-term leases and other leases with remaining lease term ended on or before 31 December 2019 not included in the measurement of lease liabilities	**8,248**	—

* The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a leasee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2019	2018
	HK$'000	*HK$'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**—**	—
Current tax — PRC Income Tax		
Provision for the year	**192,493**	91,503
Over-provision in respect of prior years	**(5,923)**	(2,031)
	186,570	89,472
Deferred tax		
Origination and reversal of temporary differences	**275,792**	247,596
	462,362	337,068

No provision for Hong Kong Profits Tax has been made in the financial statements for the years ended 31 December 2019 and 2018 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.

7 DIVIDENDS

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

	2019	2018
	HK$'000	*HK$'000*
Interim dividend declared and paid of HK8.0 cents (2018: HK6.0 cents) per ordinary share	**165,286**	123,965
Final dividend proposed after the end of the reporting period of HK8.0 cents (2018: HK6.5 cents) per ordinary share	**165,286**	134,295
	330,572	258,260

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.

8 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$1,621,477,000 (2018: HK$1,324,871,000) and the weighted average of 2,066,078,000 (2018: 2,066,078,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

Diluted earnings per share for the years ended 31 December 2019 and 2018 were the same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during both years.

9 INTANGIBLE ASSETS AND GOODWILL

	Integrated biomass utilisation project operating rights *HK$'000*	Hazardous and solid waste treatment project operating rights *HK$'000*	Total intangible assets *HK$'000*
Cost:			
At 1 January 2018	4,775,686	596,595	5,372,281
Exchange adjustments	(311,298)	(41,447)	(352,745)
Additions	2,494,578	363,994	2,858,572
At 31 December 2018	6,958,966	919,142	7,878,108
Accumulated amortisation:			
At 1 January 2018	209,600	31,073	240,673
Exchange adjustments	(15,215)	(2,436)	(17,651)
Charge for the year	143,192	25,472	168,664
At 31 December 2018	337,577	54,109	391,686
Net book value:			
At 31 December 2018	6,621,389	865,033	7,486,422

9 INTANGIBLE ASSETS AND GOODWILL *(Continued)*

	Integrated biomass utilisation project operating rights	Hazardous and solid waste treatment project operating rights	Licences	Technology	Backlog contracts	Total intangible assets	Goodwill	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost:								
At 1 January 2019	**6,958,966**	**919,142**	**—**	**—**	**—**	**7,878,108**	**—**	**7,878,108**
Exchange adjustments	**(227,518)**	**(41,445)**	**(4,737)**	**(596)**	**(129)**	**(274,425)**	**(5,173)**	**(279,598)**
Additions	**2,792,267**	**868,814**	**—**	**—**	**—**	**3,661,081**	**—**	**3,661,081**
Acquisition of subsidiaries	**—**	**—**	**121,575**	**14,229**	**3,070**	**138,874**	**154,252**	**293,126**
At 31 December 2019	**9,523,715**	**1,746,511**	**116,838**	**13,633**	**2,941**	**11,403,638**	**149,079**	**11,552,717**
Accumulated amortisation:								
At 1 January 2019	**337,577**	**54,109**	**—**	**—**	**—**	**391,686**	**—**	**391,686**
Exchange adjustments	**(12,172)**	**(1,964)**	**(282)**	**(40)**	**(34)**	**(14,492)**	**—**	**(14,492)**
Charge for the year	**199,294**	**30,097**	**12,469**	**1,744**	**1,505**	**245,109**	**—**	**245,109**
At 31 December 2019	**524,699**	**82,242**	**12,187**	**1,704**	**1,471**	**622,303**	**—**	**622,303**
Net book value:								
At 31 December 2019	**8,999,016**	**1,664,269**	**104,651**	**11,929**	**1,470**	**10,781,335**	**149,079**	**10,930,414**

The amortisation of the intangible assets is included in "Direct costs and operating expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

10 DEBTORS, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019	2018
	HK$'000	*HK$'000*
Debtors	**711,104**	369,417
Other receivables, deposits and prepayments	**1,219,028**	1,291,325
Amounts due from fellow subsidiaries	**30,516**	4,750
Amount due from non-controlling interests	**22,180**	—
	1,982,828	1,665,492
Less: Non-current portion		
— Other receivables, deposits and prepayments	**(580,802)**	(425,957)
— Amount due from non-controlling interests	**(22,180)**	—
	(602,982)	(425,957)
Current portion	**1,379,846**	1,239,535

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

	2019	2018
	HK$'000	*HK$'000*
Current	**387,300**	205,409
Within 1 month past due	**115,398**	117,451
More than 1 month but within 3 months past due	**16,919**	10,666
More than 3 months but within 6 months past due	**61,423**	17,816
More than 6 months but within 12 months past due	**70,669**	8,464
More than 12 months past due	**59,395**	9,611
Amounts past due	**323,804**	164,008
	711,104	369,417

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 of the end of the reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within 1 month	**269,187**	173,350
More than 1 month but within 2 months	**112,467**	20,940
More than 2 months but within 4 months	**87,208**	131,584
More than 4 months but within 7 months	**86,545**	18,770
More than 7 months but within 13 months	**77,489**	12,354
More than 13 months	**78,208**	12,419
	711,104	369,417

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

The amount due from fellow subsidiaries are unsecured, interest-free and the prepayment is expected to be recognised as expense within one year.

The amount due from non-controlling interests is secured by its equity interest in a non-wholly owned subsidiary, interest bearing at 110% of rate announced by the People's Bank of China and recoverable by December 2022.

11 CONTRACT ASSETS

	2019	2018
	HK$'000	*HK$'000*
Non-current		
Service concession assets *(note 11(a))*	**3,962,637**	2,852,061
Current		
Service concession assets *(note 11(a))*	**262,475**	204,598
Unbilled renewable energy tariff subsidy *(note 11(b))*	**2,561,239**	1,290,468
Environmental remediation contract assets *(note 11(c))*	**217,435**	67,025
	3,041,149	1,562,091
	7,003,786	4,414,152
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in "Intangible assets"	**2,156,941**	2,237,255

11 CONTRACT ASSETS (*Continued*)

(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% (2018: 4.90% to 6.60%) per annum as at 31 December 2019.

As at 31 December 2019, HK$3,400,221,000 (2018: HK$2,213,959,000) 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

	2019	2018
	HK$'000	*HK$'000*
Creditors		
— third parties	**2,126,266**	1,726,771
— fellow subsidiaries	**12,005**	11,653
	2,138,271	1,738,424
Other payables and accrued expenses	**824,844**	644,276
Amounts due to fellow subsidiaries	**618**	307
Amount due to non-controlling interests	**16,635**	—
Amount due to an intermediate holding company	**443,600**	—
Deferred income — government grants	**138,669**	100,517
	3,562,637	2,483,524
Less: Non-current portion		
— Deferred income — government grants	**(54,318)**	(59,080)
— Amount due to an intermediate holding company	**(443,600)**	—
— other payables and accrued expenses	**(58,927)**	(7,924)
	(556,845)	(67,004)
Current portion	**3,005,792**	2,416,520

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

	2019	2018
	HK$'000	*HK$'000*
Within 6 months	**1,913,174**	1,627,355
More than 6 months	**225,097**	111,069
	2,138,271	1,738,424

Creditors totaling HK$1,594,892,000 (2018: HK$1,593,174,000) as at 31 December 2019 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.

The amount due to non-controlling interests is unsecured, interest bearing at rates announced by the People's Bank of China and repayable within one year.

The amount due to an intermediate holding company is unsecured, interest bearing at 85% of rate announced by the People's Bank of China and repayable in May 2022.

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 2019 as set out in the preliminary results announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft 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

As we celebrated the 70th anniversary of the founding of new China in 2019, we also witnessed a crucial year for achieving success in the general realisation of a moderately prosperous society and winning the critical battle for the prevention and treatment of pollution. Internationally, the world faced volatility of a scale unseen in the past century, as global uncertainties and instability continued to escalate, while profound and complex changes were taking place in international relations, leading to the transition to a new phase of the external landscape in relation to China's development.

On the domestic front, the environmental industry benefited from the successive announcements over the past few years of a range of policies and regulatory measures at various levels that had given rise to a policy regime and regulatory framework focused on key environmental issues, such as the water environment, soil, solid waste and atmospheric conservation. Overcoming prominent environmental issues, improving environmental quality, driving quality economic growth, as well as attaining sustainable development remained some of the key tasks and objectives for national development. Such tasks and objectives have not only outlined a more lucid blueprint for the development of the nation's ecological civilisation, but have also called for higher business standards and more ambitious development goals on the part of the environmental sector, thereby presenting business opportunities with greater potential to environmental enterprises.

As a provider of specialised environmental protection services in China, Everbright Greentech achieved stable growth in various aspects and reported further improvements in business scale and efficiency in 2019, mindful of its initial commitment while staying current in its endeavours as it continued to uphold the corporate mission of being "Devoted to Ecology and Environment for a Beautiful China" and the vision of "Delivering better investment value and undertaking further social responsibilities".

The Group is principally engaged in the businesses of integrated biomass utilisation, hazardous and solid waste treatment, environmental remediation, solar energy and wind power. As of 31 December 2019, the Group had 108 environmental protection projects with a total investment of approximately RMB28.908 billion; and had undertaken 27 environmental remediation projects with a total contract amount of approximately RMB725 million.

In terms of market development, the Group achieved a double breakthrough in terms of entering new geographic regions and new business sectors during the year under review. We further broadened our business portfolio by diversifying into the business of general industrial solid waste electricity and heat cogeneration, while continuing to extend its business footprint by successfully entering the environmental protection markets of Heilongjiang Province and Inner Mongolia Autonomous Region, expanding the Group's business presence in China to 14 provinces and autonomous region. Our environmental remediation business also gained momentum following a breakthrough in the environmental remediation market of Guangdong Province, resulting in a total of 7 provinces and municipalities in which the Group has secured environmental remediation contracts.

The Group accomplished stellar results in business expansion during the year under review, as it secured 23 new projects and entered into 5 supplemental agreements involving additional total investments of approximately RMB5.702 billion and environmental remediation project contracts with a total amount of approximately RMB113 million. Such new projects included 1 biomass electricity and heat cogeneration project, 15 hazardous and solid waste treatment projects and 7 environmental remediation projects. In terms of project scale, our aggregate power generation designed capacity was increased by 7 MW, while our biomass processing designed capacity was increased by approximately 120,000 tonnes per year. Our designed capacity for steam supply and designed capacity for hazardous and solid waste treatment were increased by approximately 1,242,400 tonnes and 965,000 tonnes per year, respectively. In addition, the Group completed the acquisitions of 3 environmental companies during the year under review, including Jiangsu Jiayuan Environmental Technology Co., Ltd.* (江蘇佳願環境科技有限公司), Suntime Environmental Remediation CO., Ltd and Zhangjiagang Gelin Environmental Engineering Co., Ltd.* (張家港格林環境工程有限公司).

During the year under review, the Group secured Wenling Hazardous Waste Integrated Treatment Project in Zhejiang Province with an investment of approximately RMB1.366 billion. The project will be constructed in two phases. The first phase commands an investment of approximately RMB388 million, with a designed annual hazardous waste incineration capacity and physicochemical treatment capacity of 30,000 tonnes and 10,000 tonnes, respectively. The second phase is a rigid landfill which commands an investment of approximately RMB978 million, with a designed annual hazardous waste treatment capacity of 30,000 tonnes.

* *For identification purpose only*

In terms of project construction, the Group reported smooth progress in its project works which continued to contribute to the steady growth in revenue from its construction services. During the year under review, 20 projects started implementation or construction, while 26 projects were completed and commenced operation. As of 31 December 2019, the Group had 27 projects under construction or implementation, including 13 integrated biomass utilisation projects, 5 hazardous and solid waste treatment projects and 9 environmental remediation projects. The Group has enhanced safety management at project sites to ensure steady progress of construction works by further amending and improving its engineering management systems and regulations.

In connection with technology research and development, Everbright Greentech Research Institute commenced research primarily on general industrial solid waste treatment, physicochemical treatment of hazardous waste, industrial waste salt treatment and resources recycling. During the year under review, we commenced work in relation to the assessment of the current status of vertical curtain anti-seepage at domestic hazardous waste landfills and developed methodologies and standards for the assessment of vertical curtain anti-seepage at hazardous waste landfills in a systematic manner; moreover, we have formulated through our research options for technical routes and equipment choices compatible with the Group's general industrial solid waste treatment business, providing comprehensive technical support for the implementation and advancement of our general industrial solid waste projects. As of 31 December 2019, the Group held 105 licensed patents, including 32 invention patents and 73 utility model patents.

During the year under review, the Group continued to deepen the implementation of its environmental, safety, health and social responsibility ("ESHS") system, as it refined its "dual prevention mechanism" for hierarchical safety risk control and potential hazard rectification and total environmental management. It also tightened specific control over high-risk operation locations and procedures, while improving the safety conditions at project sites. To enhance the development of the safety culture on an ongoing basis, the Group organised a Safe Production Month campaign and a contest for the promotion of the ESHS culture. Sessions were held for ESHS management personnel to share their experiences, while a range of activities such as ESHS inspections, knowledge quizzes, keynote lectures and educational visits were arranged, capped by the development of a database for training materials. Meanwhile, the Group continued to advance and improve the development of the ESHS management system with the announcement of the "System of Accountability for ESHS Incidents" aiming to regulate ESHS duties and reinforce "straight-line management" accountability; two sessions of environmental management compliance examination had been organised and weaker segments with greater risks had been identified, followed by the formation of a task force that conducted research and evaluation on weaker segments with greater risks and the preparation and publication of 10 management standards, including "Standards for the Management of Public Visits (Trial)", "Proposed General Contingency Plan for Emergencies at Hazardous Waste Incineration Projects (Template)" and "Proposed General Contingency Plan for Emergencies at Hazardous Waste Landfill Projects (Template)".

In terms of risk management, the Group implemented effective tier-based management by making further improvements to its risk management system. Our risk management system has been further enhanced following the formulation and announcement of our "Risk Management System" during the year under review. Meanwhile, a key point audit process system and a standardised process system have been developed to effectively lower the probability of risks occurring at various points and operational levels and include risk control results in performance appraisals, so that risk awareness will be enhanced among risk management personnel at various levels. During the year under review, the Group's key risk management measures were robustly enforced with notable effect.

In 2019, the Group played an active role in environmental protection, community contributions and corporate governance, as it continued to develop its environmental business in a robust manner and endeavoured to drive global green and sustainable development on the back of its staff's concerted effort and proactive commitment. During the year under review, the Group received the "BOCHK Corporate Environmental Leadership Awards 2018 (Belt and Road Environmental Leadership Recognition Award)", the title of "EcoPartner" and the certificate of "EcoChallenger" from the Federation of Hong Kong Industries and Bank of China (Hong Kong); awarded the "InnoESG Prize 2019" by SocietyNext Foundation, UNESCO Hong Kong Association Glocal Peace Centre, Rotarian Action Group for Peace, Wofoo Social Enterprises, etc.; recognised as "Honored Companies (Power Sector) in Asia" in the 2019 All-Asia Executive Team organised by *Institutional Investor*, a renowned international financial magazine; named "Hong Kong Outstanding Enterprises 2019" by *Economic Digest* and obtained Pre-issuance Stage Certificate under Green Finance Certification Scheme by the Hong Kong Quality Assurance Agency (HKQAA), in a further testimony to the Group's industry influence and business strengths. Moreover, Mr. QIAN Xiaodong, Chief Executive Officer, came second (buy-side) and third (overall) among the Best CEOs named under "Power Sector" in the "2019 All-Asia Executive Team" announced by *Institutional Investor*.

As a member of the Standing Committee of the Biomass Energy Branch of China Association for the Promotion of Industrial Development ("BEIPA"), the Group worked in tandem with BEIPA during the year under review and assisted the Ministry of Finance to conduct research on issues concerning the subsidisation of biomass power generation and policies on subsidising biomethane. The Group compiled the "Implementation Plan for the Industrialisation Development of Biomethane" and "Master Proposal for Subsidy Policies", both of which were critical to the formulation and modification of relevant subsidy policies. To analyse the current status of the industry, the Group prepared and published the "China Biomass Power Generation Industry Ranking Report" and "Industry Report on China Household Waste-to-Energy Power Generation in Cities and Towns (2019)". In order to cope with ultra-low emissions from biomass power generation, it submitted the "Proposal for Study on Emission Limits of Agricultural and Forestry Biomass Direct Combustion Boilers" to the Ministry of Ecology and Environment, in a persistent effort to fulfill its corporate social responsibilities and drive the healthy development of the biomass industry by addressing difficulties encountered in the development of the industry.

The Group firmly believes that effective environmental management and accurate and timely disclosure of environmental information are instrumental to the implementation of an enterprise's responsibilities in pollution treatment. During the year under review, the Group continued to drive its initiatives relating to the opening of its environmental facilities to the public in a resolute manner, seeking to enhance the level of standardisation and normalisation of such initiatives through major efforts to facilitate announcements via environmental information networks and the opening of its environmental facilities to the public. Flue emission and sewage discharge data of all operating projects of the Group was linked with and uploaded on a real-time basis to the government's regulatory public announcement platforms for governmental and public supervision. To propagate knowledge and ideas of environmental protection to a broader spectrum of people, the Group established a team of 144 personnel for the reception of public visitors. A total of 16 projects were officially open to the public in 2019, during which 555 sessions of public visits were organised, welcoming a total of 8,545 visitors. Surveys and polls indicated a 100% satisfaction level on the part of visitors for the Group's "open to the public" activities.

The Group is committed to building long-lasting and close relationships with its customers and suppliers. Over the years, the Group has won the approval of governments at various levels through the stable operations and compliant discharge standards of its environmental projects, as well as assistance offered to local governments to improve the living environments of and create job opportunities for local communities. In connection with suppliers, the Group consistently adheres to the principle of fairness and impartiality in its selection of suppliers. During the year under review, the Group arranged numerous visits to our suppliers for inspection purposes, and paid return visits to projects in connection with services provided by major suppliers, as we persisted in further refining our suppliers' list through merit-based selection.

In terms of operating results, the Group reported encouraging growth in revenue and profitability for 2019. 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 services 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$9,279,555,000, an increase of 33% over HK$7,001,820,000 for 2018. EBITDA amounted to approximately HK$2,876,139,000, an increase of 33% over HK$2,161,227,000 for 2018. Profit attributable to equity shareholders of the Company for the year was approximately HK$1,621,477,000, 22% more than HK$1,324,871,000 recorded for 2018. Basic earnings per share for 2019 amounted to HK78.48 cents, HK14.36 cents more than HK64.12 cents for 2018. 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$9,279,555,000 in aggregate, comprising approximately HK$4,919,759,000 from construction services, representing a 19% growth compared to HK$4,127,440,000 for 2018, and approximately HK$4,165,265,000 from operation services, representing a 52% growth compared to HK$2,733,532,000 for 2018. Analysed by the nature of revenue, construction services, operation services and finance income accounted for 53%, 45% 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 2019 are set out as follows:

	2019					2018				
	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	**4,050,945**	**868,814**	**—**	**—**	**4,919,759**	3,763,446	363,994	—	—	4,127,440
— operation services	**3,032,982**	**640,767**	**287,296**	**204,220**	**4,165,265**	1,967,199	409,146	117,672	239,515	2,733,532
— finance income	**186,389**	**8,142**	**—**	**—**	**194,531**	131,638	9,210	—	—	140,848
	7,270,316	**1,517,723**	**287,296**	**204,220**	**9,279,555**	5,862,283	782,350	117,672	239,515	7,001,820
EBITDA	**2,192,943**	**571,824**	**55,454**	**185,683**	**3,005,904**	1,631,932	370,246	24,515	225,605	2,252,298

Benefiting from favourable national policies, the Group received a total of approximately RMB162 million in government grants and approximately RMB56.15 million in value-added tax refunds in 2019.

The Company 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 recommended a final dividend for the year ended 31 December 2019 of HK8.0 cents (2018: HK6.5 cents) per share to the Shareholders.

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 and 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 and 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. Benefitting from the combined effect of technological optimisation and detailed management, the Group's integrated biomass utilisation projects have been able to sustain long cycles of stable operation in a major boost of the operational standards and economic benefits of our projects. Moreover, the unique advantage of the Group's urban-rural integration business model 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 2019, the Group had a total of 48 integrated biomass utilisation projects, located variously in 10 provinces in China, including mainly in Anhui Province, Jiangsu Province, Shandong Province, Hubei Province and Henan Province. Such projects commanded a total investment of approximately RMB14.947 billion and provided an aggregate power generation designed capacity of 1,002 MW, an annual aggregate biomass processing designed capacity of 8,089,800 tonnes, and a daily aggregate household waste processing designed capacity of 8,850 tonnes.

During the year under review, the Group had 32 integrated biomass utilisation projects in operation, generating approximately 3,826,504 MWh of on-grid electricity which represented an increase of 50% over 2018. Meanwhile, the Group processed approximately 4,635,939 tonnes of biomass raw materials and approximately 1,439,893 tonnes of household waste, representing increases of 47% and 63% over 2018, respectively. During the year under review, the Group supplied approximately 818,804 tonnes of steam, representing an increase of 125% over 2018. As of 31 December 2019, the Group had 13 integrated biomass utilisation projects under construction, with an aggregate power generation designed capacity of 246 MW, an annual biomass processing designed capacity of approximately 1,870,000 tonnes, a daily household waste processing designed capacity of approximately 2,950 tonnes and an annual steam generation designed capacity of 960,000 tonnes.

During the year under review, EBITDA of the Group's integrated biomass utilisation projects was approximately HK$2,192,943,000, an increase of 34% over 2018. The integrated biomass utilisation projects contributed net profit of approximately HK$1,345,056,000, an increase of 29% over 2018. The increase in profit was mainly attributable to the increase in revenue from construction services thanks to the steady progress of various projects in construction coupled with the substantial increase in revenue from operation services in tandem with the continuous growth in total on-grid electricity from projects in operation, during the year under review.

Major operating and financial data of the integrated biomass utilisation segment in 2019 are summarised in the table below:

	2019	2018
Integrated biomass utilisation projects		
On-grid electricity *(MWh)*	**3,826,504**	2,557,059
Biomass raw materials processing volume *(tonnes)*	**4,635,939**	3,159,990
Household waste processing volume *(tonnes)*	**1,439,893**	881,254
Volume of steam supplied *(tonnes)*	**818,804**	363,391
EBITDA *(HK$'000)*	**2,192,943**	1,631,932

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 a leading industry player in the hazardous waste treatment business, with capabilities for the safe disposal of 43 out of 46 categories of hazardous wastes listed in the National Catalog of Hazardous Wastes. During the year under review, we further expanded into the business of general industrial solid waste electricity and heat cogeneration, giving us the ability to fully meet various requirements for hazardous and solid waste treatment on the back of our solid technical strengths and ability to provide one-stop services.

As of 31 December 2019, the Group had a total of 51 hazardous and solid waste treatment projects, located mainly in Jiangsu Province and Shandong Province. During the year under review, we established our presence in the environmental markets of Heilongjiang Province and Inner Mongolia Autonomous Region, expanding the geographic coverage of our business to 9 provinces and autonomous region in China. Such projects commanded a total investment of approximately RMB12.566 billion (including approximately RMB581 million in Anqing Solid Waste Integrated Treatment Project, in which the Group held 49% interest) and an aggregate annual processing designed capacity of 2,229,400 tonnes.

During the year under review, the Group operated and completed 20 hazardous and solid waste treatment projects. For detoxification treatment, approximately 184,248 tonnes of hazardous and solid waste were treated in aggregate, an increase of 45% over 2018. For integrated resource utilisation, 13,654 tonnes of hazardous and solid waste were treated in aggregate and approximately 5,242 tonnes of recycled products were sold. There were 5 hazardous and solid waste treatment projects under construction with an aggregate annual processing designed capacity of 160,000 tonnes. Among the projects in operation and completed construction, Jiangsu Jiayuan Environmental Technology Co., Ltd.* (江蘇佳願環境科技有限公司), which was acquired in early 2019, is currently in suspension pending the renewal of its license for the operation of hazardous waste disposal. Lishui Industrial Solid Waste Landfill Project, completed construction during the year under review, has yet to contribute any operating revenue.

During the year under review, the Group's hazardous and solid waste treatment projects contributed EBITDA of approximately HK$571,824,000, an increase of 54% over 2018. Hazardous and solid waste treatment projects contributed net profit of approximately HK$362,936,000, an increase of 48% over 2018. 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 2019 are summarised in the table below:

	2019	2018
Hazardous and solid waste treatment projects		
Hazardous and solid waste processing volume *(tonnes)*		
— Detoxification treatment	**184,248**	127,052
— Integrated resource utilisation	**13,654**	—
Sales volume of recycled products *(tonnes)*	**5,242**	—
EBITDA *(HK$'000)*	**571,824**	370,246

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 stewardship services and anti-seepage at landfill sites.

In connection with qualifications, as of 31 December 2019, the Group held the following accreditations: First-grade Professional Contracting Qualification for Environmental Protection Projects, the Environmental Engineering EPO License (Class B) (for pollution remediation and prevention of water pollution), the Third-Grade General Contractor for Municipal Public Works, the Environmental Pollution Control License (Class A)

* *For identification purpose only*

(contaminated water body and soil remediation) in Jiangsu Province and the Environmental Pollution Control License (First Class) in Jiangsu Province. It had also obtained an "AAA" corporate credit rating and an "AA" credit rating awarded by a credit rating agency and China Construction Bank, respectively, as well as ISO9001, OHSAS18001 and ISO14001 management system accreditations. Also, the Group holds the China Metrology Accreditation (CMA) which qualifies it to issue valid data and results with proof.

In addition, the Group's competitiveness and brand influence in the environmental remediation sector has been further enhanced following the national accreditation of Everbright Environmental Remediation (Jiangsu) Limited, a subsidiary of the Group, as a national hi-tech enterprise and approval for its assumption of the status of post-doctoral base for innovative ventures in Nanjing, as well as the successful passing of Suntime Environmental Remediation CO., Ltd. of an annual assessment as a Jiangsu provincial engineering and technology research centre during the year under review.

As of 31 December 2019, the Group had 9 environmental remediation projects under implementation, located mainly in Jiangsu Province, Zhejiang Province and Jiangxi Province, with a total contract amount of approximately RMB334 million. There were 3 projects in the preparatory stage with a total contract amount of approximately RMB112 million.

For the year under review, the Group's environmental remediation projects contributed EBITDA of approximately HK$55,454,000, an increase of 126% over 2018. The environmental remediation projects contributed net profit of approximately HK$30,683,000, an increase of 54% over 2018. The increase in profit was mainly attributable to the completion and implementation of 21 environmental remediation projects by the Group during the year under review, which was 13 more than those completed and implemented during 2018.

Major financial data of the environmental remediation segment for 2019 are summarised as follows:

	2019	2018
Environmental remediation projects		
EBITDA *(HK$'000)*	**55,454**	24,515

Solar energy and wind power

The Group has 7 solar energy projects and 2 wind power projects in operation located variously 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 125.9 MW. 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 268,675 MWh of electricity, representing a decrease of 15% compared to 2018. EBITDA contribution decreased by 18%, as compared to 2018, to approximately HK$185,683,000. Solar energy and wind power projects contributed net profit of approximately HK$83,398,000, representing a decrease of 24% as compared to 2018. The decrease was attributable mainly to the weaker wind resources for wind power projects during the year.

Major operating and financial data of the solar energy and wind power segment in 2019 are summarised in the table below:

	2019	2018
Solar energy and wind power projects		
On-grid electricity *(MWh)*	**268,675**	316,811
EBITDA *(HK$'000)*	**185,683**	225,605

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 4,095,179 MWh of green electricity, which was sufficient for the annual electricity consumption of 3,412,649 households, reducing standard coal consumption by 1,638,072 tonnes, while saving 532,373,270 trees. The Group also treated 275,216 tonnes of leachate in its waste-to-energy power plants and hazardous waste landfills.

Business prospects

"I see everywhere opportunities waiting to be transformed into grandeur and majesty; as innovation never ceases by nature's design or men's intelligence." Year 2020 will mark the conclusion of the general development of a moderately prosperous society, while it will also be a crucial year for the Group as it aspires to accomplish more ambitious goals at the point of convergence for two Five-year Plan periods.

The political drive and pressing need for addressing climate change and seeking improvements in environmental quality among global nations will remain unchanged, while China's determination and persistence for advancing the development of ecological civilisation, strengthening ecological protection as well as preventing and controlling environmental pollution will stay unaltered, for the time being and in the foreseeable future. While this will doubtlessly present a golden opportunity for the development of the environmental industry, enterprises will be subject to greater challenges and pressure given an evolving external business environment where changes occur in an ever faster pace, greater depth and broader scope, the instability and uncertainty of the environment for development will become more evident. The Group will address such changes in a proactive manner and seek progress on the back of stability. By focusing on the essentials, overcoming hurdles, eliminating blind spots and nurturing new growth niches, we will cement the foundation for sustainable quality development and drive a new cycle of growth.

The Group will continue to focus on the creation of value and enhancement of investor return, while persisting in efforts in the "three dimensions": extending the length of the industry chain, penetrating the depth for more market shares and broadening the scope of our business. To further optimise its business mix, the Group will drive the expansion of its hazardous and solid waste treatment business with greater efforts by continuing to enhance its position in the industry and increasing the percentage share of such business in its principal businesses, while developing the environmental remediation business with full force. The Group will actively advance the transformation of its businesses, including a general transition of its integrated biomass utilisation business to electricity and heat cogeneration and high value-added businesses; the transition of the hazardous and solid waste treatment business from a standalone model to an integrated model and base model; and make more intensive efforts in business expansion for the environmental remediation business underpinned by exploring new business models compatible with the Group's development. In the meantime, the Group will step up with its search for projects that are compatible with national industrial policies, technically mature, commercially viable and risk-proof, in a bid to achieve business transformation and upgrade with asset-light operations accounting for an increasing share by extending and broadening the industry chain covered by its businesses.

With persistent, technology-guided efforts, the Group will continue to enhance its research on frontier technologies and development of applied technologies by further increasing its investment in scientific research and strengthening its research team. We will seek in-depth applications of our integrated biomass utilisation and hazardous and solid waste treatment technologies, while expediting the development of technologies relating to new businesses, such as the disposal of waste old tyres, oil sludge treatment, integrated utilisation of organic solvents and bulk general solid waste treatment, such that the Group would be technologically prepared for tapping new environmental sectors and a new cycle of development guided by technology and innovation would be ushered in for the greater benefit of national development strategies.

Looking to the future, with the solid backing of China Everbright Group Limited ("Everbright Group") and strong support of China Everbright International Limited ("CEIL"), the Company's 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 work in close tandem with national policies and market trends with a firm strategic focus, as it continues to uphold the corporate vision of "delivering better investment value and undertaking further social responsibilities" and strive incessantly to become a leader in China's environmental business sector.

The pneumonia epidemic caused by the novel coronavirus has been spreading in China before the Spring Festival in 2020. Confronted with the severity of the epidemic, the Group is determined to comply with national decisions and plans on winning the battle against the epidemic and implement on all fronts the working plans of Everbright Group for epidemic prevention. Undertaking responsibilities with all members of staff mobilised for relevant actions, we have adopted preventive and control measures in a scientific approach and executed policies with precision as we stand at the forefront of the battle against the epidemic. Taking into account the challenge for epidemic prevention presented by the Group's geographically dispersed business presence and staff deployment, the Group has also swiftly set up a three-tier epidemic prevention regime comprising the head office, the business management centres and the project companies, with specific duties, tasks and guidelines for epidemic prevention allocated to each level to ensure that there would be no blind spots in epidemic prevention. At the project level, staff of the Group's project companies have showed utmost commitment during the epidemic prevention period, making meticulous planning and performing their duties with firm dedication to ensure the stable and full-speed operation of the projects with compliant emissions. They have provided detoxification treatment of household waste and medical waste for local communities to eliminate the possibility of any secondary transmission of viruses through waste and garbage. The protection afforded to the residential communities through their reliable and efficient environmental services has won strong recognition from the local governments, public and media. As of the date of this announcement, most of our projects have resumed normal operations, except for certain projects with operations temporarily suspended as required by local government authorities. The impact of the epidemic of novel coronavirus on the operation status of the Group has been controllable as a result of the adoption of the plans mentioned above, and whether the Group will be further impacted is subject to the evolution of the epidemic in China.

The "Opinions on Facilitating the Sound Development of Power Generation Through Non-water Renewable Energy" (Cai Jian [2020] No. 4)* (《關於促進非水可再生能源發電健康發展的若干意見》) (財建[2020]4號) and "Measures for the Administration of Additional Subsidies for Renewable Energy Electricity Prices" (Cai Jian [2020] No. 5)* (《可再生能源電價附加補助資金管理辦法》) (財建[2020]5號) were jointly announced by the Ministry of Finance, National Development and Reform Commission and National Energy Administration in 2020. Given the new government policy, Everbright Greentech will seize the opportunity and address the challenge in a proactive manner. The Group will vigorously drive the implementation of relevant policies to secure the receipt of national subsidies as soon as practicable, while further enhancing the operational efficiency of existing projects by way of technological reforms and innovation. Currently, projects under construction or under preparation account for only a minority of the Group's integrated biomass utilisation projects. Moreover, the Group has been consistently making efforts to optimise its business mix since 2018 in an active drive for general business upgrade and transformation, namely, from integrated biomass utilisation to electricity and heat cogeneration and high value-added services, with a view to extending as well as broadening the industry chain covered by the Group to provide fresh drive force for its business development.

* *For identification purpose only*

Subsequent events

In January 2020, the Group won the bid for Wujiang Household Waste Landfill Outsourcing Service Project in Jiangsu Province with a contract amount of approximately RMB37.69 million. The project primarily provides household waste landfill operation and management services to Wujiang District in Suzhou for a term of three years.

FINANCIAL REVIEW

Financial position

As at 31 December 2019, the Group's total assets amounted to approximately HK$26,258,315,000 (31 December 2018: HK$18,602,802,000) with net assets amounting to approximately HK$10,587,352,000 (31 December 2018: HK$9,431,074,000). Net asset value per share attributable to equity shareholders of the Company was HK$5.01, an increase of 11% compared to net asset value per share of HK$4.52 as at the end of 2018. As at 31 December 2019, gearing ratio (total liabilities over total assets) of the Group was 59.7%, an increase of 10.4 percentage points as compared to that 49.3% as at the end of 2018. Current ratio of the Group was 148.7%, a decrease of 5.9 percentage points as compared to that of 154.6% as at the end of 2018.

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 internally generated cash flow and bank loans. As at 31 December 2019, the Group had cash and bank balances of approximately HK$2,897,486,000, an increase of approximately HK$636,653,000 as compared to HK$2,260,833,000 as at the end of 2018. 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 2019, the Group had outstanding borrowings of approximately HK$11,094,776,000, an increase of approximately HK$5,088,217,000 as compared to HK$6,006,559,000 as at the end of 2018. The borrowings included secured interest-bearing borrowings of approximately HK$6,472,644,000 (31 December 2018: HK$4,026,843,000) and unsecured interest-bearing borrowings of approximately HK$4,622,132,000 (31 December 2018: HK$1,979,716,000). The borrowings of the Group were mainly denominated in Renminbi, representing approximately 71% of the total, and the remainder is denominated in Hong Kong dollars. All of the borrowings were at floating rates. As at 31 December 2019, the Group had banking facilities of approximately HK$17,423,770,000 (31 December 2018: HK$11,261,010,000), of which approximately HK$6,328,994,000 (31 December 2018: HK$5,254,451,000) 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.

The Company entered into a strategic cooperation agreement with Postal Savings Bank of China Co., Ltd., Shenzhen Branch ("PSBC Shenzhen Branch") in July 2019, paving the way for cooperation in the fields of ecology and environmental protection between the two parties. Pursuant to the cooperation agreement, PSBC Shenzhen Branch will provide financial cooperation of RMB5 billion in aggregate to the Group in the coming 3 years. By extending its full support to the investment in construction and working capital requirements of the Group's environmental protection projects, it will offer comprehensive, quality, efficient, preferential and personalised financial services to the Group. The Company will take this strategic cooperation as an opportunity to deepen the cooperation of both parties and establish a long-term, stable and mutually beneficial cooperative relationship with PSBC Shenzhen Branch.

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, property, plant and equipment and interests in leasehold land held for own use of the Group. As at 31 December 2019, the aggregate net book value of assets pledged amounted to approximately HK$14,193,658,000 (31 December 2018: HK$7,597,951,000).

Commitments

As at 31 December 2019, the Group had outstanding purchase commitments of approximately HK$1,934,256,000 (31 December 2018: HK$1,578,260,000) under the construction contracts and capital commitments relating to the capital injection to an associate of approximately HK$33,148,000 (31 December 2018: HK$56,216,000).

Contingent liabilities

As at 31 December 2019, the Group did not have any contingent liabilities (31 December 2018: 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.

HUMAN RESOURCES

With a special emphasis on human resource management, the Group develops 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 internal training, open recruitment and on-campus recruitment, among others. 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 with employees and sharing with them the rewards of its business achievements.

As at 31 December 2019, the Group had over 3,000 employees in total in Hong Kong and Mainland China. As of 31 December 2019, our total staff cost was approximately HK$590,478,000 (31 December 2018: HK$446,230,000). 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

Risk management has always represented an important task for the Group. During the year, the Group continued to improve its internal control and risk management systems, in an ongoing effort to identify and assess significant risks faced by the Group. Key risks associated with the development of the Group's environmental business included changes in policies, environmental compliance, construction work management, staff turnover, trade receivables, market competition, taxation and the supply of raw materials, among others. Details of key risks will be discussed in the Company's 2019 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 improving systematic and standardised management throughout the Group to maximize 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), the Standard for Pollution Control on the Security Landfill Site for Hazardous Waste (GB18598–2019) and the Pollution Control Standard for Hazardous Wastes Incineration (GB18484–2001), among others. No breach of the said laws and regulations and environmental standards resulting in significant loss for and impact to the Group was recorded in 2019.

FINAL DIVIDEND

The Board proposes the payment of a final dividend of HK8.0 cents (2018: HK6.5 cents) per share for the year ended 31 December 2019, which together with the interim dividend of HK8.0 cents paid in October 2019, results in a full-year dividend of HK16.0 cents per share. The dividend payout ratio in 2019 is 20.4%.

A final dividend will pay to the Shareholders whose names appear on the register of members of the Company on Thursday, 28 May 2020. 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, 12 June 2020.

AGM

The AGM of the Company expected to be held on Tuesday, 19 May 2020 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, 19 May 2020, the register of members of the Company expected to be closed on Wednesday, 13 May 2020 to Tuesday, 19 May 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong expected not later than 4:30 p.m. on Tuesday, 12 May 2020.

(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 Tuesday, 26 May 2020 to Thursday, 28 May 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong expected not later than 4:30 p.m. on Monday, 25 May 2020.

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. During the year of 2019, the Company has full complied with the code provisions set out in the CG Code, with the exception of code provision E.1.2 of the CG Code. Mr. WANG Tianyi, the Chairman of the Board, could not attend the annual general meeting of the Company in 2019 due to his other business engagements, however, executive directors and other non-executive directors were present to enable the Board to answer questions at the meeting.

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. The committee is primarily responsible for, among others, providing an independent review of the effectiveness of 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 and reviewing and monitoring connected transactions. The terms of reference of the audit and risk management committee are published on the respective websites of Hong Kong Exchanges and Clearing Limited (the "HKEx") 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 duties of the remuneration committee, including but not limited to the determination of remuneration packages for the individual executive directors and senior management based on their duties, setting out in the terms of reference of the remuneration committee, which are published on the respective websites of the HKEx and the Company.

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, among others, 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. The terms of reference of the nomination committee are published on the websites of the HKEx 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 HKEx AND OF THE COMPANY

The results announcement of the Company for the year ended 31 December 2019 is published on the website of the HKEx at www.hkexnews.hk and the website of the Company at www.ebgreentech.com/en/ir/announcements/php.

PROPOSED CHANGE OF AUDITOR

The Board hereby announces that KPMG will retire as the auditor of the Company upon expiration of its current term of office at the forthcoming AGM and will not seek for re-appointment as the Company and KPMG did not reach a consensus on the audit fee for the year ending 31 December 2020.

The Board, with the recommendation from the audit and risk management committee of the Company, has resolved to propose the appointment of Ernst & Young ("EY") as the new auditor of the Company following the retirement of KPMG, subject to the passing of an ordinary resolution of the Shareholders at the AGM, with effect from the date of the AGM to hold the office as auditor until the conclusion of the next annual general meeting of the Company. The appointment of EY has also contributed to the consistency of audit works between the Company and CEIL, the controlling Shareholder, so that the audit work will be smoother.

KPMG has confirmed to the Board in writing that there are no circumstances connected with its retirement which should be brought to the attention of the Shareholders.

The Board has confirmed that there is no matter in respect of the proposed change of the auditor which should be brought to the attention of the Shareholders. The Board is of the view that the change of auditor will not have any significant impact on the annual audit of the Group for the year ending 31 December 2020.

The Board would like to express its sincere gratitude to KPMG for its professional and quality services rendered to the Group in the past years.

A circular containing, inter alia, details of the proposed change of auditor of the Company will be dispatched to the Shareholders together with the 2019 annual report as soon as practicable.

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

Hong Kong, 26 February 2020

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. LO Kam Fan *(Chief Financial Officer, Executive director)*
Ms. GUO Ying *(Non-executive director)*
Mr. SONG Jian *(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)*